6. Australia

6.1. SMEs in the national economy

An SME is defined as a business with fewer than 200 employees that operates independently of any parent organisation for taxation arrangements. A small business is defined as a business with fewer than 20 employees.

<table>
<thead>
<tr>
<th>Firm size (employees)</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>All firms</td>
<td>2 121 235</td>
<td>100</td>
</tr>
<tr>
<td>SME (0-199)</td>
<td>2 117 518</td>
<td>99.8</td>
</tr>
<tr>
<td>Non-employing (0)</td>
<td>1 284 615</td>
<td>60.6</td>
</tr>
<tr>
<td>Micro (1-4)</td>
<td>584 744</td>
<td>27.6</td>
</tr>
<tr>
<td>Small (5-19)</td>
<td>197 164</td>
<td>9.3</td>
</tr>
<tr>
<td>Medium (20-199)</td>
<td>50 995</td>
<td>2.4</td>
</tr>
<tr>
<td>Large (200+)</td>
<td>3 717</td>
<td>0.2</td>
</tr>
</tbody>
</table>

*Note:* Data exclude financial, insurance and public sector enterprises.

*Source:* (OECD, 2017[1]).

6.2. National policy framework to support SMEs in public procurement

Australia supports SMEs in public procurement through several provisions embedded in its national policy framework. These provisions – put in place by the finance minister, who is responsible for the public procurement framework, together with the Department of Finance that supports the minister in co-ordinating policies from a whole of government perspective – have the objectives of facilitating SME access to public contracts, ensuring a level playing field for all economic operators, and accessing a better range of solutions and a diversity of goods and services.

- The Commonwealth Procurement Rules (CPRs) provide that officials should apply procurement practices that do not unfairly discriminate against SMEs but provide appropriate opportunities for them to compete. The CPRs also include the Australian Government’s commitment to sourcing at least 10% of procurement by value from SMEs.
- The Australian Government’s payment policies provide that payments cards (e.g. credit cards) are the preferred method to pay suppliers for amounts valued below AUD 10 000, and require a maximum payment term of 30 days for contracts valued up to AUD 1 million.
- The Commonwealth Contracting Suite (CCS) provides standardised procurement documentation for procurements under AUD 200 000. The CCS can also be used for low-risk contracts valued up to AUD 1 million.
As part of the Commonwealth’s broader policies to support indigenous businesses, the CPRs allow entities to procure directly from SMEs with at least 50% indigenous ownership, so long as value for money is achieved.

6.3. Implementation mechanisms

Several guidance materials have been prepared by the Department of Finance to support implementation of the policies to promote SMEs in public procurement. They are actively communicated to different stakeholders including procuring entities and suppliers through diverse means – including the Department’s website, newsletter and public blog. Furthermore, training for public procurement officials focuses on engagement with suppliers, including applying the appropriate procurement practice that does not unfairly discriminate against SMEs. Apart from training public procurement officials, the Australian Government participates in relevant trade shows and hosts supplier events, as appropriate, to develop the capabilities of suppliers.

Furthermore, the Australian Industry Participation (AIP) National Framework, applicable to large Commonwealth tenders (of AUD 20 million or more), requires successful tenderers or panellists to prepare and implement AIP Plans. An AIP Plan is a document that outlines an organisation’s actions to provide Australian industry with full, fair and reasonable opportunity to participate in the organisation’s project. An AIP Plan promotes the benefits of looking at Australian SMEs as potential suppliers rather than solely relying on established supply chains when buying goods and services for the project.

6.4. Monitoring performance

The Department of Finance analyses Australia Government contract data and identifies SME suppliers. As a part of Australian Government’s commitment towards demonstrating transparency in and accountability of Commonwealth procurement, entities subject to the Public Governance Performance and Accountability Act 2013 report their procurement contracts on AusTender. The Department of Finance publishes procurement statistics data every year based on the information from AusTender. Thus, the statistical data reflect contractual information in accordance with entities’ procurement publishing obligations.

In fiscal year 2015-16, SMEs were awarded 24% of contracts by value and 61% by number. The share of contracts awarded to SMEs in terms of value was 28% in 2014-15 and 34% in 2013-14. In 2015-16, SMEs also made up 89% of individual businesses that were awarded contracts (Australian Government Department of Finance, n.d.[2]).
II. COUNTRY PROFILE: AUSTRALIA

Figure 6.1. Procurement contracts awarded to SMEs in Australia between fiscal years 2013-14 and 2016-17

As a share of total procurement contracts on AusTender

Source: Country response to the 2017 OECD survey on strategic use of public procurement to support SMEs

The treasury undertakes an annual survey of payment times. In 2015-16, the surveyed government entities were paying, on average, 97% of contracts (valued under AUD 1 million) on time.

References


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