

## Social Procurement in NSW:

# A Guide to Achieving Social Value through Public Sector Procurement

### Introduction

Luke Sainthill, one of over 1000 aboriginal people employed and trained through social procurement activity supported by Koori Job Ready (KJR), reflects that “Without Koori Job Ready, Aboriginal people such as myself don’t have a chance to get a foot in the construction industry. Koori Job Ready made it possible for me to get a job and get into uni...I’ve got the world to thank them for...” (Luke Sainthill, FDC cadet, Bachelor of Construction Project Management at UTS). The work of employment and training organisations like KJR, private sector organisations, and thousands of social enterprises across NSW is creating life-changing results for people such as Luke. Real and sustainable community benefits, including training and employment outcomes, are being created for people from our most disadvantaged communities. The work of these organisations is dependent on a growing commitment towards social procurement by public and private sector organisations in NSW and across Australia.



### Social Procurement

All public sector organisations have social goals embedded in their corporate plans as part of a triple or quadruple bottom line approach. These objectives have traditionally been reflected in policies, programs and partnerships designed to target specific social, environmental and economic goals. For some of the most challenging issues however, new approaches are being explored that integrate triple bottom line goals into government planning and project delivery. Early and innovative planning is leading to the incorporation of government’s social goals in areas such as service design, investment, employment, and increasingly procurement.



Most government investment at all levels in NSW is through procurement, with up to \$27b spent each year by State (\$20b) and Local Government (\$7b) alone. Modern strategic procurement process is designed to maximise the achievement of government objectives by purchasing goods and services from external parties through a robust, transparent and well planned and managed approach. By effectively incorporating social objectives at every stage of the procurement process, government can create the ‘demand’ that enables social enterprises, other social benefit suppliers and the private sector to:



- > deliver high quality goods, services and infrastructure;
- > provide real community benefits; and
- > help address significant issues such as the chronic, sometimes generational, unemployment faced by communities in some parts of NSW.



## The Guidelines

*Social Procurement in NSW: A Guide to Achieving Social Value through Public Sector Procurement* has been developed in a unique collaboration between representatives of Local, State and Federal Government organisations. The Guide aims to highlight the vital work being done across the State and provide clear and structured guidance to encourage and support the further application of social procurement principles. The case studies in these Guidelines demonstrate a wide range of examples of social procurement practice, from the bush regeneration for the [Western Sydney Parklands Trust](#) to social enterprise catering at [Penrith City Council](#). There is no one right approach to social procurement. For [WSROC](#) and [Hunter Resource Recovery](#), the delivery of employment and training to disadvantaged people as part of project delivery, is encouraged through the incorporation of social objectives in specifications and evaluation criteria. [Housing NSW](#) requires the training and employment of social housing residents in delivering maintenance and landscaping services. What each of these organisations has demonstrated is an ability to integrate their organisation's social objectives into their procurement practice, in a robust and practical way that creates the opportunity for real and lasting benefits.

## 'Mainstreaming' Social Procurement

Yet despite the range of examples highlighted in this Guide, much of the social procurement practice across the State is 'ad hoc' relying on passionate individuals or opportunistic projects and programs. The Guide aims to encourage and support government at all levels to 'mainstream' their social procurement practice. As with environmental sustainability, proper consideration of social objectives should form a legitimate part of strategic procurement practice at all levels of government. Not all projects and programs will lend themselves to social procurement, but as the Guide explains, the use of modern strategic procurement tools can support the proper assessment of social value in procurement planning and delivery.

## Policy Environment

Key case studies in the Guide demonstrate the vital role that policies such as the Aboriginal Participation in Construction Guidelines (incorporated in the NSW Government Procurement Policy) can play in supporting social procurement outcomes. The positive role that this policy is playing in NSW is demonstrated by projects detailed in the Guide such as the [South Coast Correctional Centre](#). In this project, the construction company responded positively to the social criteria included in the tender for the \$120m project. Working in partnership, with Government, the local community and support agencies, over 90 aboriginal employment opportunities were created, including on-going positions at the prison.

This project demonstrates the innovation and enthusiasm with which the private sector can respond to social procurement requirements. When Government asks the question, there are an increasing number of examples where the private sector can provide the answer, developing innovative partnerships that deliver employment and training outcomes and social value. The success of the Nowra Jail project demonstrates how the Aboriginal Procurement in Construction Guidelines could be used effectively for more construction projects, and the model potentially replicated for other disadvantaged communities, including projects in areas of place-based disadvantage.

## Legal Environment

The mainstreaming of social procurement practice is well supported by the current legal and policy environment in NSW. The Guide includes detailed legal advice from Salvo's Legal which confirms that: **"There is nothing in any of the Local, State or Federal laws, or the common law, which prevents or limits the ability of either Local or State Government to consider the social outcomes/benefits which might be gained from a particular tender as part of Government's procurement processes. In fact, in a very real sense both Local and State procurement regulations require these types of outcomes/benefits to be considered in order to achieve the best value for money when assessing tenders."** The legal advice highlights however the importance of "disclosing prior to the close of a tender precisely

what significance will be placed on the specific types of social outcomes/benefits which might be able to be offered by tenderers". As in all areas of procurement, transparency, fairness and probity remain vitally important in considering social value.

## Social Enterprises

Many of the examples from the Guide demonstrate the vital role that social enterprises are playing in providing a wide range of community benefits such as the delivery of Intermediate Labour Market (ILM) programs specialising in training and employment for people who are currently disengaged from the workforce. Organisations such as [Boystown](#) and [Mission Australia](#) are delivering real local benefits for communities across the State, while enterprises such as [Newleaf Community Renewal](#) are providing significant and sustainable employment outcomes for their communities. Organisations such as [Social Enterprises Sydney](#) and [Parramatta, Wollongong and Wyong Councils](#) are also working to support social enterprise development in their communities through programs, funding and partnerships. By building strength and capacity, this work assists social enterprises to play their vital role in the 'supply-side' of social procurement, and deliver social value back into the communities they are based in.

## Step by Step Approach

This Guide not only provides case studies highlighting what is possible, it also provides advice on preparing your organisation for social procurement, including policies, processes, education and opportunity analysis. Organisations such as [Wollongong City Council](#), highlighted in the Guide, are taking a systemic, whole of organisational approach to integrating social value into their planning and procurement processes. The Guide aims to support organisations in incorporating their social objectives at every stage of procurement. From early planning and opportunity analysis to evaluation, contract management and benefit realisation, the Guide steps through each process, providing models, checklists, examples, and links.

## Why Social Procurement?

**Integration** — Social procurement provides a sound and effective way for the public, private and not-for-profit sectors to achieve social goals and address community issues as part of the way they do business, integrating their commitment to Corporate Social Responsibility (CSR) into mainstream organisational activity.

**Innovation** — By encouraging a holistic look at the achievement of organisational objectives, social procurement practice encourages innovation and the development of new forms of partnership and service delivery models.

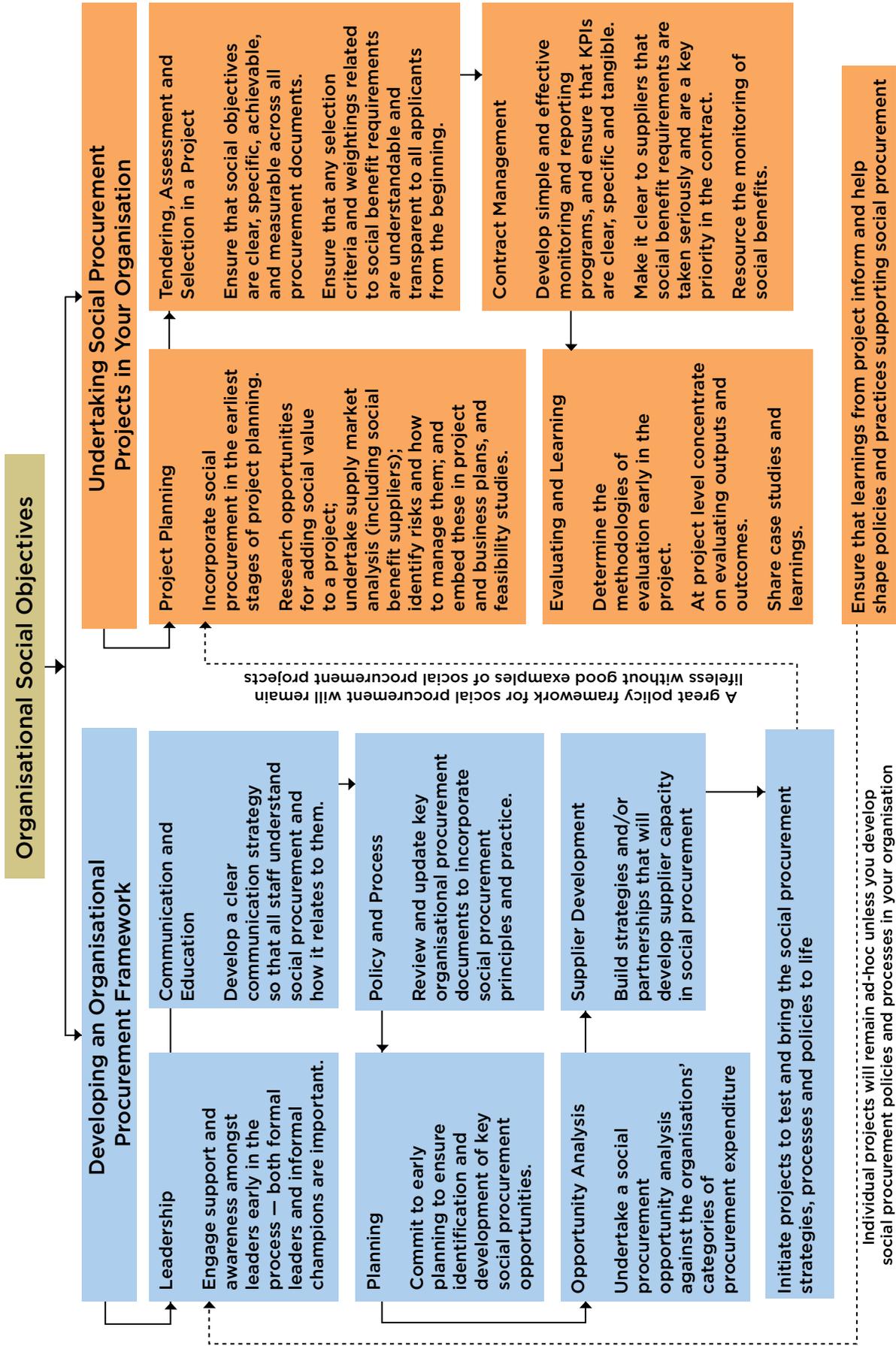
**Staff Satisfaction and Organisational Identity** — The ability to achieve demonstrable community benefits through social procurement increases job satisfaction and pride, while building a positive organisational identity.

**Competitive Advantage** — Governments and other clients are increasingly looking beyond the delivery of goods and services towards value-adds that deliver social outcomes and triple bottom line objectives. By integrating social procurement practice into mainstream procurement thinking, organisations can build a competitive advantage and directly demonstrate their capacity to add social value to their deliverables in a cost-neutral or cost-effective way.

**Strategic Approach** — Rather than responding in an ad hoc way as policy and practice changes, social procurement can be introduced through a managed, systemic and achievable program, providing a whole-of-organisation model integrated as part of mainstream procurement policy and practice.

**People** — Ultimately the beneficiaries of social procurement practice are the people who have been given a chance to participate in the economy and their communities who are changing for the better. "It has helped me to achieve my goal, to pursue a stable position and have the opportunity to progress my career" Sarah, 1 of the 146 people employed by [New Leaf Community Renewal](#) from one of NSW's most disadvantaged communities.

# Social Procurement: A Rough Guide for NSW Public Sector Organisations



The Guide has been produced by Chris Newman (PMMS Consulting) and Ingrid Burkett (Knode) on behalf of the **Social Procurement Action Group (SPAG)**, a unique collaboration of local, state and federal representatives working to promote social procurement practice in NSW.

The full Guide and further information is available at: [www.socialenterprises.com.au/](http://www.socialenterprises.com.au/)