

REASONS WHY COUNCILS MAY SUPPORT SOCIAL PROCUREMENT

1. SOCIAL PROCUREMENT

Social procurement involves using procurement processes and purchasing power to generate positive social outcomes in addition to the delivery of efficient goods, services and works. For local government, social procurement builds on initiatives already undertaken by the sector in enhancing sustainable and strategic procurement practice, enabling procurement to effectively contribute to building stronger communities.

Social procurement is a key mechanism by which to generate wider social benefits for triple bottom line reporting, by providing a mechanism for linking and integrating social and economic agendas.

2. POTENTIAL OUTCOMES OF SOCIAL PROCUREMENT

The outcomes of social procurement may include:

- creation of training and employment opportunities through procurement processes, clauses and specifications in contracts
- addressing complex local challenges, such as intergenerational employment, crime, vandalism and economic decline in local communities or amongst disengaged groups
- encouragement of local economic development and growth
- promotion of fair and ethical trade
- social inclusion, particularly for vulnerable groups - giving them the opportunity to participate in the community and the economy
- engagement of small-to-medium enterprises and social benefit suppliers - providing them with the same opportunities as other businesses, including the ability to engage in procurement processes
- securing a council's reputation and leadership in recognising and implementing corporate social responsibility initiatives in the public sector.

3. SOCIAL PROCUREMENT IN A LOCAL GOVERNMENT SECTOR

3.1. Purchasing Power

Victorian councils collectively spend approximately \$3 billion annually on the procurement of goods, works and services.¹

Based upon the significant procurement spend of Victorian councils, a commitment to social procurement may:

- generate the social outcomes, as stipulated in a councils' "triple bottom line" reporting

¹ Victoria's Municipal Association of Victoria's Model Procurement Policy: www.mav.asn.au

- stimulate and influence markets to develop strategies and processes which generate positive social outcomes.²

Given the purchasing influence local government has, there may be the opportunity to pursue social outcomes in even a small proportion of procurement spend. In doing so, the benefits that the councils local community receives may be considerable.

3.2. Legislative Requirements

Under the Victorian *Local Government Act* 1989, councils are required to:

- achieve the best outcomes for the local community (section 3C(1))
- achieve continuous improvement in the provision of services for its community (section 208B(d)).

These requirements may well be satisfied through social procurement initiatives.

3.3. How Social Procurement May Be Structured

Two primary forms of social procurement have been identified in local government:

- 1) engaging a social benefit provider to deliver a good or service
- 2) inclusion of a social benefit as a component of a procurement contract.

3.4. Achievement of Long-term Social Outcomes

Social procurement offers a great vehicle for councils in addressing complex social issues in the long term. For example, the City of Yarra, in working with a social benefit supplier, the Brotherhood of St Lawrence, were able to create long term pathway for employment for 17 public housing tenants through a street cleaning contract. Employment of these tenants led to long term positive social outcomes across the municipality, such as a reduction in unemployment rates.

² Barraket, J. and Weissman, J (2009) Social procurement and its implications for social enterprise: a literature review, Working Paper No. CPNS48, Queensland University of Technology