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**ICAC SUBMISSION TO LIMIT SMALL BUSINESS GOVERNMENT
PROCUREMENT OPPORTUNITIES WOULD HARM OUR
ENTREPRENEURIAL SPIRIT**

Business NSW has called on the NSW Government to resist misguided calls by the Independent Commission Against Corruption to severely limit opportunities for small businesses pursuing government contracts.

The ICAC told a NSW Parliamentary inquiry into government procurement that it sees “little benefit in policies that favour local content or suppliers” for government contracts because it “creates unnecessary lobbying risks” and could “potentially sacrifice value for money by limiting competition”.

Business NSW CEO Daniel Hunter said emerging local businesses – which drive innovation and service all NSW communities – would be severely harmed if a preference was shown for multinationals and large corporations based overseas.

“Business NSW supports the highest standards of commercial probity and the work of the ICAC helping to build a corruption resistant public sector,” Mr Hunter said.

“Business and taxpayers need and deserve a transparent, fair, efficient and accountable procurement framework; one that rewards and encourages the best commercial behaviour and outcomes for our local communities.

“Procurement practices that level the playing field for smaller businesses are to be encouraged, not discouraged, or demonised as a corruption risk.”

Mr Hunter praised the initiative of the NSW Government's recent changes to small business procurement policies which increase the threshold for direct engagement with SMEs on government contracts from \$150,000 to \$250,000.

Soon businesses will need to be insured only when a contract has been won, not beforehand.

For contracts greater than \$250,000, the NSW Government has also increased tender weightings for small business, local content, jobs creation, and ethical supply chains.

"These smaller government contracts are often the first major contracts emerging businesses get," Mr Hunter said.

"Without these opportunities, we risk of harming our entrepreneurial spirit.

"Our members want a fair, dynamic and diversified procurement system to help grow and develop local businesses. We applaud the NSW government's recent initiatives to make life easier for SMEs bidding for government work.

"Homegrown innovation is one of our great national strengths that brings cost savings and new approaches to government projects.

"Multinationals have a huge part to play, and of course can better manage risk on larger contracts, but are not exempt from probity concerns any more than smaller Australian businesses.

"We should not be mis-associating small business interaction with government as a corruption risk. Rather, we should design systems and change commercial cultures and welcome small business as key elements of our nations' supply chains and economic growth."

About Business NSW

Formerly the NSW Business Chamber, ***Business NSW*** is the peak policy and advocacy body which has been representing businesses in NSW since 1826. We represent almost 50,000 businesses.

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