

17 January 2024

Submission to the inquiry on procurement practices of government agencies in New South Wales and its impact on the social development of the people of New South Wales

To the Standing Committee on Social Issues,

As the only independent organisation advocating for entrepreneurial and small business women across Australia, Entrepreneurial & Small Business Women Australia (ESBWA) welcomes the opportunity to make a submission to the inquiry on procurement practices of government agencies in New South Wales and its impact on the social development of the people of New South Wales.

Addressing the terms of reference that are key issues affecting female-owned small businesses, our submission highlights several recommendations to improve outcomes in the New South Wales procurement process.

Introduction

Entrepreneurial & Small Business Women Australia is an advocacy and education platform for women-led small and micro businesses, entrepreneurs and founders in Australia. With a membership base of over thirteen thousand female business owners in Australia, ESBWA is the primary advocate for Australia's female business community.

Terms of Reference and Recommendations

(a) The current state of procurement by New South Wales government agencies

Enhancing communication with new small businesses and providers regarding procurement opportunities is essential. To address this, we recommend establishing a more effective communication strategy that ensures crucial information about procurement opportunities is readily accessible to new entrants. One way of ensuring information is more accessible is by partnering with local businesses networking groups and organisations to share opportunities and resources available.

A user-friendly pathway should be developed to guide new providers through the procurement process. This resource should offer detailed information on eligibility criteria, key requirements, and the necessary steps for successful engagement. By creating a clear and accessible framework, new providers can navigate government procurement more effectively, fostering increased participation and competition.

(c) Current capacity of procurement officials in government agencies to assess suppliers and ensure they, and their subcontractors deliver value for money and comply with relevant policies and regulation, including labour laws, at the qualification or contract stage and throughout the contract management stage

To improve the diversity and effectiveness of procurement decision-making, we recommend creating opportunities for previous successful tender participants and external industry experts to join future decision-making panels. This expands the involvement beyond internal government officials, bringing external expertise and diverse perspectives to the process. Incorporating individuals or entities with a proven track record can enhance the decision-making process, fostering innovation and informed choices.

Establishing collaborative networks with external industry experts and regulatory bodies can offer valuable resources and guidance. This proactive approach aims to create a more robust and efficient procurement process, ensuring suppliers meet the necessary standards and regulations throughout the contract lifecycle.

(e) The evaluation criteria used in tenders and how they are weighted in making a decision to award a contract, in particular, consideration of (ii) value for money and (vi) subcontracting arrangements

To enhance the transparency and integrity of the tendering process, tangible proof of the local connections of organisations applying for tenders should be substantiated. In regards to subcontracting it is crucial to address the naming of subcontractors in tenders, with case studies of organisations naming subcontractors in tenders giving the impression that they will subcontract to them, without intent to follow through.

As observed in the case of Western Sydney Women, they have been named in multiple tenders as subcontractors without any follow-through from the contractor after being awarded the tender. In

Western Sydney Women's case, their brand equity and local community connections have been leveraged without any benefit to them.

To mitigate this issue, a post-award verification process should be implemented. Once a tender is won, there should be a thorough examination of the subcontracting arrangements, confirming whether the promised collaboration with individuals or organisations has materialised. If discrepancies are identified, a detailed review should be conducted to understand the reasons behind the mismatch and to ensure accountability in subcontracting commitments. This approach aims to prevent the leveraging of brand equity without genuine collaboration and fosters greater adherence to subcontracting commitments once tenders are secured.

(f) Current approaches to transparency and accountability of procurement by New South Wales government agencies

To increase transparency in procurement, we recommend conducting audits on organisations that have secured tenders for an extended period, for example, a decade. The audit would assess the effectiveness and success of longstanding contractors, ensuring their declared achievements align with actual market results. This proactive measure addresses discrepancies, promoting accountability and maintaining the integrity of the procurement system.

(g) The New South Wales Government's procurement practices, in particular its ability to (iii) provide opportunities for diversity, inclusion and the participation of disadvantaged groups, including women and minorities and (iv) support local suppliers, and small and medium enterprises

To enhance diversity and inclusion in New South Wales government procurement, we recommend incorporating dedicated opportunities to support 100% solely owned female organisations exclusively, removing the potential for companies part-owned by men to participate, which disadvantages solely female-owned businesses. This will contribute significantly to the financial security of women in small businesses and extend to their families and communities. We suggest allocating a proportion of the procurement policy to assist female-owned businesses and establishing a specialised team dedicated to helping them secure tenders and ensuring successful contract management. Documenting and sharing the success stories of these female-owned organisations would further inspire and encourage more women to participate in procurement.

To increase support for small businesses and medium enterprises in New South Wales government procurement practices, we recommend establishing distinct criteria and support networks tailored to

the unique characteristics of these two cohorts. Recognising the significant differences between small businesses and medium enterprises, the criteria should be designed to accommodate varying scales of operations and financial capacities. While medium enterprises might have substantial turnover, small businesses with limited resources, such as smaller staff numbers, face challenges in competing on the same terms. By creating differentiated criteria and support structures, the government can better address the diverse needs of both small businesses and medium enterprises, fostering a more equitable and inclusive procurement environment.

We would be available to assist in setting up the above recommendations where appropriate.

Conclusion

The recommendations made are aimed at comprehensively enhancing procurement practices in New South Wales, focusing on key aspects outlined in the terms of reference. Our recommendations include improving communication with new businesses, establishing a user-friendly pathway, and conducting audits on longstanding tender recipients to bolster transparency, accountability, and fairness in the procurement process. The differentiation of criteria for small businesses and medium enterprises ensures tailored support, acknowledging their unique challenges. Furthermore, our recommendation to incorporate dedicated opportunities for 100% solely owned female organisations and establishing specialised teams underscores our commitment to diversity and inclusion. These collective measures strive to create an equitable, accountable, and efficient procurement framework that caters to the diverse needs of businesses and promotes a competitive marketplace in New South Wales.

We are committed to working with the department to ensure women are being heard and advocated for in order to ensure they have financial independence and security. Only then will we see a true shift in

For enquiries please contact info@esbwa.com.au.

Amanda Rose
Founder and CEO
Entrepreneurial & Small Business Women Australia