



29th June 2023

Australian Small Business and Family Enterprise Ombudsman
GPO Box 1791
Canberra ACT 2601

Via: inquiries@asbfeo.gov.au

Dear Mr. Billson,

Re: Review of the implementation of the 1 July 2022 changes to the Commonwealth Procurement Rules

This submission by Regional Development Australia Southern Inland (RDASI) is to inform the review of the implementation of the 1 July 2022 changes to the Commonwealth Procurement Rules and the impact on small businesses from the RDASI region.

RDASI is represented by local leaders and staff who are passionate about the communities in the Southern Inland region of New South Wales (NSW). RDASI is part of a national network of 52 Regional Development Australia (RDA) Boards across Australia, and its role is to support the Local Government Areas (LGAs) in the Southern Inland region of NSW, including Wingecarribee, Goulburn Mulwaree, Upper Lachlan, Hilltops, Yass Valley, Queanbeyan-Palerang, and Snowy Monaro. RDASI works with all levels of government, business, and community groups to promote economic and social development in the region by facilitating regional projects, collaboration, communication, and advocacy.

This submission addresses awareness of and participation in the Commonwealth procurement process by small and medium business owners in the Southern Inland region of NSW. For this survey, business size correlates with the Australian Bureau of Statistics categorisation; small business includes 0-19 employees and medium business 20-199 employees.

The impact of applying for government procurement contracts on small businesses

The process of applying for, and winning, tenders can have significant positive impacts for small business owners.

Developing competitive proposals often requires business owners to reflect on and improve offerings, increase capabilities, and align their operations with industry standards and best practices. The tendering process can motivate small businesses to enhance their skills, systems, and processes, fostering continuous improvement and professional development.

Winning contracts through the tender process can provide small businesses with:

- opportunities to expand operations, reach new markets, and increase customer bases
- enhanced credibility and reputation
- networking and collaboration opportunities
- secure and stable income

Government contracts typically offer more stability and consistent cash flow for small businesses, with regular payments from government agencies providing financial stability, making it easier for small business owners to manage operational expenses, invest in growth, and plan for the future.

Unfortunately, identifying and securing Commonwealth procurement contracts is often too difficult and time-consuming for small business owners across the RDA Southern Inland region. This is demonstrated via the results presented below, collected as part of a region wide survey.

RDA Southern Inland community feedback

A survey was conducted to gather information on experience and views regarding issues and workable solutions from RDA Southern Inland community members, 18 years and above. The survey experience-based questions included multiple predefined answers, with the option to select 'none of the above'. Respondents were also invited to contribute their own free text answers, comments, and solutions, where appropriate.

Demographics

RDASI collected 25 responses to the survey.

Age

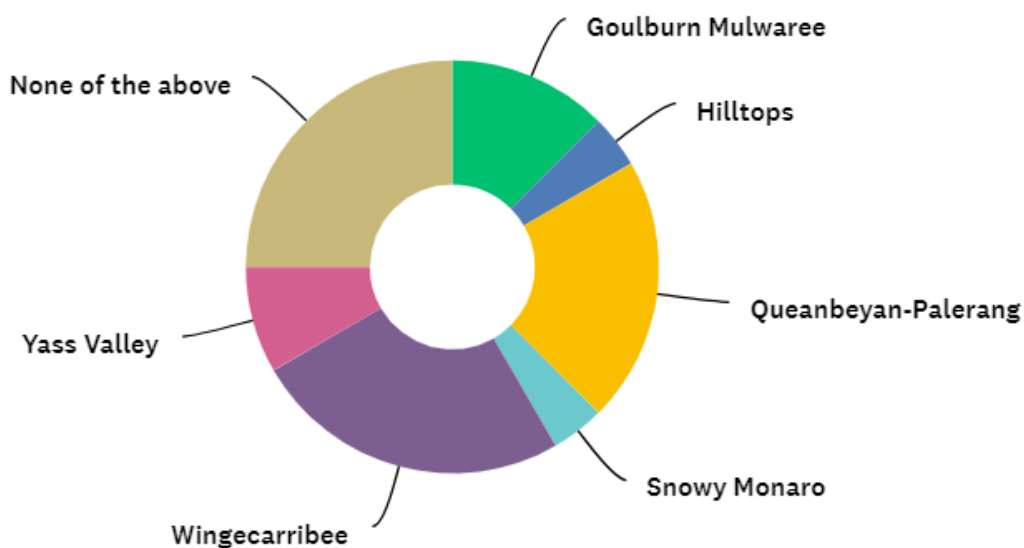
The survey asked respondents to indicate their age group, with the following results:

- 65 year or older – 4% *
- 55-64 years – 8%*
- 45 – 54 years – 36%
- 35-44 years – 32%
- 25 – 34 years – 20%

- 18 – 25 years – 0%

RDASI Local Government Area

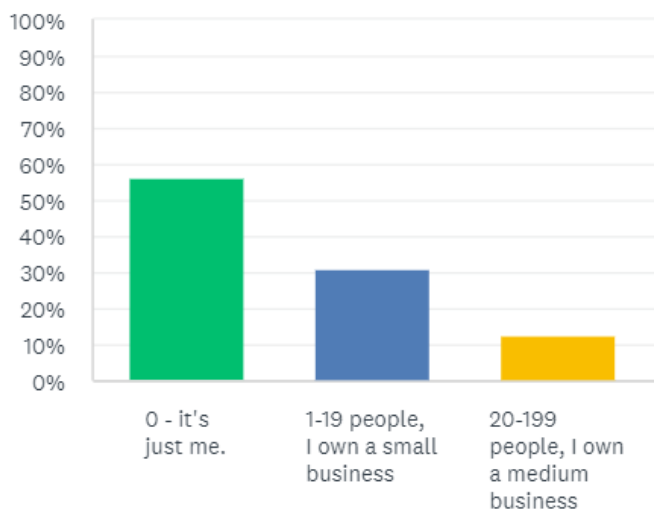
The following chart presents the Local Government Area within the RDASI network in which the respondent resides. Responses for the six participants who live outside of the RDASI region have not been included in this submission.



Business size

Small and medium business owners were invited to participate in the survey. Of those that were eligible to participate, 56.25% were sole traders and 31.25% were small business owners, employing 19 or less staff and 12.50% were medium business owners, employing between 20-199 people.

While we consider the input from medium business owners significant, due to the focus of the impact of the CPRs on small business in the review, we have identified information which includes feedback from medium business owners with an *.



Knowledge base

Participants were asked to indicate their awareness of the Commonwealth procurement process, the Commonwealth Procurement Rules (CPRs) and list of related information, services, and tools, with the following outcomes.

Question - Please select the options below that you are aware of (tick all that apply):

- Commonwealth procurement process - 40%*
- Commonwealth Procurement Rules (CPRs) - 13.33%
- AusTender – 46.367%
- Defence contracts worth up to \$500,000 that have been limited to small and medium enterprises - 20%*
- Ability for small businesses to join together to bid for larger and multi-faceted contracts - 40%*
- Rolling shortlisted provider 'panels' for smaller businesses - 23.08%*
- Buy Australia Plan – 6.67%
- None of the above – 26.67%

Commonwealth procurement process

Six (6) * of the survey participants had bid for a Commonwealth procurement contract, with three (3) * participants successful in securing a government contract. The participants who had bid on a contract were asked to answer additional questions regarding their experience, of which two (2) provided feedback.

When asked how the participants found out about the contracts they bid for, both participants responded that they received '**Notification from the tendering Australian Government agency**'*.

One respondent provided feedback that the CPRs were '**clear and easy to follow**', while the other respondent indicated that the CPRs were '**unclear**'* and they, '**had to contact the relevant agency for clarification and / or additional information**'*.

When asked '**Overall, the procurement process was (tick all that apply),**' the successful bidders indicated:

- Straightforward – 50%
- Easy to follow – 0%
- Complex – 50%*
- Difficult to follow – 0%
- Time consuming – 50%*
- Unclear, I had to contact the relevant agency for clarification and / or additional information – 0%

Both participants indicated that the insurance requirements of the contract **complied with their existing business insurance policy***.

One of the two respondents had **bid for a Defence contract worth up to \$500,000***.

Solutions

All survey participants were asked for feedback on changes that could be implemented to increase small and medium business participation in the Commonwealth procurement process.

When asked '**What changes do you think could be implemented to increase small and medium business participation in the Commonwealth procurement process? (Tick all that apply),** the following feedback was provided by fourteen (14) of the participants:

- Increase communication regarding upcoming opportunities – 92.86%*
- Make the process easier to navigate and less complex – 57.18%*
- Make the process less time-consuming – 50%*
- Streamline the application requirements across Commonwealth agencies – 50%*

- Provide training on how to bid for Commonwealth procurement contracts - 71.43%*

Other solutions provided in a free text answer from this cohort include:

'RDA should partner with Industry Capability Network to maximise exposure, possibilities and access to contracts'.

'Provide feedback about whether application was successful or unsuccessful'.*

'Reduce red tape and decentralise the process so locals can work with locals'.

In addition to the free text solution collected via the survey, a small business owner from the RDASI region emailed the following feedback for inclusion in the submission:

'Thanks for the opportunity to comment on this important review. The largest impediment to SMEs is the use of panels and no requirement to test the market. Some panels are active for five years and over excluding SMEs from participating for extensive periods. And panels are increasingly difficult to access given the evidence thresholds. A recommendation could be to include a requirement to test the market for contracts under the value of say \$280k....and perhaps an SME portal similar to Supply Nation...'

Feedback from women

Of the total survey respondents, 50% were **women**, all of whom provided feedback that they would like to see an **increase in communication regarding upcoming tender opportunities**. In addition to this, 71.43% of the women who provided feedback requested **'training on how to bid for Commonwealth procurement contracts'**.

Feedback from Aboriginal and / or Torres Strait Islander peoples

Of the total respondents, two (2) identified as Aboriginal and / or Torres Strait Islander peoples. These participants provided the following feedback regarding changes they would like to see implemented:

- Increase communication regarding upcoming opportunities
- Make the process easier to navigate and less complex
- Make the process less time-consuming
- Streamline the application requirements across Commonwealth agencies
- Provide training on how to bid for Commonwealth procurement contracts

Feedback from CALD (culturally and linguistically diverse)

Of the total respondents, one (1) identified as a person with a non - English speaking background. This participant provided feedback that they would like the following changes implemented:

- Increase communication regarding upcoming opportunities
- Make the process easier to navigate and less complex



- Make the process less time-consuming
- Streamline the application requirements across Commonwealth agencies
- Provide training on how to bid for Commonwealth procurement contracts

I thank you for the opportunity to provide this regionally targeted submission to inform the review of the implementation of the 1 July 2022 changes to the Commonwealth Procurement Rules and the impact on small businesses from the RDASI region and congratulate the government on recognising the need for innovative policy progression.

Kind regards,

Carisa Wells
CEO and Director of Regional Development