

Submission
No 23

**INQUIRY INTO PROCUREMENT PRACTICES OF
GOVERNMENT AGENCIES IN NEW SOUTH WALES AND
ITS IMPACT ON THE SOCIAL DEVELOPMENT OF THE
PEOPLE OF NEW SOUTH WALES**

Organisation: The Co-op Federation

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THE CO-OP FEDERATION

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Inquiry into the procurement practices of government agencies in New South Wales and its impact on the social development of the people of New South Wales

NSW Legislative Council's Standing Committee on Social Issues

January 2024

There is much the NSW Government can do through procurement practices to strengthen the NSW economy and advance the social development of its people. Leadership on procurement by government can also set a powerful example to the whole economy.

To maximise outcomes, NSW must now include co-operatives in its procurement priorities. Co-operative enterprises, by their very nature and structure, accelerate local economic and social development and justice.

While it is also important to prioritise Aboriginal enterprises, local content, manufacturing and jobs, social enterprises, quality training and workforce participation, social, economic and labour outcomes, diversity and inclusion, and small and medium enterprises, it is not enough. Co-operatives can competitively deliver on all of the above but also bring engaged and democratic local ownership and principled control to the table to drive greater outcomes.

Co-operative businesses and organisations can only be locally owned and run and this means, in stark contrast to investor-owned businesses that are often remotely controlled and only concerned with short-term profits, co-operatives are totally focused on delivering local long-term member and community outcomes, and local jobs. They also keep more money circulating locally to support and grow local economies faster. They are actually already key economic linchpins across NSW, and could contribute so much more.

Co-operatives are the original social enterprises, balancing their business and social purpose through 7 globally agreed and locally legislated operating principles including “democratic member control”, “co-operation among co-operatives” and “concern for the community” and its sustainable development.

Co-operatives are a distinct legal structure under separate legislation. While social enterprise is not a structure, many co-operatives also fit current social enterprises definitions. Co-operative enterprise is also known as “commerce with a conscience”.

Members of co-operatives must be actively supporting the co-operative to maintain their membership. Co-operatives exist for people active in their industry and membership comes to and end if you are not regularly engaged with the co-op. They are therefore often intergenerational and long-term in outlook, providing services and benefits for members and their communities over generations.

Co-operatives of smaller enterprises can also be formed to tender for larger projects, growing their customer base while also providing them with the security of “one member, one vote” in such a consortium.

The City of Sydney understands the power of co-operative enterprise to grow its local economy and already prioritises co-operatives in its procurement practices. It states on its online tendering portal that it “is committed to creating opportunities for First Nations suppliers, as well as local small businesses, start-ups and social enterprises (including co-operatives), and we encourage these businesses in particular to respond to our opportunities.”

There are 600 co-operatives registered in NSW and there has been a resurgence in co-operative enterprise in recent years. Some examples:

- [Norco](#) (NSW's largest co-operative, owned and governed by dairy farmers)
- [The Co-operative Life](#) (home care workers owning and running their own agency)

- [Plumbers Co-op](#) (6,000 plumbing businesses purchasing together for better prices)
- [SILC](#) (providing family-governed co-operative housing for people with a disability)
- [Hastings Co-operative](#) (a diversified retailing business anchoring Wauchope's economy)

We would welcome at any time an opportunity to provide more information and/or present to the Standing Committee.

Please do not hesitate to contact Sam Byrne, Co-op Federation Secretary, at sec@fed.coop or on 02 9057 5155.