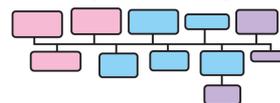


12 April 2019

community**capacity**builders



Dr Matthew Bultin
South Australian Productivity Commission
GPO Box 2343
Adelaide SA 5001

Dear Dr Bultin

Thank you for the opportunity to provide input on the draft report for the Government Procurement Inquiry Stage 1. Community Capacity Builders would like to provide comment on information requests 7.3 and 7.4.

Information request 7.3: The Commission is seeking further feedback on current and emerging procurement models incorporating environmental and social objectives, particularly in relation to reporting and the evaluation of these frameworks.

Information request 7.4: To what extent are social enterprise and organisations like BuyAbility being considered by public authorities in South Australia? What are the impediments to considering these organisations in public sector procurement?

This submission will provide feedback on the emerging procurement models of sole source procurement and pitch to pilot which is relevant to information request 7.3. For information request 7.4 this submission will highlight the diversity of social enterprise approaches and the unique impediments for the social innovation school social enterprise approach.

Diversity of social enterprise approaches

Information request 7.4 asks to what extent are social enterprise being considered by public authorities in South Australia? It needs to be highlighted that social enterprises are not a homogenous group.

Contributing to the diversity of social enterprises is the different origins for establishing a social enterprise and the different approaches for undertaking social entrepreneurship. Social enterprises can be commenced by an individual founder or co-founders, established by an existing not for profit organisation, or created collectively by communities. They are established by social entrepreneurs that follow a variety of social entrepreneurship approaches. These approaches include: the social innovation school, the social enterprise school, the EMES approach, the UK approach (Hoogendorn et al., 2010) and the complexity approach (Goldstein et al., 2010).

Impediments to social innovation approach being considered in procurement

Information request 7.4 asks what impediments there are to considering social enterprise in public sector procurement? As the name suggests the focus of the social innovation school of social entrepreneurship is 'social innovation'. The innovations developed by these social entrepreneurs are usually radical and often discontinuous. Radical innovations are innovations that do something completely new (Schaper and Vollery, 2004, p. 56) and discontinuous innovations are innovations that require people to change their behaviour and modify other products and services that they already rely on (Moore, 2002, p. 10).

The prescriptive nature of procurement makes it difficult for social enterprises that align to a social innovation school approach to access social procurement opportunities. This is because, as highlighted on page 9 of the Stage 1 Issues paper for this inquiry, the guidance material of tender processes are very prescriptive and stifle innovation.

Sole source procurement and pitch to pilot

Given that social enterprises that take a social innovation school approach usually have a unique offering, they find it very difficult to sell their product or service to government given the prescriptive nature of procurement. Currently, the workaround that usually happens in practice is for contracts to be offered under a certain threshold to avoid the tender process altogether. In order to address this current stifling of innovation, it is important that governments have processes in place that support sole source procurement. Sole source procurement is defined as 'any contract entered into without a competitive process, based on a justification that only one known source exists or that only one single supplier can fulfil the requirements' (National Association of State Procurement Officials, 2015) .

Pitch to Pilot is an alternative approach to encourage innovation in procurement that is being trialed by the New South Wales State Government (2019). This approach provides innovative enterprises with 'a new and formalised avenue to pitch their innovative technologies and solutions to the NSW Government' and 'provides agencies with a new way to expedite procurement of innovative technologies and solutions'.

If you require any further information regarding Community Capacity Builders contribution to the inquiry please do not hesitate to contact me on sharon@communitycapacity.com.au or 0404 749 214.

Yours Sincerely,



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