

18 July 2016

Ms Kate Lundy  
ACT Local Industry Advocate



**Australian Institute of Architects**

E: LIA@act.gov.au

Dear Ms Lundy

Thank you for providing the ACT Chapter of the Australian Institute of Architects (the Institute) the opportunity to comment on the draft ACT Industry Participation Policy (ACT IPP).

The Institute is the peak body for the architectural profession in Australia. It is an independent, national member organisation with around 12,000 members across Australia and overseas. The ACT has around 300 individual members representing small and large practices within the ACT.

The Institute works to improve our built environment by promoting quality, responsible, sustainable design and exists to enhance the cultural, environmental and economic well-being of the community by advancing contemporary practice and the professional capability of members, and advocating the value of architecture and architects.

Members of the Institute have concerns about the declining use of local firms, and in particular, local architectural practices in government projects and welcome the introduction of the ACT IPP. The architectural profession has voiced its concerns for some time about existing tendering processes that focus on risk management and cost reduction to the detriment of good design and the development and support of local professions, including architects, engineers, and other professionals in the building and construction industry.

We fully support the statements in the Policy about the value of local business input as a critical element of future procurement activities, particularly when looking at value for money criteria. Price and risk management cannot be the only major criteria considered in the procurement process.

The Institute believes that value for money can be the primary criterion in selecting the preferred bidder provided that the ACT IPP informs the value for money criteria. We welcome the stated policy objective of including “the broader strategic impact of the contract on the territory’s economy” being considered in the assessment of value for money. Using local suppliers provides broader benefits to the economy. The ACT IPP should be influential in the tender selection process, well beyond a check for basic compliance.

A high number of projects are being awarded to interstate consultants, which has caused a decline in local participation by the architectural profession in the ACT. This has a number of negative effects including interstate firms having pre-existing relationships with interstate contractors, resulting in more work being contracted to interstate personnel and firms to the detriment of the local economy. As well, the under-utilisation of local expertise and experience means that local industry is deskilling and local industry will not be sustainable if this trend continues. This is particularly so for the professions in the ACT, as there is a limited amount of public and private projects to maintain a competitive skills base.

For instance, when an interactive tender process is applied to all scales and complexity of projects, it prohibits a high number of local firms from participating as they are not being fully reimbursed for their services and are unable to carry the overhead.

The Policy states that the ACT government will work with local businesses to promote innovation, flexibility and best practice. We believe that this stated intent is laudable. We believe the key to producing innovative, flexible and world’s best practice infrastructure in the ACT is to ensure that the local architectural profession is heavily involved in the delivery process.

We believe that the policy scope is appropriate in applying to government procurement of works, goods and services, PPP projects and federally funded projects and we fully support the principle that, regardless of the size of the procurement, responsible entities must ensure that the objectives of the ACT IPP have been applied.

The Institute notes that the application of the ACT IPP only becomes mandatory for projects over \$5 million, though the economic contributions test and subsequent 10 percent weighting applies to tenders over \$200,000. In comparison, the Victorian IPP appears to be mandated where the procurement activity meets or exceeds either \$1 million in regional Victoria or \$3 million in metropolitan Melbourne or for state-wide activities. Consideration might be given to lowering the \$5 million value given the lower level of procurement activity in the ACT.

The Institute has some concerns with the stated assessment of value of local jobs and skills building in relation to broader economic development and with the number of labour hours associated with the contract. While we are supportive of the inclusion of these criteria, the language suggests that this is skewed toward less skilled occupations and hence, an omission with regard to higher skilled occupations. An assumption cannot be made that higher skilled workers have more access to government work. Given the size of the economy, and the need for the Territory's economy to be competitive and innovative, we need highly skilled individuals such as architects.

Australian architects (including the ACT) have a worldwide reputation for innovative design leadership and our profession is well placed to play a substantial role in addressing the challenges we are facing in our cities and towns. As we tackle issues such as climate change, housing affordability, an ageing demographic, increasing demand for efficient transport systems and the need for more community and public infrastructure, there is a growing need for creative and innovative solutions.

The architecture profession has the potential to deliver - offering design solutions to these critical issues by making homes more energy efficient, ensuring that buildings make the most of their locations and opportunities and provide the best outcomes for owners and users, planning for and implementing sustainable and best use of water and land resources, and adapting and reusing materials and buildings.

While creative solutions can present challenges, they can save money over the life of a building, as well as offering an enduring legacy. The more innovative buildings and spaces can also make an enormous contribution to the economy. For instance, in Australia, architectural tourism is valued at around \$827 million.

Poor regulation and policy hinders innovation and good design. We would strongly recommend that Government procurement policies recognise the role of good design in maximising economic benefits and creating a rich legacy of productive, functional and attractive buildings and urban spaces. In doing so, we would encourage a formal recognition in the ACT IPP of the importance of utilising ACT professional services.

If you have any queries, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Rob Henry', with a stylized flourish at the end.

Rob Henry  
ACT Chapter President