



Australian Furniture Association Ltd

9/01/2014

Ms Lyn Beverley
Secretary
Finance and Public Administration References Committee
The Senate
Parliament House
Canberra ACT 2600

Sent via email: fpa.sen@aph.gov.au

Dear Ms Beverley,

Finance and Public Administration References Committee Inquiry: Commonwealth Procurement Procedures

Thank you for the opportunity to provide a submission to the committee on the current ratio of Australian goods and services versus imported goods and services

The Australian Furniture Association (AFA) is a peak Australian industry association which represents the interests of the furniture sector from raw material supply through to the end user. Collectively the industry supply chain employs more than 200,000 people nationally.

The AFA is committed to helping Australian businesses through having a focus on building competitive and sustainable business models and to promoting the profitable growth, competitiveness, innovation, and the export readiness of its members.

The AFA is recognised as the voice of the Furnishing Industry by government, media and the general public.

AFA membership includes manufacturers of both residential and commercial furniture, suppliers to the industry, retailers, allied associations and key stakeholders (such as testing and training organisations).

The AFA has four key result areas:

1. Make Australian Furniture the first choice in local and global markets
2. Build the sustainability and international competitiveness of the Australian Furniture Industry
3. Grow and strengthen the membership of the AFA
4. Build the capability of the AFA to deliver Best Practice Services, Support and Value to Members

The AFA provides the following submission in relation to the terms of reference for the Senate enquiry into the Commonwealth procedures for procurement matter and understands that the enquiry will investigate the

Australian Furniture Association

Suite 2, Level 1
376 Heidelberg Rd
Fairfield VIC 3078

e enquiries@australianfurniture.org.au
t +61 3 9856 1600
f +61 3 9856 1611

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current ratio of Australian goods and services versus imported goods and services utilised by the Commonwealth through procurement procedures, with particular reference to:

- (a) the current policies and procedures for procurement in Commonwealth departments and agencies, including:
 - (i) the current effectiveness of procurement policies and procedures,
 - (ii) the effectiveness of any policies or procedures designed to preference Australian goods and services, and
 - (iii) the operation of procurement divisions of departments and agencies, including oversight and scrutiny, cost, and requirements relating to transparency and information-sharing;
- (b) the current policies and procedures for procurement for major Commonwealth-funded capital projects currently underway or foreshadowed in the budget, including:
 - (i) the current effectiveness of procurement policies and procedures for these projects,
 - (ii) the effectiveness of any policies designed to preference Australian goods and services, and
 - (iii) the transparency and accountability of project management;
- (c) the economic, social and environmental benefits of utilising Australian goods and services; and
- (d) any related matters.

The AFA has strong views on the issues of procurement. Australian business should have full and fair access to supply goods and services required by the Government and for all major projects undertaken across the country however currently Australian manufacturers are often overlooked.

With regard to Commonwealth procurement of furniture, the AFA passionately supports more transparent procurement policies and practices that recognise the high environmental and social standards expected from and delivered by domestic suppliers, as well as the significant economic and social benefits that result from supporting local industry.

A holistic approach should be adopted with regard to the procurement of such goods. As outlined in the 2012 Commonwealth Procurement Rules (CPRs), achieving value for money is the core requirement of procuring officers. The AFA believes emphasis should be placed on value for money over the *entire life of the product*, as opposed to only the initial upfront costs. Local manufacturers are able to provide higher quality products, as well as maintenance and through-life support which their international counter-parts are not able to offer.

As an integral part of the Furniture Cabinets and Joinery Alliance (FCJA) the AFA also supports the submission from the FCJA which emphasises the need for Government to take note of the inequities identified by the FCJA, and industry generally, with regard to:

- Current Australian standards and standard setting committees

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- Products made from illegally logged timbers and the potential for FCJ products to be used in the importation of illegal goods into Australia
- Building codes and their enforcement
- Consumer protection codes and their enforcement
- The need for Mandatory testing and related warranties for all products supplied into Australian markets
- The level of fees and taxation required to be met by Australian FCJ producers compared with those faced by importers of FCJ products

We too encourage an awareness raising campaign with government procurement officers and departments which highlights the full capabilities of Australian manufacturers and would also willingly work cooperatively with government agencies to develop the necessary information campaigns for purchasing and procurement officers (public and private) to ensure that the true costs and benefits of using Australian or imported product is understood and implemented

Responsible manufacturing is a key benefit of purchasing Australian made products. Domestic suppliers are subject to stringent Australian and International requirements and standards that are rigorously enforced. In choosing to procure furniture from Australian businesses, the Government can ensure:

- The continued growth of the Australian economy through the provision of opportunities to lift domestic output and incomes
- Assist with making Australian furniture the first choice in local and global markets.
- Timber used in all wood and wood based items has been sourced legally
- Environmental impacts are appropriately managed during manufacturing process
- The potential for using renewable and recycled components is maximised
- Hazardous substances will be eliminated from the furniture production process
- Employees are treated fairly
- Ethical sourcing of raw materials

The AFA thanks you for the consideration of this submission. Please do not hesitate to contact me if you have any queries.

Yours Sincerely,

Patrizia Torelli
Chief Executive Officer

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