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Dr Matthew Butlin  
Commissioner  
South Australian Productivity Commission  
Adelaide. SA

Dear Dr Butlin

### SA PROCUREMENT INQUIRY

Thank you for the opportunity to make this late brief submission to the Commission's Inquiry into the SA Government's Procurement of Good & Services.

I note that the Inquiry is seeking to identify options to improve procurement practices and their impacts on local industry. With purchasing of goods and services representing a quarter of the SA Government's total expenditure, the Commission has appropriately recognised procurement reforms offer opportunities to increase the benefits and value of public spend.

Social Traders specific interest in this Inquiry relates to our strategic focus and commitment to supporting the development of an emerging social procurement market in Australia that opens up opportunities for social enterprises and other for benefit businesses to supply goods and services to government and business buyers.

Based in Melbourne, Social Traders was formed over 10 years ago to support the development of social enterprise in Australia. Social Traders plays a key intermediary role connecting certified social enterprise suppliers with procurement opportunities. In the last two years, Social Traders has facilitated over \$40 million in procurement deals for social enterprise supporting the creation over 500 jobs for disadvantaged people. To date, Social Traders has certified 270 enterprises nationally and has 45 buyer members including Government Departments, universities, councils and private businesses.

Social procurement involves adopting a strategic approach that generates additional social benefits beyond the goods and services being purchased. Social procurement enables governments to align multiple strategic and policy objectives. Procurement is used to support broader economic or social objectives, or to maximise local or regional community benefits. Social procurement often takes the form of government using a procurement opportunity to generate targeted employment for a specific marginalised or disadvantaged population, such as people experience long-term unemployment, a disability, indigenous, youth at risk etc.

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Social procurement is on the rise across the public and private sectors here in Australia and internationally. Government and business buyers are increasingly seeing the use of procurement spend to achieve multiple objectives. The size of social procurement market in Australia is significant, currently over \$2 billion annually, with strong growth potential, exceeding \$5 billion by 2025.

Key Government initiatives to date include the Federal Government's Indigenous Procurement Policy (IPP) introduced in 2016 along with a 3% social procurement target introduced by the Victorian Government in relation to major infrastructure projects in 2017 and more recently a Social Procurement Framework that applies across Victoria's 270 Government Departments and agencies.

Outside Government policy settings, local and international industry standards, (including ISO 20400) will continue to build momentum in social procurement across the private sector as buyers embrace sustainable and diverse supply chain policy and processes.

This link from Social Traders website, [Social Procurement in Australia](#), provides information and some useful resources on social procurement.

Social Traders encourages SAPC to consider incorporating social procurement requirements into the South Australian Government's future procurement policies and practices. Governments have an absolutely critical leadership role to play in terms of achieving greater economic and social value from use of public money.

Setting of the Government's social procurement expectations and outcomes should come in the form of clear and explicit ministerial direction, not left to the discretion of individual departments/agencies. Victoria's Social Procurement Framework is impressive compared with international policy developments in this area and can provide a useful guide for similar initiatives in other State jurisdictions, including SA.

Social Traders would appreciate and welcome the opportunity to provide further input to the Commission's Inquiry.

Yours sincerely,



David Brookes  
Managing Director