

# SUBMISSION TO THE SOUTH AUSTRALIAN GOVERNMENT

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## INTRODUCTION

SOUTH AUSTRALIA has the opportunity to review its procurement strategy and practice **to promote and encourage the use of social procurement.**

This is in line with many other State (Australia) and International jurisdictions that are incorporate this into procurement. We are submitting to support your proposal, and to provide some insight into the NZ story that has emerged predominantly in the past 2 years.

## WHAT IS SOCIAL PROCUREMENT?

Social procurement **is a tool** that can be used by a buying organisation enable and deliver impacts beyond the goods of services required.

Social Procurement provides a tool for public, private and not-for-profit sector organisations to achieve social goals, and address community issues as part of the way they do business and spend money - integrating social responsibility into their purchasing activity. In this way, it can add considerable value (beyond financial considerations only) to expenditure that already happens.

## THE NZ STORY

There are a number of converging trends in NZ that are relevant to South Australia:

- (1) NZ businesses (e.g. [Air NZ](#)) is increasingly recognising the value that sustainability brings to their organisation, and recognising that procurement that is predominantly price-oriented actually runs counter to the sustainability narrative. Therefore, embedding sustainability into procurement is not a nice to have, it is necessary.
- (2) The NZ Government has recently committed to a [Wellbeing Budget](#) in 2019, building upon a [Living Standards Framework](#) that the NZ Treasury is developing that seeks to bring broader and longer-term considerations into policy and Government decision making. This is recognised as world-leading.
- (3) On the back of this, the NZ [Rules of Sourcing](#) (the procurement rules) have recently been amended to include Broader Outcomes and Priority Outcomes into procurement. These align with Government priorities relating to social and environmental outcomes, and most importantly encourage and enable consideration of social and environmental outcomes in any procurement decision.

- (4) A number of Local Government organisations in NZ (e.g. [Auckland](#)) are pursuing similar objectives recognising the local benefits of this approach across a number of areas such as employment, skills and training plus community development and inclusive economic development.
- (5) Our organisation, [Akina](#), has launched a nationwide social procurement programme that is focused on opening up market access for social enterprise Suppliers ([www.fwd.org.nz](#)) and working with Buyers to embed social procurement into their practice. Our foundation Buyer Group has a combined expenditure exceeding \$27 billion per annum and includes several leading NZ businesses such as Air NZ, Fonterra and McConnell Dowell, with many of these also having an Australian footprint or parent ownership (e.g. ANZ). This model was informed by leading practice from [Social Traders](#), Buy Social Canada and Social Enterprise UK ([Buy Social Corporate Challenge](#)).

## WHAT IS THE OPPORTUNITY?

With social procurement, **you are spending the same dollar twice**. For example, if you buy scones from a caterer, you get scones. When you buy scones from a social enterprise, you get scones AND impact (e.g. a pathway for people marginalised out of work because of a disability, back to mainstream employment).

Effectively this is taking **a broader view on value within procurement beyond dollars**, quality and risk alone. I.e. it integrates additional social and environmental factors.

Social procurement therefore directly benefits South Australia as a Buyer. It can be a strategic tool to deliver objectives such as local employment, pathways to work, trades/training/skills for youth or other marginalised groups, community engagement and the range of environmental outcomes.

The obvious benefit to a Supplier (social enterprise, any organisation that is 'for purpose') is access to markets. Given social procurement is a relatively new trend, it also seeks to encourage innovation and new business to meet Buyer demand.

However, there is significant scope for South Australia to make **specific social or environmental benefit an explicit part of full procurement process**, rather than just including social outcomes clauses in tenders. The use of an integrated framework from decision making, to procurement, to contract management is critical, as is clear guidance, tools and monitoring. This is a behaviour change process that needs robust support.

In summary: social procurement enables South Australia to **create broader value using the same budget**.