



Better off out of it? NSW Government risks squeezing out smaller departments, repeating past mistakes and wasting public money with 'only holdco' master media tender

By Sam Buchanan - General Manager, IMAA

Trinity P3 pitch consultant David Angell raised some excellent points about the NSW Government's approach and motives behind its 'holding company only' master media tender. In many respects he is right. But fundamentally, the Department of Customer Service and its advisors have got it all wrong.

"A fair go for those who have a go." So says Prime Minister Scott Morrison. But it seems to be a different story in NSW, where Australian-owned agencies have been shut out of the government's master media tender.

Trinity P3's David Angell, once a holdco exec at Havas, suggested last week that independent agencies are better off out of it. He raises some really valid and informed points.

No indie media agency is under any illusion that working on government business is anything but hard work for slim margin in order to deliver best value for public funds.

But that's not the point. The tender structure rules out all but holding companies, and all we ask is a level playing field so that the pursuit of cost efficiency does not undercut best value, which the Department of Customer Service appears to have conflated.

We keep asking why the Department has taken this approach, how exactly it complies with NSW government's own SME procurement rules, and who is advising the department on its approach. But so far, the silence is deafening.

We agree wholeheartedly with Angell that the NSW government tender process needs "a complete reprioritisation, an about-face and possibly, a multi-tender approach."

We also agree that by taking its current single holdco approach, smaller departments will suffer, and the NSW Government will end up with the same problems it had solved by adopting the current rostered arrangement, which sees the likes of the Sydney Opera House, NSW Police, Rural Fire Service and Australian museum serviced by an independent, Atomic 212.

That is, the big spending departments like Transport for NSW, TAFE and Destination NSW – as well as Customer Service itself – may end up taking the lion's share of manpower, leaving other departments and agencies under-served. That's anecdotally what happened under the previous arrangement: While cost efficiencies were achieved, the ROI and effectiveness of taxpayer-funded Government campaigns was arguably significantly compromised. Hence adopting the current set-up.

Procurement myopia

Reverting to a sub-optimal solution is short-sighted at best, and we think deciding to award the entire contract to a multinational group in a bid for efficiency at all costs risks repeating the same mistakes and same outcomes. At worst it smacks of lazy, poorly advised policy, with a questionable interpretation of procurement rules to deliver it.

In fact, we believe that no single holding company can deliver the specifics of the tender as it is currently worded. So we wholeheartedly agree with David Angell's view that the whole process would need to be reviewed if best value is the genuine intent.

Controlled under a master contract or lead agency structure, we think a rostered or tiered structure of agencies that best fit the needs of different departments will deliver diversity of thinking and talent, while reducing the risk of homogeneity, staff burnout and smaller departments being overshadowed and underserved.



The NSW Government leadership talks up its commitment to support Australian businesses at every opportunity. The tender presents the opportunity to walk the talk – and it's not too late to take it.

— Sam Buchanan, General Manager, IMAA

We don't want to be cut out, challenging government and its motives. We want to support the government and find a solution that supports everyone in the industry and delivers better outcomes for taxpayers.

If the desire for a single holding company is to control budgets, centralise communications and find centralised efficiencies, we believe an IMAA agency collective, under a lead agency, could solve these issues, support the specialised competencies each government department requires and uphold NSW's own SME procurement policy.

Alternatively, revisit the rostered approach. For the IMAA, it is not multinational holding companies versus indies, there is enough business for all. The indie sector is thriving, and many of us work with holding companies to achieve the very pricing efficiencies that government rightly seeks.

Independent agencies are not asking for a free-kick – just a fair go and a level playing field.



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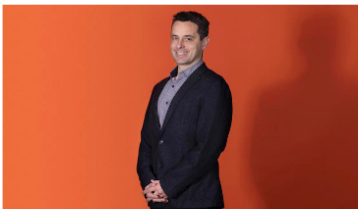
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