



6 March 2009

The Committee Clerk
Committee for Finance and Personnel
Parliament Buildings
Belfast
BT4 3XX

Dear Committee Clerk

INQUIRY INTO PUBLIC PROCUREMENT

The Northern Ireland Committee, Irish Congress of Trade Unions, is the central trade union body in Northern Ireland. As such it represents over 30 trades unions and in excess of 220,000 working people. The committee is pleased to have the opportunity to provide some views to the Inquiry.

a. SMEs and SEEs

All of the evidence to hand would point to the fact that the structure of the procurement process, including PPP/PFI, deters local small and medium sized enterprises from bidding for PPPs. The current process is designed to deter local companies from bidding and encourages the multi-national corporation approach. The practice of 'batching' individual projects will ensure that local SMEs will never be able to enter the market. The significant legal, financial and other related costs are a further block on encouraging local enterprises. Under the current procedures local firms, even the larger ones, continue to suffer a severe disadvantage. It is unlikely that this will change until such times as the Assembly introduces measures which will make finance available to local companies at favourable rates.

Clearly the continued use of PPP/PFI instead of conventional procurement methods will ensure that local employers will not benefit from public contracts.

b. Application of Social Clauses

The NIC would recommend the updating of public procurement procedures to take advantage of European Directives 17 and 18 of 2004. Among other things these directions allow public authorities in awarding contracts to further policies on social, employment, disability, equality, environmental and ethnic matters. Ensuring that indigenous manufacturing and construction companies are primed to avail of all procurement supply chain opportunities is another important element in ensuring that social clauses work effectively.

.2.

If Northern Ireland is to prepare itself for coming out of the current recession then it is important that we protect and enhance our skills base. One significant contribution towards this would be a requirement that in the awarding of any public procurement contract there should be an obligation on contractors to engage and train apprentices. DEL is currently committed to promoting apprenticeships and there is a natural synergy between the awarding of public procurement contracts and the aims of the Assembly as espoused by DEL. Such a measure would have the strong support of trade unions.

c. Department of Finance and Personnel

Central Procurement Directorate is on the record as saying:

'Maximising the opportunities for SMEs in public contracts is even more important than ever during the present difficulties being experienced by the construction industry and is high on the agenda for the Construction Industry Forum for Northern Ireland (CIFNI). Any actions, however, must be in compliance with procurement policies and regulations and not compromise fair competition.'

Clearly it is time to have a fundamental review of procurement policies, particularly in the current economic climate, if we are to protect and grow local companies. Some specific attention should be given to the significant legal, financial and technical advisory costs being faced by potential local bidders.

d. Progress in achieving objectives and targets regarding Programme for Government and Public Service Agreements

The NIC has in every submission on the Budget and Programme for Government called for transparent feedback on the progress made in achieving objectives and targets. To date no real progress has been made. The Department of Finance and Personnel Committee should consider ensuring that stakeholders are continually updated in this area. Reasons for not meeting objectives and targets should be made clear.



.3.

e. **Improvements to Public Procurement Policies**

The NIC has already commented on these issues in the above paragraphs. There is one final issue which would go further towards meeting the objective of enhancing the social benefits of the procurement process. The introduction of the code of practice being looked at by OFMDFM would be a significant measure to eliminate any two-tier workforce structure in PPP/PFI contracts although it should be added that NIC remains strongly opposed to any future use of PPP/PFI. The Trade Union Movement has been in discussions with OFMDFM for some time and would now wish to see the immediate implementation of the code.

NIC.ICTU would be pleased to give further oral evidence if requested.

Yours sincerely

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Assistant General Secretary