



An example of Communities engaging in Government and Business Procurement



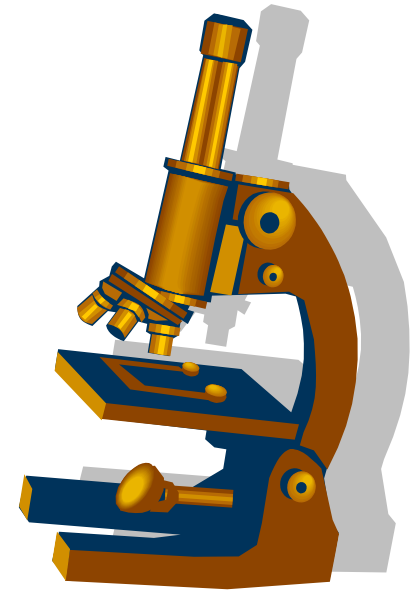
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Asia-Pacific Procurement Research Group
Mining, Oil & Gas
Local Procurement Forum
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- **After I tell people my job title - a title agreed by a committee - most people listen politely for a while and then say:**

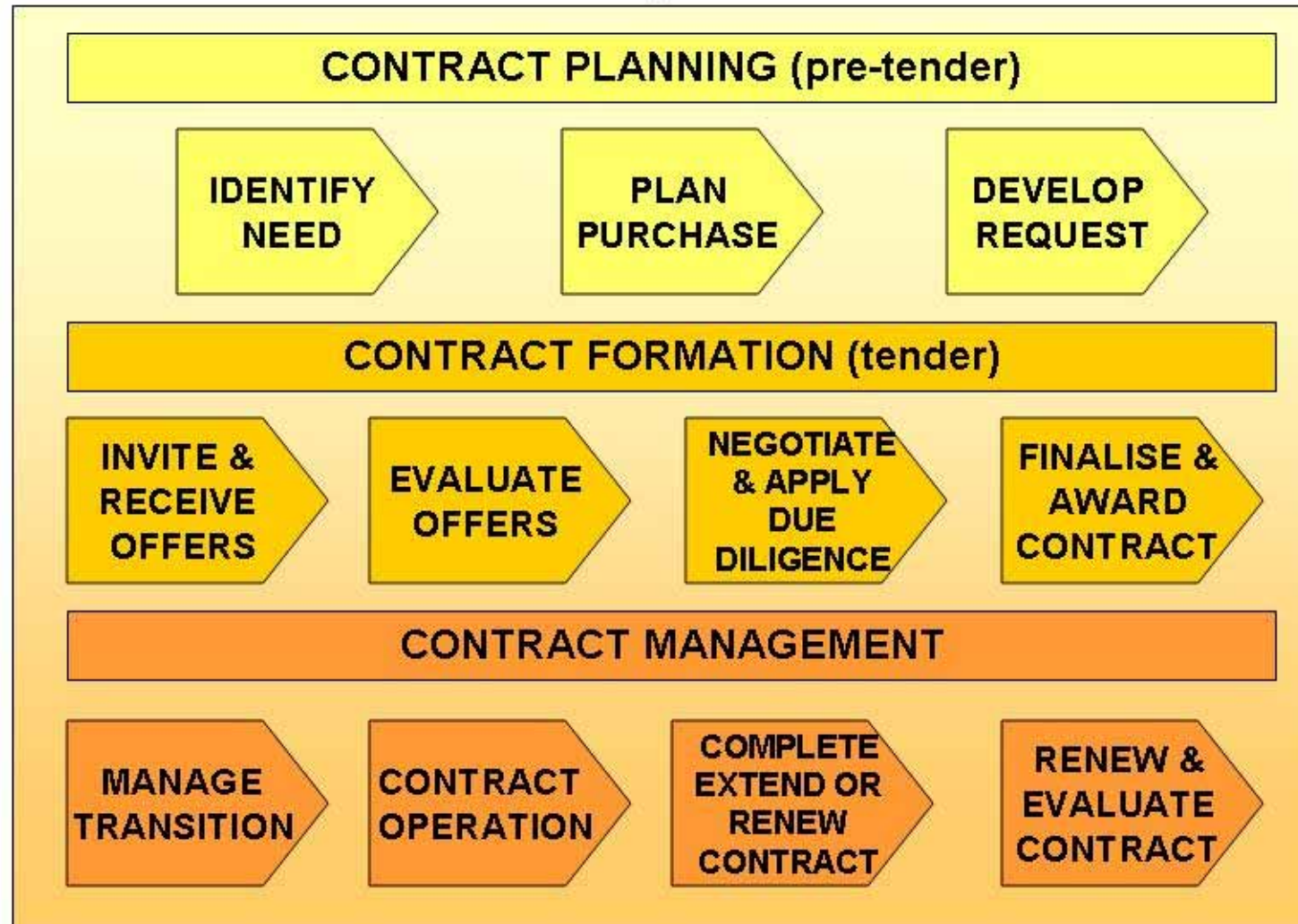
“and what the hell is procurement?”

My answer?

“Procurement is the art and science of buying and supply”.



Contracting Process



Typical model of procurement

Source: State Supply Commission, 2006

How do I build the art and science of procurement?

1. work with a global research network
2. present internationally accredited postgraduate courses in procurement
3. work to build the procurement profession
4. contribute to building community, government, and business awareness of better procurement practice

My recently completed Research Project with DK-CRC:

- **Investigated the opportunities for enhancing Desert Community participation in government or business-related contracts.**

The project outputs:

- 1. Review of Australian government legislation and policy at state and federal levels**
- 2. Review of government initiatives in a number of overseas jurisdictions**
- 3. Review of private sector initiatives in Australia to increase Desert Community participation in contracting**
- 4. Recommendations for seeking advice from communities on how they wish to build on project outcomes.**

International perspectives have been drawn from:

- Canada,
- European Union
- Malaysia
- New Zealand
- South Africa
- USA
- UK

One key example , US Government Small Business Act.

- **This Act establishes the Small Business Administration, and authorizes the creation of small business programs from government contracting, and financial assistance, training, education, entrepreneurial development in programs such as Service-Disabled Veterans Owned Business and HUBzone Firms, (HUB is US-speak for “Historically Underutilized Businesses” ...)**

The most relevant example is fostered under Section 8(a) of the Small Business Act (US Federal Government)

Firm must be owned and controlled by a socially and economically disadvantaged person - defined under the Small Business Act:

- African Americans, Hispanic Americans, Asian-Pacific Americans, Native Americans & Subcontinent Asian Americans.
- Net-worth under \$250,000 (excluding personal residence)
- Business must be in business for 2 years
- Businesses must display “sense” of success
- Business owners must display good character

The Section 8(a) firms stay in the program for **9** years

- Each 8(a) firm has a **Business Development Specialists (BDS)** in the **SBA district office** closest to their company who is responsible for the development of the firm
- Each year the **BDS** conducts an annual review of the 8(a) firm to make sure that it is are still eligible to be in the program; and to re-evaluate the firm's goals, size and financial statements.

Benefits for so-called 8(a) firms:

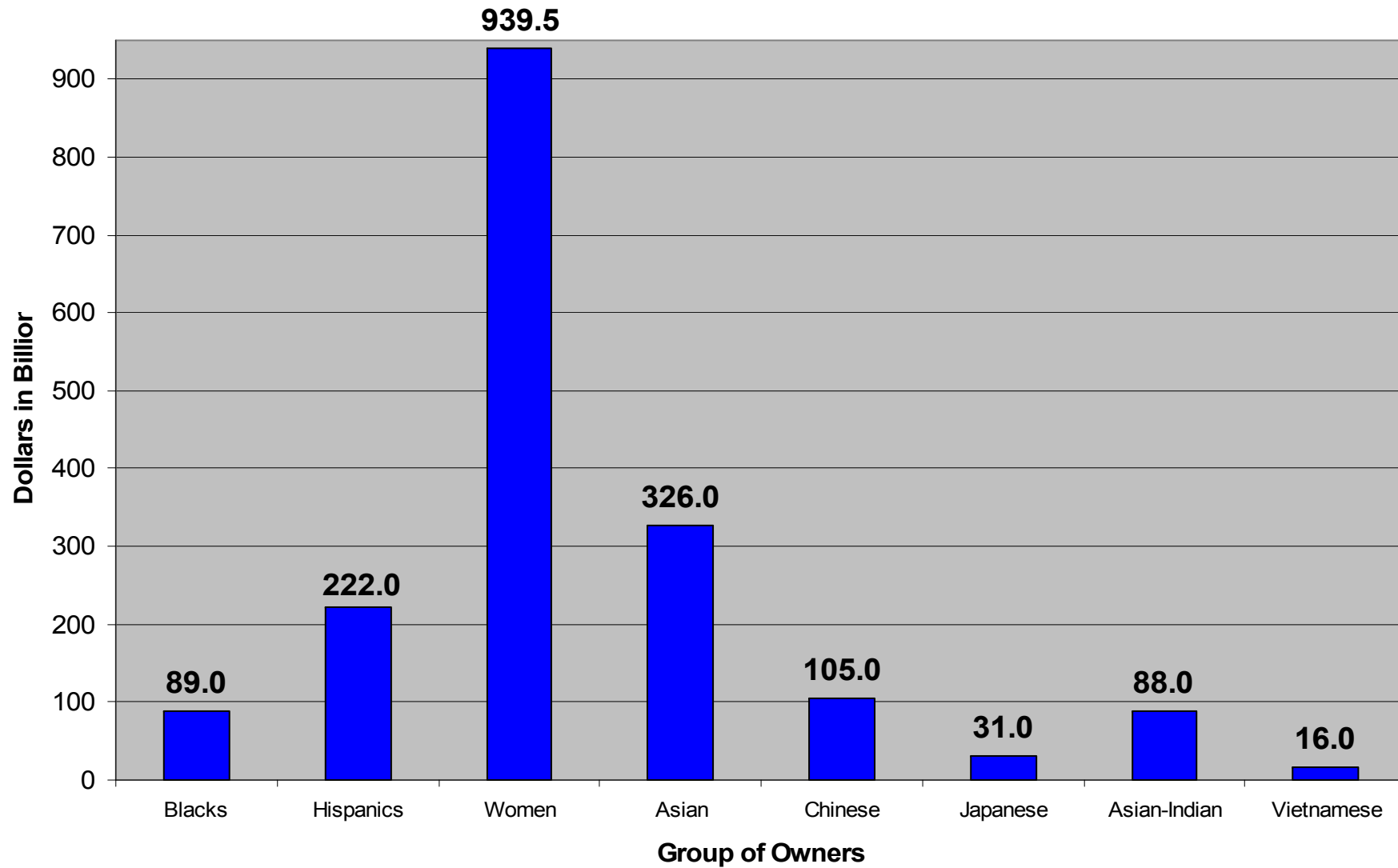
- 8(a) firms are allowed to receive sole source contracts from federal agencies valued up to \$3 million for services and \$5 million for manufacturing.
- 8(a) firms can also benefit from “Joint Ventures” and “Mentor-Protégé” programs:

Accountability up and down the line at the US federal level

- **It is the job of SBA to grade federal agencies on how well the agencies are doing to meet their small business goals.**
- **SBA gives each federal agency an annual small business contracting goal which is supposed to add up to 23% of their total contracts.**

Nassaux, 2008

REVENUE GENERATED BY MINORITY BUSINESS-U.S. CENSUS REPORT (US\$ in billions)



A number of US states have also established their own Small Business initiatives which support or even coordinate with the federal Small Business Administration – it is not a perfect system but it is a nationally supported approach to building community participation in contracting opportunities.

The question remains:

Can we begin to overcome the barriers that prevent Australian governments and businesses from providing procurement/contracting opportunities for isolated communities?