

SOUTH AUSTRALIAN PRODUCTIVITY COMMISSION

The Commission is inquiring into the efficiency and effectiveness of State Government goods and services procurement. The inquiry will examine the existing procurement framework and consider insights from other jurisdictions to identify reform options that improve procurement practices to positively impact on business and employment.

PURPOSE

The purpose of this paper is for the National Disability Services (NDS') BuyAbility Procurement Service to make a submission to the South Australian's Productivity Commission's examination of South Australia's existing procurement framework and to identify reform options to improve procurement practices to positively impact on business and employment.

This paper, in part, responds to the 'Draft Report. Inquiry into Government Procurement Stage 1', with a specific background response to **Information request 7.4**: "*To what extent are social enterprise and organisations like Buyability being considered by public authorities in South Australia? What are the impediments to considering these organisations in public sector procurement*".

In particular, it provides insights into the role of BuyAbility to support Government Social Procurement, with specific reference to the successful relationship with the NSW State Government to support improved work opportunities for people with disability.

BUYABILITY PROCUREMENT

BuyAbility Procurement is a program that started in 2011 (based from the Source America model in the USA – Refer <https://www.sourceamerica.org/> or <https://www.abilityone.gov/>), aimed at securing and managing contracts of work for disability enterprises.

Currently there are 173 Disability Enterprises with more than 600 locations across Australia, employing over 20,000 people with a disability, offering an array of quality products and services, and as per Abilityone, many of these products and services are routinely purchased by government, including:

- Commercial Cleaning
- Grounds maintenance / horticulture
- Car wash service.
- Plant Hire & Maintenance
- Printing
- Transport and logistics – Warehouse & distribution
- Mail services (mail digitisation) Digital Mailroom.

- Scanning / Shredding / File
- Supply of secure document destruction bins
- Admin / Reception / Labour Hire / Contingent Workers
- Packaging – ie Marketing material, Gift Bags etc
- Catering
- Waste Diversion, E-waste disposal & recycling
- Laundry / Dry cleaning

To date, this has resulted in BuyAbility engaging over 60 Disability Enterprises delivering over \$39 million in contracts and provided employment for over 1690 people with disability.

Refer *Attached Case Studies* for examples of contracts delivered by Disability Enterprises for the NSW State Government.

BuyAbility Procurement <https://buyability.org.au/business/> is a service of the National Disability Services involving a team of social procurement specialists committed to understanding and fulfilling Client procurement requirements. The BuyAbility Team has successfully worked in partnership with government and private enterprise buyers and procurement leads for more than 8 years.

The purpose of BuyAbility Procurement is to secure contracts of work with Government and Private Enterprise in line with the capabilities of Disability Enterprises. The team at BuyAbility Procurement work with stakeholders in various government departments and private organisations and maintain a pipeline of opportunities.

Operating a contract management approach, providing a platform for both potential client and supplier to interact via NDS. This is essentially the development of a “One Stop Shop”, where potential clients can ask NDS to source potential suppliers who fit their requirements (analyse capability and capacity), then NDS manages the contractual compliance.

The value of BuyAbility Procurement is:

- Affordable-** The client can procure high quality products and services at competitive prices
- Reliable-** Easy contract administration with proven processes and procedures, award and probity compliance
- Seamless-** Provides access to a national network of 600 Australian Disability Enterprise Outlets with the ability to aggregate multiple suppliers under the one contract
- Low Risk-** Risk management of contracts and suppliers

Social benefit- Creation of measurable social and economic benefit for thousands of people with significant disabilities

BuyAbility Procurement is free to Disability Enterprises and offer 3 channels to market for Disability Enterprises:

1. **Contract Management Service** -Experienced and dedicated team of social procurement specialists will provide a single point of contact for many opportunities across multiple service and product offerings, making communication simple and efficient. NDS holds a contract with the client and sub-contracts to disability enterprise/s. Disability Enterprises are engaged via a NDS' National Procurement Agreement and then each contract engagement has its own relevant schedule. BuyAbility Procurement:
 1. Ensures each specification/ scope is fully understood and analysed
 2. Ensures capacity and capability is guaranteed
 3. Ensures competitive market driven proposals are negotiated
 4. Provides a single point of contact making communication simple and efficient throughout the life of the contract.
 5. Manages the engagement from beginning to end, thereby simplifying the engagement for both department staff and Disability Enterprises.
 6. Ensures that the procurement principles of probity, value for money and ability to supply by suppliers etc., are adhered to.
 7. Aggregation of multiple disability enterprises in the one contract
2. **Disability Enterprise Marketplace (powered by VendorPanel)** A purpose built procurement platform providing opportunities for Disability Enterprises to quote directly with a buyer. This is currently under development.
 1. VendorPanel also have a social procurement offering called **Procure for Good which** provides access to the **Disability Enterprise Marketplace**, Social Traders panel, Supply Nation Panel and Kinaway Panel of suppliers.
3. **The BuyAbility Procurement Website** – A disability enterprise directory and search functionality (buyability.org.au/directory) enabling buyers to search via category of service and location to connect directly with Disability Enterprises across Australia.

BUYABILITY EXPERIENCE IN WORKING WITH NSW STATE GOVERNMENT

As mentioned above, BuyAbility Procurement commenced in NSW in 2011 and has established a significant partnership arrangement with the NSW State Government, as demonstrated by the fact that over 60 Disability Enterprises have or are delivering over \$39 million in contracts while providing employment for over 1690 people with disability.

This partnership has been underpinned and supported by key legislative changes and the establishment of formal procurement arrangements between BuyAbility and the NSW State Government.

Public Works and Procurement Regulation 2014

<https://www.legislation.nsw.gov.au/#/view/regulation/2014/62/part2/sec5>

The Public Works and Procurement Regulation 2014 simplifies the purchasing of goods and services from approved disability enterprises. Now NSW Government agencies may purchase goods and services directly from approved disability enterprises (or BuyAbility) on the basis of a single written quote. This includes goods or services provided through whole of government contracts.

Value for money must still be achieved. The section 5 of the legislation, which underpins this initiative, and other information can be found at:

<https://www.procurepoint.nsw.gov.au/policy-and-reform/goods-and-services/australian-disability-enterprises>

Formal Procurement Arrangements

NSW State Government has been a critical partner to creating employment opportunities for people with disability. In recognition of this successful partnership, the NSW Department of Industry & NDS' BuyAbility service received a NSW Premier's Award for Public Service 2018 in the job creation category. *The Premier's Awards for Public Service recognise excellence in the delivery of public services to the NSW community by the public sector, not-for-profit organisations and private businesses.*

This Award recognised the Department's innovative approach to increasing the rate of work participation for people with disability and providing sustainable long-term revenue streams for Australian Disability Enterprises across the state.

This was supported by the creation of a **Head Deed Agreement** (*see attachment for sample Head Deed Agreement*) between the Department of Industry with the National Disability Services (NDS) – BuyAbility Procurement, to act as its commercial partner and broker of services with disability enterprises across the state. The approach forms a key part of the

department's Disability Inclusion Action Plan. The partnership so far provides long-term employment for over 200 supported workers with total secured contracts of almost \$12 million.

This Head Deed Agreement allows for simple engagement throughout the Department via a Statement of Work referencing the Head Deed – the Head Deed (between NDS and the NSW Department of Industry) contains all of the usual terms and conditions required by the Department and the Statement of Work provides detail as to each specific project. NDS then sub-contracts with the Disability Enterprises) to deliver the contracted service. This arrangement not only facilitates ease of engagement and multiple contracts/engagements, it also mitigates risk for the State Government, whereby the contract is with the NDS and in turn NDS subcontracts to the Disability Enterprise.

This Head Deed Agreement arrangement has now been adopted with a number of other State Government Departments and private enterprises including NSW Department of Justice, NSW Department of Finance Service and Innovation, The Crown Right of Tasmania acting through the Department of Treasury and Finance and Brookfield Global Integrated Systems (BGIS) to name a few

Other points:

- Procurement Strategies & Target Spend
 - In wanting to further increase the engagement with disability enterprises some government departments and private organisations ask the following questions of their procurers:
 - Have you considered engaging Disability Enterprises for the proposed procurement?
 - If not why not?.
 - BuyAbility has been successful in negotiating with NSW Procurement in the introduction of a target spend with Disability Enterprises in the Facilities Management Category.
- Developing partnerships
 - A dual approach of pursuing strategic partnerships and addressing policy development has led to successful ongoing relationships between Government and Disability Enterprises.

