



The Stretton Centre
307 Peachey Rd
Munno Para
SA 5115
South Australia

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

23 April 2019

Dear Dr Butlin

Re: Draft Report of the South Australian Productivity Commission Inquiry into Government Procurement

This letter sets out the response of the embryonic The Purpose Business Network – North's to the SA Productivity Commission's inquiry into Government Procurement. The letter has been prepared by Dr Guy Turnbull, the Don Dunstan Foundation's former Thinker In Residence.

I understand that the Don Dunstan Foundation have written to you under separate cover welcoming your focus on social enterprise and social procurement.

I will also be in attendance at the meeting planned for 6 May where the Productivity Commissioner will meet Social Enterprise Network reps to discuss social procurement.

In this submission I want to add written detailed response to the issues raised by you in sections, 7.3 & 7.4, by first, taking a step back, and considering the value and purpose of Social Procurement, before outlining a proposal for the Northern Suburbs.

Value & Purpose

Consideration of where procurement has had a significant and lasting positive impact on the economic and social well being of a local community and population (Preston in the UK, for example – see <https://cles.org.uk/news/animation-what-is-local-wealth-building/> plus attached document 'Beyond Preston'), it is where there exists a clear multi agency procurement strategy which:

- a) Recognises the value of Social Procurement as a crucial lever for government in delivering improvements to the economic and social well being of particular communities
- b) Goes further than simply attempting to 'level the procurement playing field' between large corporates and social enterprises.

Although there is much merit in making changes to contract specification to attract social enterprises bidders (Dividing contracts into smaller size lots, waiving balance sheet strength tests, increasing the scoring balance weighting away from price to quality and social impact, etc), it is key that Government recognises its power to add additional benefit to local communities as not only a 'market maker', but also a 'market shaper'.



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Specifically I mean Government could choose to engage further in a strategy that:

- a) Recognises the economic and social value of enabling the establishment of locally owned co-operatives and other form of social enterprise, through Government's position as 'Market Maker'.
- b) Engage with the social enterprise sector through entering into a programme of competitive dialogues and developing 'Innovation Partnerships' around specific procurement opportunities. Certainly in the UK, although governed by some strong European Procurement Law (The Public Contracts Regulations 2015) which focuses on the key pillars of
 - Openness & Fairness
 - Equal treatment
 - Non-discrimination
 - Transparency
 - Proportionality

It has been possible to co-produce some really impactful social enterprises who deliver public contracts, through meaningful engagement with the sector at an early stage of the procurement pipeline (See attached doc – 'What is The Preston Model'). By way of adopting such a strategic approach, Government could target its procurement approach to address specific wicked problems, whether that be youth under employment in a particular community, or market failure in the health, care, and disability sector.

The Purpose Business Network - North is currently developing a social enterprise strategy and action plan for Adelaide's Northern Suburbs to address under employment. A key strand of this plan is to develop a social procurement hub to support the co-design of Compact between public sector buyers and social enterprise suppliers. Your support for this type of initiative at this time would be greatly appreciated.

Please contact me if you require any further information.

Yours sincerely

Dr Guy Turnbull

Purpose Business Network - North

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POLITICS ECONOMICS March 25, 2019

Beyond Preston: How local wealth building is taking the UK by storm

By Jonty Leibowitz and Neil McInroy



Preston Bus Station. Image: Getty.

The Preston Model, which has seen the Lancashire town rise from the bottom 20 per cent of the deprivation index to be named the UK's most improved city, has become the poster child for an insurgent economic approach known as

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“local wealth building”. This uses the levers of the local state to reorganise the economy away from neoliberalism and towards local economies rooted in social, economic and environmental justice.

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While the programme’s success in Preston is obvious from the [widespread interest](#) it has received among policy makers, politicians and commentators, local wealth building is also being explored elsewhere to confront economic failure, social hardship, wealth extraction and environmental degradation.

In [Manchester, the programme first began in 2008](#), pioneered by the Centre for Local Economic Strategies (CLES) and Manchester City Council. Together they [grew the number of organisations](#) based in the city that were competing and winning contracts from the city government by 50 per cent.

From this early work on procurement, local wealth building initiatives began to focus on the idea of “predistribution”, a counterpoint to the redistributive policies, such as “inclusive growth”, a current zeitgeist among policy makers that advocates a weak form of redistributing wealth through taxes and benefits after the fact of its creation. Local wealth building instead aims to construct an [inclusive economy](#) where wealth is generated by and for all citizens. In doing so, it slays the neoliberal dragon of trickle-down economics and rebuilds wealth from the bottom-up rather than the top-down.

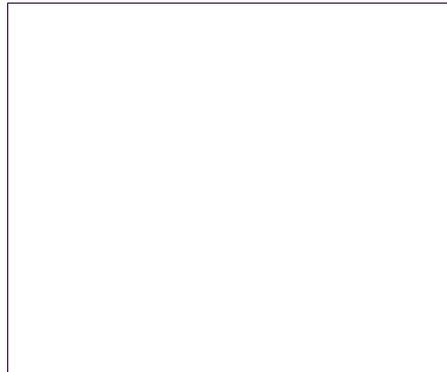
To achieve this, local wealth building follows a model based on “anchor institutions”, where local businesses and socially-focused enterprises outside the local area compete for commercial contracts from institutions such as housing organisations, universities, schools and hospitals. These institutions hold a unique position in the local economy, as they employ people, buy things, hold property and assets and are unlikely to relocate from the local area.

The Preston Model is a welcome indication that this anchor approach can work. But in places beyond Preston, this agenda has taken diverse forms; what unites these places is five central principles. These are:

- **Plural ownership of the economy** – deepening the relationship between the production of wealth and those who benefit from it. This means returning public services to direct democratic control by insourcing public goods and services. It’s also about developing cooperatives and locally owned or socially focussed enterprises in the public and commercial economy.
- **Making financial power work for local places** – increasing flows of investment within local economies by, for example, directing the funds from local authority pensions away from global markets and towards local scheme- and community-owned banks and credit unions.
- **Fair employment and just labour markets** – working within large anchor institutions and their human resource departments to pay the living wage, adopt inclusive employment practices, recruit from lower income areas, build secure progression routes for workers and ensure union recognition.

- **Progressive procurement of goods and services** – developing a dense local supply chain of local enterprises, employee-owned businesses, social enterprises, cooperatives and other forms of social ownership that can provide goods and services to large local anchor organisations.
- **Socially productive use of land and property** – ensuring that local assets including those held by anchor organisations are owned, managed and developed equitably, so that local communities can harness any financial gain from these assets.

This movement is growing rapidly; CLES is working with Gateshead, Sunderland, Darlington, Hartlepool, Wakefield, Leeds, Calderdale, Kirklees, Oldham, Wigan, Salford, Birmingham, Lewisham, Wirral and Southampton to adopt local wealth building initiatives involving a range of anchors.



In London, Islington is deepening its progressive procurement practices and examining ways to tackle the rentier economy and speculative land and property ownership. In Gateshead, the council has a longstanding process of insourcing. In Wales the first Minister has made a commitment to ensure a programme of local wealth building, and in Scotland, local government is establishing a pilot linking local wealth building to a growth deal. Elsewhere, the NHS has adopted the anchor approach [as part of its long term plan](#).

In the coming years as this movement becomes more embedded in regions across the UK, the “Gateshead model” or the “Wirral model” should achieve as much attention as the pioneers of Preston. The Labour Party has established a [community wealth building unit](#) and the ongoing work of the government’s inclusive economic partnership magnifies the local wealth building agenda. In the age of experiments, the lessons of Preston, Gateshead, Islington and elsewhere must become a new mainstream for all forms of local economic development.

Jonty Leibowitz is a researcher and Neil McInroy is the chief executive at the [Centre for Local Economic Strategies](#) (CLES), the think and do tank working on progressive economics for people and places.

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A sketch of Notre Dame cathedral circa 1850

President Macron has pledged to rebuild Notre-Dame stone for stone in just five years and make it “[even better than before](#)”. His prime minister Edouard Philippe has recently announced an international architecture competition to rebuild the spire. French billionaires have valiantly entered into a philanthropic bidding war to become *le grandest fromage* to sponsor the re-bolstering of Our Lady of Paris, raising €800m.

Apple is one of the global corporations that's [publicly pledged to help](#), and the US has managed to find some spare change down the back of the sofa, even though Puerto Rico spent 11 months without power and Flint still has no clean water.

Never mind that Notre-Dame cathedral had [begged for a paltry €150 million](#) to shore up its rotting stone and repair the ravages wrought by acid rain, the money has now arrived. All it took was a little live-streamed iconoclasm – a relic-stuffed spire toppling into a raging inferno – to get the charitable impulses flowing.

While academics and historians argue over which version of Notre Dame is more authentic, I'm sure the 1 per cent might have some pointers on more profit-orientated options for a site.

Given the impressive track record that those with accumulated wealth have when it comes to public space, we can make a few educated guesses about the future direction that Notre-Dame could take to capitalise on this prime plot of Paris property.

1. A luxury concept shop

Bricks and mortar shops are having a hard time up against Jeff Bezos and his warehouses of wrist band-tagged workers. You need to offer a whole lot of Instagram experience to pry would-be buyers off their sofas and away from their Amazon Prime accounts. L'Oreal, LVMH and Dior, whose owner-families have all donated to the Notre Dame fund, would know.

Luxe brands are resorting to salesperson sorcery in the pivot from bricks-to-clicks; a concept store amidst the ruins of the scorched stones would mark the natural evolution of influencer culture meets disaster porn.



A model outside Dior in Paris. Image: Getty.

2. Or just an Apple store

Apple is bucking the trend of high street misery. Its gleaming glass churches, filled with Genius Bar acolytes, continue to attract devoted throngs.

If the Catholic Church is worried about losing its flock, why not embrace the enrapturing effect of new technology? An iPhone in the hand is worth two in the burning bush, as they say. Charging ports on pews could come in handy during long services or tourist queues to see the restored relics.

Besides, now that activists in Australia have mobilised to have Melbourne's Federation Square nominated as a heritage site, there's a cancelled Foster and Partners-designed Apple Store going spare.



The Apple store opening in Milan. Image: Getty.

3. Hudson Yards 2.0

Is there a single rich person's playground that cannot be improved by a retractable roof and a stairway to nowhere™ with some [dogdy data ownership laws](#)?

In fact, New York City's The Shed and The Vessel, architectural equivalents of white elephants, might be better suited to the banks of the Seine.

Kinetic architecture could peel back to reveal the stage set for open-air choral concerts on balmy evenings. The replacement spire might even be improved were it covered in mirrored panels, incorporating a plethora of new vantage points.



The Vessel in Hudson Yards, New York. Image: Getty.

4. Something Brulalist

Yes, this is an 850-year-old gothic masterpiece that has withstood wars, rebellion, and now the President of the Free World's inane suggestion to waterbomb a flaming hot stone structure.

True, the survival of Notre-Dame's most precious relics including the 13th century radiating rose glass windows is largely due to mastel stonemasons. They designed soaring vaults that tugged at heart strings while acting as an ingenious two-way fire break between the roof and the main building.

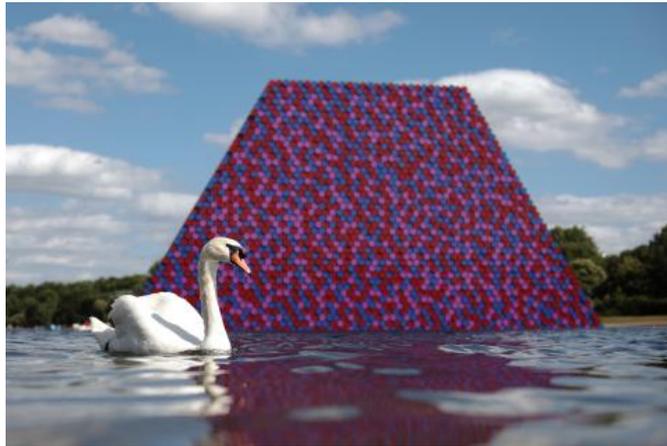
But really, we all know dastardly modern architects are just itching to turn everything in a morass of concrete. Let them do something weird and modern with those flying buttresses and revel their true villainy.



Clifton Brutalist Cathedral in Bristol. Image: Purcell.

5. A sculpture park

Just put a piece of public art there and write some marketing copy about community, yeah?



Christo Vladimirov Javacheff's Mastaba, Serpentine Lake in London. Image: Getty.

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