



Comment On

The Inquiry into ACT Government Procurement

July 2009

INTRODUCTION

The ACT Council of Social Service Inc. (ACTCOSS) acknowledges that Canberra is built on the traditional lands of the Ngunnawal people. We pay our respects to their elders and recognise the displacement and disadvantage they have suffered since European settlement. ACTCOSS celebrates the Ngunnawal's living culture and valuable contribution to the ACT community.

ACTCOSS is the peak representative body for not-for-profit community organisations, people living with disadvantage, and low-income citizens of the Territory. ACTCOSS is a member of the nationwide COSS network, made up of each of the state Councils and the national body, the Australian Council of Social Service (ACOSS).

ACTCOSS' objectives are representation of people living with disadvantage, the promotion of equitable social policy, and the development of a dynamic, collaborative and sustainable community sector.

The membership of the Council includes the majority of community based service providers in the social welfare area, a range of community associations and networks, self-help and consumer groups and interested individuals.

ACTCOSS receives funding from the Community Services Program (CSP) which is funded by the ACT Government.

ACTCOSS advises that this document may be publicly distributed, including by placing a copy on our website.

Introduction

ACTCOSS welcomes the opportunity to comment on the *Inquiry into ACT Government Procurement*. ACTCOSS sees the Inquiry as important to ensuring ACT Government Procurement processes enhance the provision of Government contracts and the delivery of services.

ACTCOSS' comment focuses upon tender processes that involve the community sector, as ACTCOSS is the peak body for community sector organisations in the ACT. ACTCOSS believes this is an important perspective to represent, as community sector services differ significantly from other industries that Procurement Solutions work with. As ACT procurement processes and Procurement Solutions are increasingly involved in the areas of community service provision, it is important that processes are in place to accommodate the differences in service provision by the community sector.

This Inquiry is timely for the community sector as the ACT Government 2009-10 Budget provided funding for a range of community initiatives that may involve ACT Government procurement processes, including the:

- Building Housing Partnerships initiative;
- Community Outreach for Rough Sleepers;
- Growth in demand for mental health services in the community; and
- Housing and Accommodation Support Initiative.¹

ACTCOSS believes it is important that procurement processes are transparent and provide community sector organisations with the information they require to develop and submit robust tender applications. It is important for community services to be delivered by members of the community sector, as community sector organisations have specialised knowledge of their communities and the people within them experiencing the most disadvantage.

¹ ACTCOSS, *2009-10 ACT Budget Snapshot*, Accessed www.actcoss.org.au

The Community Sector

The community sector is difficult to define due to the scope of work undertaken by the organisations within it and the different operating models that these organisations adopt. The community sector is broadly defined as 'organisations that provide services to people who are socially and economically disadvantaged or who require care and support'.² Organisations within the community sector include, but are not limited to, those that provide homelessness services, disability support, aged care, community care, child care, emergency relief and mental health services.

Increasingly, Procurement Solutions is playing a greater role in the provision of tenders and contracts for community sector services, such as Home and Community Care (HACC) and disability services. To accommodate this it is important that Procurement Solutions works with the community sector to ensure that their knowledge of the work that is undertaken by the sector and the principles that underpin this work is understood.

The role Procurement Solutions currently plays in the tender process for community sector organisations varies. Within HACC, Procurement Solutions work with ACT Health on various tenders. An example of this was the HACC Growth Tenders advertised in October 2008. The role of Procurement Solutions within this process was to:

- Use information from ACT Health to draft tender papers;
- Collect tenders; and
- Be a member of the evaluation panel.

The role of ACT Health was to:

- Provide all information regarding the services being tendered for; and
- Form the other members of the evaluation panel.

Several challenges are raised regarding the tender process for the community sector, particularly for a sector such as HACC where there are currently only 30 providers, including:³

- The ACT community sector and the requesting Government Department are often quite familiar with each other as they work closely together. This may result in prior relationships and knowledge affecting the tender process;
- The work carried out by Procurement Solutions sometimes prolongs the tender process due to the additional steps in the development of the tender; and
- The value that Procurement Solutions can add to the procurement process is limited by their knowledge of the work being tendered for.

² ACTCOSS, *Finding Solutions: Towards the long term viability of the community sector*, September 2008

³ *Understanding Procurement Processes Seminar*, presented by Procurement Solutions on Thursday 11 June 2009

The challenges presented from carrying out tenders for community sector services predominantly arise from the small nature of the sector and the unique work the sector undertakes. It is important that strategies are implemented to ensure that the procurement process remains open and fair for all applicants despite these challenges.

Recommendation

- Examine the role of Procurement Solutions in the development and selection of community sector tenders, including opportunities for them to play a greater role in ensuring processes are objective.

**The pursuit by ACT Government agencies of the
'Procurement principle – value for money', having regard to:**

- **Probity and ethical behaviour**
- **Management of risk**
- **Open and effective competition**
- **Optimising whole-of-life costs**

The value of the community sector to the ACT has been acknowledged. In 2003 it was estimated that the community services sector contributed \$155.8 million (gross industry product) to the ACT economy and employed 4% of the ACT workforce in 2001.⁴ The long term viability of the sector is important to both the ACT economy as well as to the achievement of the government's social goals. *The Social Compact* acknowledges this importance by stating that:

The ACT Government acknowledges the vital role played by the community sector and gives recognition to its longstanding and significant contribution to community life.⁵

To provide these services the community sector often does so being under resourced and experiencing large rates of burn out and turnover of staff. The 2008 ACOSS Community Sector Survey indicated that the average staff turnover rate in the ACT was 19%.⁶ ACTCOSS acknowledges the contribution that the sector makes to the delivery of services to people experiencing significant disadvantage in the community.

Open and effective communication is of utmost importance in relations between the ACT Government and the community sector throughout tender processes and the delivery of contracts or tenders. The *Social Compact* outlines the importance of communication, by including a principle of 'trust, openness and transparency of communication and processes'.⁷

It is important that tenders relating to community sector services are communicated with the community sector, as the community sector is most aware of the needs of local communities. The most appropriate way to communicate this message is through existing community sector networks, forums and email lists as these are regularly accessed by organisations. An example of a community sector email list is the Community Development Network (CD Net).

⁴ ACTCOSS, *The Contribution of Community Services to the ACT Economy*, ACTCOSS Inc, ACT, February 2003

⁵ ACT Government, *The Social Compact: Partnerships between the Community Sector and the ACT Government*, May 2004 , p.5

⁶ ACOSS, Australian Community Sector Survey: Report 2008, Accessed http://www.acoss.org.au/upload/publications/papers/4420_Paper%20154%20ACSS%202008.pdf

⁷ ACT Government, *The Social Compact: Partnerships between the Community Sector and the ACT Government*, May 2004

Recommendations

- Ensure that procurement process relating to the delivery of community services are communicated to the community sector through existing forums and networks.

The integration of sustainability considerations that encompass environmental, economic and social aspects throughout procurement processes

The Brisbane City Council has recently implemented a social tendering program into their procurement processes. Social tendering is defined as:

opportunities and processes whereby disadvantaged groups in the community can tender for formalised contracts in large economic entities.⁸

Social tendering provides 'disadvantaged groups' with the opportunity to tender for procurement contracts, such as mowing parks or regular catering. Characteristics of social tendering include:

- The tendering relationship is mutually beneficial between social enterprises and economic entities;
- Contracts can be awarded through competitive tendering or other structures such as Memorandum of Understanding;
- Contracts are usually structured around larger, regular work offered on a continual basis; and
- Negotiation of contracts to sometimes include the equipment required to carry out the tender.

An example of a mutually beneficial relationship between a social enterprise and economic entity is a tender for the mowing of parks around Brisbane. For the company that carries out the mowing of parks, often they find mowing the smaller parks and carrying out tasks such as hand weeding as difficult because their equipment is designed for larger areas and it is not financially viable for them to undertake the work on smaller sites. Government can then offer the smaller parts of the tender to social or community enterprises through a less competitive process, which would be mutually beneficial to the company and the social enterprise.⁹

It is also possible to negotiate tenders to include key infrastructure needs such as ride on lawnmowers or cleaning equipment. This will assist the social enterprise with accessing the materials required to complete the job.

⁸ New Mutualism Group, *Social Enterprise and Social Tendering: A Guide for Government Departments, Large Social Welfare Organizations and Corporations*, 2005 Accessed <http://www.socialenterprisehubs.org/files/Social%20Enterprise%20and%20Social%20Tendering.pdf>

⁹ Ibid

Recommendation

- Develop a social tendering process within ACT Government Procurement Process to provide social enterprises with an opportunity to deliver against tenders.

Agency approaches to procurement training and development activities

ACTCOSS encourages the ACT Government to hold information sessions when community service procurement processes are announced. Often information sessions and site inspections are held for procurement processes that occur in the building and cleaning industries. However this has not been the practice with community sector tenders.

Information sessions can be useful for organisations to gain further information regarding the tender itself and the general tender process. ACTCOSS recently held a seminar for HACC Organisations regarding the procurement processes in the ACT and gained feedback that sessions would be most valuable if undertaken at the time of the tender process.

Recommendation

- Convene information sessions to coincide with community service tenders to ensure that community sector organisations are aware of the open process.