MASTER BUILDERS
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MASTER BUILDERS ACT

Transcript

Summary

Leon Delaney interview with Master Builders' Anna Neelagama discussing Operation Kingfisher, missing middle projects, property developer licensing reforms.

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Transcription

LEON DELANEY: First up, the ACT CEO of the Master Builders of Australia, Anna Neelagama, good afternoon.

ANNA NEELAGAMA: Good afternoon. Great to be with you.

LEON DELANEY: Thanks for joining us. You've had a few, shall we say, firm things to say about the ACT Government's response to the report from Operation Kingfisher. You've accused the government basically of crocodile tears and hollow excuses. Why do you say that?

ANNA NEELAGAMA: Operation Kingfisher showed serious misconduct and corruption issues and the ACT community deserves better. We deserve a procurement system that's beyond reproach, local businesses that get a fair shot at government work and for public money to be protected. Because at the end of the day, Kingfisher costs the ACT taxpayer a million dollars more and we don't know how many times that's been replicated.

LEON DELANEY: So, what's in the ACT Government's response that has upset you? Or is it more a matter of what's not in it?

ANNA NEELAGAMA: I would say both. So, first and foremost, they've done a lot of internal reviews and audits and said they can't find anything that's worrying them. They haven't gone out to the industry or players in procurement to ask them their views. And I think there's some basic things around fairness and decency, like an apology to the builder who was wronged in this process, a way to complain if you're concerned about a tender that's currently live and a truly independent process where we go back in history and look at, were there any other instances of this misconduct and corruption? And we believe the best way to do that is via an independent procurement Commissioner supported by a task force that can do that quickly, effectively, and report back to the assembly and indeed the Canberran community.

LEON DELANEY: Of course, you're not the first to actually ask that question about whether or not there are other instances of similar events taking place. The Commissioner, in his own report, in the Kingfisher investigation report has said it would be naive to assume that it had not happened elsewhere. That's a message that does seem to have just fallen by the wayside, isn't it?

ANNA NEELAGAMA: Absolutely. The findings of Operation Kingfisher were totally diabolical and what we need now is generational change.

LEON DELANEY: Alright, what would that look like? How will that occur?

ANNA NEELAGAMA: We've called for reforms in three key areas. The first is justice and remediation. The second is integrity and fairness, and the third is value for money and local capability. I've already spoken a bit about the things around justice and remediation, like finally an apology being delivered to the builder, but in terms of integrity and fairness, having independent probity officials appointed to major projects, ensuring that political advisors and any procurement official pass a mandatory fit and proper person test, and a union contact register maintained relating to government procurement so we can ensure that any contact there is transparent and well communicated back to taxpayers. And again, looking at how in this economy and in these trying times, we can get better value for money and support and grow local capability. Obviously, that evolution of the Secure Local Jobs Code, making sure that local industry participation requirements are actually tied to the government procurement contracts and when we're going to market with a project, we're looking at local capability first through a local capability test to see if the local industry can do it competitively, they should do it competitively.

LEON DELANEY: Now you've certainly raised a couple of very important points there. At the heart of this matter though, is that contentious and controversial Secure Local Jobs Code. Some have suggested that the name itself is misleading because it does nothing to secure local jobs. What's your take?

ANNA NEELAGAMA: Look what we've found, our experience with the Secure Local Jobs Code, it's just nothing more than regulation and red tape on ACT businesses. And what we find is that if you're a big interstate company or a big multinational, you've generally got compliance people that can deliver that Secure Local Jobs Code certification on your behalf. But if you're a smaller mum and dad style company, that red tape and compliance falls completely on your shoulders. So, it gives an unfair advantage to non-Canberrans, if you like.

LEON DELANEY: Okay, the other thing that you mentioned there is that there needs to be the implementation of some form of mechanism to ensure that locally based companies are given first look. How would that work and at the same time deliver best value for money for ACT taxpayers.

ANNA NEELAGAMA: Look, I think one of the big myths of the Secure Local Jobs Code is that the community, Canberrans, believe if you're certified under that, that means that you're one, a local business and two, you're employing locals, and you therefore get a preference in ACT Government procurement. That is absolutely not the case. What we're asking for is just a test of the marketplace when the government's going to procure projects in building and construction and otherwise. If you can test out the local market and local businesses can deliver that, they should be offered that, and that would actually deliver on the community's beliefs that local businesses are preferenced.

LEON DELANEY: Now, the response from the ACT Government included this. The Chief Minister has tasked the ACT Public Service to undertake a comprehensive review of procurement decisions for construction projects with a total spend of over half a million dollars across all portfolios between 2019 and 2024 to provide assurance on decision making processes. Why is that not reassuring to you?

ANNA NEELAGAMA: I think it's very much a case of the government marking their own homework. And what you really want to see, as well-intentioned as that is, is that that's done with a degree of independence, so you can really ensure at the end of the reporting process that it's been done with the utmost integrity and fairness.

LEON DELANEY: You've also pointed out that in the particular case of the Campbell Primary School procurement process, which was at the heart of the Kingfisher inquiry, the ultimate cost to taxpayers might have been only a million dollars or so, but as a proportion of the total spend on the project, if that was applied to a much bigger project, the cost to taxpayers would be enormously higher. You've given an example that if it applied to a $1.3 billion project, that would then equate to potential excessive costs of more than $70 million. That's obviously a huge hit to the taxpayer, isn't it?

ANNA NEELAGAMA: Absolutely. And that's why we need the reform from Operation Kingfisher to be meaningful, to be generational, and it needs to deliver back to the people that live and work in Canberra.

LEON DELANEY: Okay, you've taken some fairly strong language here to the ACT Government. Do you expect that they will actually pay attention to your advice, shall we say?

ANNA NEELAGAMA: I am always hopeful and I know that many people I've spoken to within the industry, within Canberra have all been deeply upset and disturbed by the findings of Operation Kingfisher. So, we live in hope.

LEON DELANEY: We do live in hope, indeed. And finally, it is a sitting week at the moment. And during the course of this sitting week, the ACT Government has passed planning act changes to enable missing middle housing reforms. Is that a positive step, at least?

ANNA NEELAGAMA: Absolutely. We are always the first to give credit where credit is due. Those reforms and exempt pathways are something we've been advocating for a long time. And the missing middle is an important part of residential building and it's important for our local builders. So, we're very happy with that. And I guess what we're looking forward to is seeing that reform turning into the delivery of housing.

LEON DELANEY: Is there more that can be done on that front, do you think?

ANNA NEELAGAMA: I think one of the big things we're concerned about at the moment is actually the property developer licensing inhibiting the missing middle, because what it's requiring now is that builders building three or more properties in a single project, they actually have to be double licensed, they have to get their builder's licence and then their property developer licence. And generally, in those small missing middle projects, you might want to do

seven townhouses, you might want to do 12. And I think we've just got to be very careful about how we move that regulation forward so it doesn't hamper the missing middle.

LEON DELANEY: Is it a sheer coincidence that the Opposition Leader, Mark Parton, has written a comment piece, an opinion article for the Canberra City News published today, making that exact same point? Did he copy your homework?

ANNA NEELAGAMA: Imitation is the highest form of flattery. But I know all members of the assembly have had representations on housing issues. I know there are plenty of members of the industry who are very worried about the property developer licensing reforms, because builders, many of them, are not property developers. And the regulation's got to be proportionate, and it's got to allow our sector, our builders, to get on with the job of delivering homes.

LEON DELANEY: Fantastic, Anna, thanks very much for chatting today.

ANNA NEELAGAMA: Thank you for your time.

LEON DELANEY: Thank you. Anna Neelagama, the ACT CEO of the Master Builders of Australia.

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