



South Australian Centre for Economic Studies

Scoping the Potential of Social Procurement for Local Economic Development

A Toolkit

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Local Government Association of South Australia

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Executive Summary

This toolkit suggests steps that councils may take to make greater use of procurement for added social value. It identifies resources that councils may wish to consult as they explore procurement strategies, which may help to achieve better social outcomes for residents, local communities and local business, including:

- retaining a larger share of procurement investment in the locality;
- linking social procurement to social programs supported by councils;
- identifying means and measures for greater community engagement;
- developing social procurement into a community development tool; and
- engaging new providers of goods and services.

The toolkit is divided into seven core chapters, addressing the following topic:



Legal foundations: Questions of Law (Chapter 2)

Social procurement adds an additional and, sometimes, new dimension to procurement. South Australian law states that economic and social development matters may be considered in procuring goods and services. Relevant legislation or agreements are the South Australia Local Government Act 1999, the South Australian Industry Advocate Act 2013, and the Australia New Zealand Procurement Agreement 2013.

This toolkit cannot give legal advice and councils concerned about the implications of legislation should seek independent legal advice or seek clarification from the State Government or the Commonwealth.

Councils may engage sole traders as suppliers. Councils wishing to determine how this may affect their commercial, contracting relationships with suppliers can consult an Australian Taxation Office online tool.

Approaches to Social Procurement (Chapter 3)

The two most prominent approaches to social procurement are (i) the inclusion of social and/or employment clauses in contracts, and (ii) purchasing or partnership agreements between a council and a social supplier. An example of the former is the South Australian Industry Partnership Policy (IPP).

IPP requires bids for government contracts above a certain value to include in their offer social or economic benefits that are then written into the contract. While the IPP is state policy, a local version is operated by the City of Playford. Chapter 3 provides more detail about the program, including how it affects the evaluation of procurement offers and their monitoring. Implementation of an IPP can be flexible and designed to meet the specific needs of a council.

Councils are also engaging social suppliers directly or pursue their social and economic objectives through more complex service agreements. This may be in the shape of a *direct engagement* of social suppliers, for instance building on a tradition of working with groups of, or organisations representing, disadvantaged populations. Councils have also engaged *labour hire companies* to assist with recruiting workers from amongst local job seekers. Not all social outcomes are planned strategically, but may be a coincidental, yet none the less socially valuable *by-product* of an intervention. This chapter includes a few examples.

Identifying Social Procurement Opportunities (Chapter 4)

Identifying procurement opportunities is a first step towards developing a social procurement strategy. This may require scrutinising, and bundling or unbundling council budgets. Two tools and techniques for this are (i) the Supplier Social Value Positioning (SSVP) model, and (ii) the United Nations Standard Products and Services Code (UNSPSC).

The SSVP Model is a matrix that distinguishes procurement spend according to the complexity of the product or service sought, and the value this represents for *social* procurement. The model's four segments have been labelled bottleneck, routine, leverage and strategic.

Leverage presents the prime opportunity for social procurement. It captures activities, for which there usually are ample suppliers; which entail little or no risk with commissioning or purchasing; and that present opportunities for employment or training. Appendix B illustrates a potential application.

The UNSPSC is a classification framework that can be used for coding procurement items, which can be matched to equivalent information held by suppliers. Services are available to facilitate this matching with social suppliers.

Finding Social Suppliers (Chapter 5)

Councils often have lists of local and/or preferred suppliers. Online sources can assist with identifying social suppliers. Certification services provide useful markers for identifying social suppliers.

This Chapter lists relevant information sources for identifying social enterprises, co-operatives, Not-for profits, B-Corps and Australian Disability Enterprises.

Linking Social Procurement to the Local Economy (Chapter 6)

Social procurement is about adding value to the local economy, which requires a good understanding of needs and opportunities. Councils already map their economies and communities. A community's skills can be of great value to social procurement, but may be under-utilised because residents are unemployed or underemployed.

Local economies may also be lacking certain skills and this can limit the scope for social procurement without further capacity building. Councils already engage Registered Training Organisations (RTO), including TAFESA, to deliver bespoke training to national standards, including in units of competency. RTOs can set up and deliver such training within a reasonably short period of time.

This Chapter identifies sources of area statistics (economy, unemployment, health and social indicators), data about training and skills (and training providers), and tools for community engagement and development.

Measuring social value: Questions of Value (Chapter 7)

Social procurement has the potential to increase earnings and investment retention, employment and skills, and social engagement and inclusion. This Chapter lists examples of social, economic and environmental benefits of social procurement. Its main focus is on methods for putting a monetary value on social benefits that help to inform Value-for-money decisions and assist with comparing competing options or tenders.

The Chapter describes the *Social Value Bank*, a survey based estimation of the value of social outcomes, and the *National TOMs Framework*, both developed in the UK. An Australian version of the Social Value Bank is available from the *Australian Social Value Bank*. An illustration of how the TOMs Framework indicators may be applied to equivalent Australian or South Australian local government cost items is also included in this Chapter.

Managing Risks (Chapter 8)

Developing social procurement is not without risks. This final Chapter notes that system changes, such as the introduction and consolidation of social procurement processes benefit from:

- legitimacy and authority;
- clear communication;
- clear reporting lines and responsibilities;
- training;
- consensus on the selection and measurement of social value objectives; and
- making connections across strategic council policies and across council boundaries.

1. Introduction

Social procurement is a means for generating additional social benefits from council procurement processes for the local community. The benefits may include additional or improved community services and facilities, or new training and new employment opportunities for local residents. Together they have the capacity to strengthen the council economy and community.

This toolkit suggests steps that councils may take towards greater use of procurement for added social value and identifies resources that councils may wish to consult as they explore procurement strategies that may also help to achieve better social outcomes for residents, local communities and local business.

In 2017-18, local councils in South Australia budgeted some \$2.2bn for procuring goods and services to deliver local services, look after local environments as well as council property, and to ensure that their own operations can be maintained. Almost one third (\$692m) had been assumed by capital expenditure (LGASA 2018). These present a significant resource for strategic policy making in local government through public procurement. Giving procurement a stronger social dimension can make procurement a source for community and economic benefit extending beyond the acquisition of goods and services for council or community use.

The toolkit is intended for councils that seek to

- retain a larger share of procurement investment in the locality, thus creating economic spin offs and multipliers, diversifying economic monocultures, strengthening the local economy with expected positive spin offs on property values and, thus, council rates revenue;
- link social procurement to social programs supported by councils, e.g. youth development programs, community inclusion/development programs;
- identify means and measures for greater community engagement, with the potential to foster greater ownership, pride and identification with the local area, which is known to help make areas safer and to protect environments (e.g. reduced vandalism and street crime);
- develop social procurement into a community development tool by connecting it to a social enterprise agenda creating employment opportunities for local people; and
- facilitate and engage new providers of goods and services, thus increasing procurement choices with likely positive spin offs for the range and quality of goods and service procured.

1.1 What is social procurement?

“Procurement is the process of acquiring goods and services. It begins when a need has been identified and a decision has been made on the procurement requirement. Procurement continues through the processes of risk assessment, seeking and evaluating alternative solutions, and the awarding and reporting of a contract.” (DoF, 2019, p. 6)

Social procurement adds to conventional procurement the explicit objective of generating positive social impact (Mupanemunda 2019). This may already be assumed in such instances when procurement concerns social services or involves socially responsible screening, such as to ensure Fair Trade conditions or compliance with the Modern Slavery Act 2018¹.

Social procurement may also be “generating social impact as a ‘value-add’” (Burkett 2010, p. 11):

“Social impact is generated in addition to high quality, value for money goods, services and works.” (Burkett 2010, p. 11).

This added value can be achieved by:

- including community obligation clauses in procurement contract, which typically require contractors to demonstrate the use of local resources, in particular labour, when developing and delivering their goods or services; or
- commissioning directly to not-for-profit and social enterprise, that is businesses and organisations whose objective is to reinvest any profits from their activities into the local economy.

The latter group of businesses and organisations are referred to in this toolkit as social benefit suppliers or, for short, *social suppliers*. There are various organisational forms that social suppliers can take. Appendix A lists and defines the most prominent of them.

¹ The Modern Slavery Act 2018 requires large business and other entities to examine and report annually on the risk of modern slavery in their supply chain. Modern slavery refers to “situations where coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom”. The Act does not apply to local government (DoHA, undated).

In most instances, councils will be directing their social procurement at social suppliers already present in the locality. For these suppliers, social procurement can present a significant source of revenue that will further their core objectives. But the toolkit can also be used for exploring strategic opportunities for generating *new* social enterprise.

1.2 What this toolkit is not

It is worth noting what this toolkit is not and does not intend to provide.

This toolkit was intended to be brief and practical. It is not and does not want to offer a detailed account of how to 'do social procurement'. Guides and manuals have already been written on that topic (e.g. Burkett 2010, Newman and Burkett 2012, McNeill 2015, DPCD 2010, SPAG 2012). Introducing social procurement is complex and, in each council, may have its own peculiarities.

Instead, this toolkit is a guide to matters to consider when starting the path towards social procurement; it provides suggestions based on consultations with advocates and others with experience in social procurement, and includes links to hopefully useful tools along the way.

Because it is not directly concerned with the processes of introducing social procurement, this toolkit will also not turn to the concept of leadership and persuasion. Both are very likely to be required at some stage during any procurement reforms; essential for uniting stakeholders behind the benefits of social procurement – and to prepare for the set up costs that almost inevitably will be incurred. The point that this toolkit does make, though, is that collaboration can reduce such costs. Councils will benefit from considering opportunities and occasions for collaborative innovation that lie ahead.

Finally, this toolkit is not concerned with arguing the case for social procurement. These arguments have already been made and do not need reiterating. But this toolkit will alert councils to some of the risks associated with social procurement; risks that need to be acknowledged and addressed so that they do not undermine the objectives and outcomes of social value-added.

1.3 The structure

The toolkit is divided into seven further chapters, addressing the following topic in turn:



Three appendices complete this toolkit.

Appendix A lists definitions of different types of social suppliers.

Appendix B maps budgetary information for the City of Charles Sturt and the City of Playford onto the Supplier Social Value Positioning Model, described in Chapter 4 (Identifying Social Procurement Opportunities).

Appendix C illustrates skills resource information that can be extracted from Australian Bureau of Statistics data for the City of Charles Sturt and the City of Playford (Chapter 6: Linking Social Procurement to the Local Economy).

Appendix D adds some notes on the TOMs model introduced in Chapter 7 (Measuring social value).

Appendix E is a summary table on the values estimated for the Australian Government's Priority Investment Approach, also introduced in Chapter 7 (Measuring social value).

Appendix F summarises the various links to resources introduced during the core chapters.



2. Questions of Law

Social procurement adds an additional and, sometimes, new dimension to procurement. It adds conditions and criteria for evaluating tenders and quotations that may appear to go beyond the assessment of procurement offers on the basis of Value-for-money.

This can raise concerns about the legal basis for social procurement. Is it in order to add these additional conditions intended to achieve greater social benefit?

Various legal provisions indicate that it is. South Australian law states that economic and social development matters may be considered in procuring goods and services.

That said, this toolkit cannot provide legal advice. If councils are in doubt and are concerned about the implications of legislation for social procurement, they should seek independent legal advice or seek clarification from the State Government or the Commonwealth.

2.1 South Australia Local Government Act 1999

The South Australian Local Government Act 1999 (SALGA 1999, Part 3, Section 48) determines that “[a] council must develop and maintain prudential management policies, practices and procedures for the assessment of projects...”. The prudential issue most directly relevant to social procurement is defined as

“(c) the expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in the proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the market place”. (SALGA 1999, Part 3, Section 48)

SALGA 1999 also permits and, in fact, requires Councils to

“...prepare and adopt policies on contracts and tenders, including policies on the following:

- (a) the contracting out of services; and
- (b) competitive tendering and the use of other measures to ensure that services are delivered cost-effectively; and
- (c) *the use of local goods and services*; and
- (d) the sale or disposal of land or other assets.” (SALGA 1999, Part 4-49, emphasis added).

Whilst this toolkit cannot provide a legal interpretation, these provisions incorporated in SALGA 1999 are understood to provide the basis for councils to insert and integrate economic ambitions into procurement processes, as is intended by social procurement.

2.2 The South Australian Industry Advocate Act

At the state level, the Industry Advocate Act 2013 (IAA 2013) requires the South Australian Government to establish an Industry Participation Policy, as it has. More specifically, the legislation requires the responsible minister to utilise the South Australian Industry Participation Policy (SAIPP) to

“...seek to promote—

- (a) government expenditure that results in economic development for South Australia; and
- (b) value for money for public expenditure; and
- (c) the economic development of the steel industry and other strategically important industries for South Australia; and
- (d) capable businesses based in South Australia being given full, fair and reasonable opportunity to tender and participate in government contracts.”

(IAA 2013, Article 4-2)

The Policy is interpreted to concern the expenditure committed by the Government of South Australia to the procurement of goods and services; Public Private Partnership projects; Federally-funded infrastructure and construction projects managed by the Government of South Australia; private sector projects receiving Government of South Australia support; and grants to the private sector (DIS 2018). More specifically,

“The standard implementation of the Policy is designed to deliver economic development by promoting:

- Employment for residents of South Australia.
- Investment and capital expenditure that builds capacity in the South Australian economy.
- Use of businesses and supply-chains that employ South Australian residents and invest in the State.” (DIS 2018, p.4)

The Policy also enables the Government of South Australia to specify *economic participation regions*.

Such an intervention would seek to stimulate economic activity, investment and employment, and specifically consider the benefits of businesses “employ[ing] people and us[ing] capital equipment from that area.” (DIS 2018, p. 7)

2.3 Australia New Zealand Procurement Agreement 2013

Featuring perhaps less prominently is the Australia New Zealand Procurement Agreement 2013 (ANZGPA 2013), an agreement between the Governments of the Commonwealth of Australia, New Zealand, New South Wales, Victoria, Queensland, Western Australia, South Australia, Tasmania, the Northern Territory and the Australian Capital Territory; and applying to “government bodies within their jurisdictions”.

“The objective of the ANZ Government Procurement Agreement is to create and maintain a single ANZ government procurement market in order to maximise opportunities for competitive ANZ suppliers and reduce costs of doing business for both government and industry.” (ANZGPA 2013, p.2)

It applies to public procurement and enshrines a commitment to “[u]se Value for money as the primary determinant in all procurement decisions” (ANZGPA 2014, p.4), defining value-for-money as:

“...the best available outcome for money spent. Value for money requires a comparative analysis of all relevant costs and benefits of each proposal throughout the whole procurement cycle (whole-of-life-costing).” (ANZGPA 2013, p. 3).

Although these rules appear strictly market-oriented, the Agreement also provides for exemptions, notably:

“Procurement supporting measures in accordance with Article 18, Exceptions, of the Australia-New Zealand Closer Economic Relations Trade Agreement² and measures in relation to the goods or services of persons with a disability, or of philanthropic or not-for profit institutions.” (ANZGPA 2013, Annex 1)

Although seemingly restrictive, the ANZGPA 2013 provides scope for a council to pursue social objectives through its procurement program.

2.4 ATO employer-employee relationship ruling

Councils may engage suppliers, social and others, who are sole traders. This can place a council in a position where it may be deemed to be employing a worker rather than hiring a service. This is typically the case where the sole traders relies solely or largely on the council for revenue. If this is the case, it can have implications for a council’s tax and super obligations vis-a-via the trader.

The Australian Taxation Office provides an online tool that helps to determine whether a current or planned procurement arrangement of a council involves a contractor or, in fact, is equivalent to hiring an employee:

<https://www.ato.gov.au/Calculators-and-tools/Employee-or-contractor/>

² These include “ • protection of essential security interests . • protection of public morals and prevention of disorder or crime . • protection of human, animal or plant life or health . • protection of intellectual or industrial property rights or to prevent unfair, deceptive, or misleading practices . • the application of standards or of regulations for the classification, grading or marketing of goods. (Department of Foreign Affairs and Trade 1997, Article 18)



3. Approaches to Social Procurement

There are multiple ways in which to enact social procurement. They fall into two broad categories:

- social and/or employment clauses in contracts (cp. 3.1), and
- purchasing or partnership agreements between a council and a social supplier (cp. 3.2).

3.1 The Industry Participation Policy

The Industry Partnership Policy (IPP) is the South Australian state government's tool for retaining a greater share of its procurement expenditure within the state. The aim is to utilise this expenditure to strengthen economic development, including in specific sectors, such as the steel industry, in the state.

IPP requires bids for government contracts above certain value thresholds to include in their offer social or economic benefits that are then written into the contract. It is described as a framework for comparing the economic contribution of rival bids for state government contracts. It does not replace the value-for-money principle of state procurement, but adds generating or resourcing labour or other supply inputs from within the state as a dimension for evaluating competing bids.

The benefits that may accrue from such contracts are determined through three types on contribution tests:

- The Economic Contribution Test (ECT),
- The Regional IPP Plan, and
- Tailored IPP Plans.

Each test or plan applies to a different contract value range, requires progressively more detailed commitment and entails successively more stringent monitoring. Additional variants apply to procurement projects targeting or otherwise involving Aboriginal businesses, land or population; grants to the private sector, and, as mentioned above, steel industry contracts.

The IPP was put into place with the Industry Advocate Act 2017. While the IPP is state policy, a local version is operated by the City of Playford.

Table 3.1 illustrates the value thresholds and weighting rules applied in the South Australian IPP and the local variant of the City of Playford.

Table 3.1 Industry Participation Policies, South Australia and City of Playford

SA IPP	City of Playford
	-/-
>=\$33,000 to IPP threshold At least 1 quote. Apply ECT. \$33,000-\$220,000: ECT used to differentiate between equal VFM bids.	\$20,000-\$100,000: Council must seek at least 3 quotes and one must be from a Northern Region source where possible. ECT must be completed
>=\$220,000 to IPP threshold: Minimum mandatory ECT weighing (15%) of the evaluation criteria	>\$100,000: ECT must be completed and forms a minimum 10% of overall evaluation
>=\$4m: IPP Plan must be applied (IP threshold). Minimum 15%.weighting.	>=\$1,000,000: Completion of an IPP Plan is mandatory. IPP Plan has a minimum 10% weighting.
>=\$50m: Tailored IPP, minimum weight 15%.	

Legend: ECT – Employment Contribution Test; IPP – Industry Participation Policy

Note: additional special rules apply to SA IPP in Regional SA, in relation to Aboriginal businesses and private businesses receiving more than \$2.5m in support from SA Government, and the steel industry. Procedural Guidelines Supplements exist for the Northern Economic Plan region. A separate Procurement Guideline also exists for Skilling South Australia. Tailored IPPs are agreed between the Responsible Government Agency and the contractor.

Source: City of Playford (2019) Industry Participation Policy Guidelines.

Government of South Australia, Department for Industry and Skills (2018) South Australian Industry Participation Policy – Procedural Guidelines.

Additional information can be obtained from the Office of the Industry Advocate (<https://industryadvocate.sa.gov.au/>).

The economic offers made in a bidding process will need to be evaluated. The scoring format currently used by the City of Playford is shown in Table 3.2.

Table 3.2 City of Playford assessment criteria and weights, ECT and IPP

Plan Section	Section Title	Assessment Guideline	Weight (ECT)	Weight (IPP)	Assessment Guide	Score
Part A1	Existing labour	Overall percentage of labour hours/FTE Jobs in South Australia	7	3	>90%	10
					>80% but<=90%	8
					>70% but<=80%	6
					>60% but<=70%	4
					>50% but<=60%	2
<=50%	0					
Part A2	Existing labour	Overall percentage of labour hours/FTE Jobs in the Northern Region	3	2	>60%	10
					>50% but<=60%	8
					>40% but<=50%	6
					>30% but<=40%	4
					>20% but<=30%	2
<=20%	0					
Part B	Capital expenditure	Demonstrates significant investment in the State that has the potential to provide temporary or ongoing economic benefit to the State	n/a	1	Excellent	10
					Acceptable/good	5
					Marginal	3
					Unacceptable	0
Part C	Supply inputs	Percentage of supply inputs (based on value) that are sourced from South Australia.	n/a	2	>90%	10
					>80% but<=90%	8
					>70% but<=80%	6
					>60% but<=70%	4
					>50% but<=60%	2
<=50%	0					
Part D	New training and employment opportunities	Demonstrates a commitment to providing new training and employment opportunities	n/a	2	1 or more FTE`	10
					2 or more training	5
					1 or more training	3
					No opportunities	0
Total weighting			10	10		

Source: City of Playford (2019) Industry Participation Policy Guidelines.

There is no hard and fast rule as to how to score bids, and it is up to councils to agree scoring systems and weightings.

The only firm rule that applies is transparency. Whenever it is intended to apply an ECT or IPP Plan, this must be made clear from the start of the tendering process in order to provide a fair and level playing field for all contenders.

3.1.1 Making IPP work

IPP gives a council a flexible tool for determining the kind and amount of economic and/or social value that it would like to secure for the locality. Contractors are given similar flexibility in determining how they wish to achieve this local value.

This includes councils and contractors agreeing that ECT or IPP Plan commitment may be met by subcontracting part of the work to a social benefit supplier.

IPP Plans are more detailed and specific than ECTs. They can, therefore, also be more directive. They can offer councils the tool for steering contractors towards activities that connect social procurement to other strategic council responsibilities, such as business or community development.

ECT and IIP Plans are scalable. The SA state government and the City of Playford apply different thresholds at which ECT and IPP Plans apply. Council would need to decide the thresholds most practical in light of the value of their procurement items. They should be sufficiently high – and the associated ECT and IPP expectations sufficiently proportionate – so to avoid overburdening contractors or indeed deterring them from bidding for contracts.

Effective IPP benefits from monitoring and, where necessary, enforcement. This can be difficult and is certainly resource intensive.

Where monitoring systems are put into place, they are best delivered by dedicated council personnel working with employers on regular reviews and adjustments, if necessary, to ensure that expected outcomes remain realistic and achievable.

3.2 Engaging social suppliers – supporting communities and business

Councils are also engaging social suppliers directly or they pursue their social and economic objectives through more complex service agreements.

Direct engagement of social suppliers may be the most typical approach. It can be rooted in a long tradition of councils working with groups of, or organisations representing, disadvantaged populations, such as unemployed young people, people with disability or with poor mental health, or recent migrants or refugees.

Example 1

The City of Playford has engaged a disability employment provider since 2014 to undertake garden maintenance and litter picking in four key locations. People with disability work on-site with the support of a trained supervisor, undertaking activities, such as picking up litter and removing rubbish; slashing, brush cutting and mowing grass; spaying weeds; pruning and removing overhanging branches; and sweeping paths. The original contract had been negotiated directly between the Council and the provider, with the latest contract running to 2021. The success of the arrangement saw the scope of works extend and also its value increase. If kept at those levels, regulations require future contracts to be tendered competitively.

In the above example, the council was able to approach a social supplier already operating in its catchment area. This is not always possible or may not always be desirable from a council's perspective. In this example a *labour hire company* was used to help to assemble a team of workers.

Example 2

In 2016, the City of Charles Sturt engaged a labour hire company to help to recruit unemployed job seekers for its *Pathways to Prosperity* job program. At the time, the council reported a backlog in the repair and maintenance of footpaths in the council area, which was estimated to amount to some 18 months of work. Lifting this backlog also required more workers. The council decided to turn this need into an opportunity that would help both job seekers in the area and the council. With the help of the labour hire company, the council interviewed and eventually recruited nine job seekers as workers to work alongside experienced staff, helping the council to complete all outstanding footpath repairs and maintenance within the financial year. Some of the recruits were later offered full time employment with the council. Engaging a labour hire company allowed the Charles Sturt to progress a series of discrete but small projects that contractors may find difficult to accommodate.

Whereas Example 1 and 2 illustrate ways in which councils promote better social outcomes through procurement, such outcomes may also be a *by-product* of initiatives with local *economic objectives*.

Example 3

A few years ago, the City of Charles Sturt engaged a social care provider to recruit participants for a bespoke training program in Individual Support, delivering four units of competency. The training also included a one-week work placement with employers operating in the City of Charles Sturt who had signed up to the program beforehand. The initiative was intended to support aged care and disability support providers in the City that were experiencing difficulties in recruiting entry-level carers. Whereas the program therefore primarily sought to benefit local businesses, it also reached out to and attracted unemployed job seekers, thus also delivering a social outcome.

3.3 Helping to build a social economy

Small initiatives can lead to big outcomes.

Councils often already work with social suppliers.

Social suppliers can be supported further by:

- linking them to contractors, for instance, as part of an IPP with a 'social subcontracting' obligation;
- connecting suppliers offering complementary goods or services, creating social value chains;
- continuing and scaling up relationships, providing social suppliers a platform for consolidation, diversification and growth, and councils a mechanism for achieving strategic social objectives; and
- helping in incubating social suppliers through forward planning of social procurement.

South Australia offers scope for growing such initiatives, but currently lacks take up and scale of social procurement.

A step into this direction was taken in April 2018 when the Ordinary General Meeting of Local Government Association of South Australia carried the motion that it

“...requests that the LGA works with the South Australian government to take all actions necessary to support Local Government adoption of the South Australian Government’s Industry Participation Policy and Guidelines.”

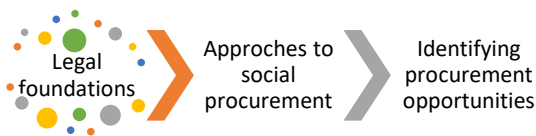
(Minutes of the LGA Ordinary General Meeting, 13 April 2018, Adelaide, 8.4).

Today, one still has to look outside of South Australia for what is possibly the most prominent and ambitious initiative utilising social procurement for greater social benefit.

Example 4

GROW, G21 Regional Opportunities For Work, in Geelong, Victoria, seeks to tackle socio-economic disadvantage in the City of Greater Geelong and adjacent G21 Region³ through co-ordinated efforts that use social procurement as “the first element of GROW’s job creation agenda” (Burkett undated, p.3). The initiative has developed a strategy for developing the region, including “A Plan to use Social Procurement to Generate Employment Outcomes for GROW”, supported by a rich set of materials designed to gear up procurement services and suppliers for social procurement: <https://grow.g21.com.au/resources-support/grow-social-procurement-resources>

³ Colac Otway, Golden Plains, Greater Geelong, Queenscliffe and Surf Coast.



4. Identifying Social Procurement Opportunities

Identifying procurement opportunities is a first step towards developing a social procurement strategy. It may not be required for IPP type social procurement, but is important, if not essential, when the aim is directly to engage with the social supplier sector.

Knowing where opportunities exist for social procurement requires scrutinising council budgets, and possibly bundling or unbundling budget items that will at some point during a financial year go out to tender.

Two approaches for identifying social procurement opportunities are presented here:

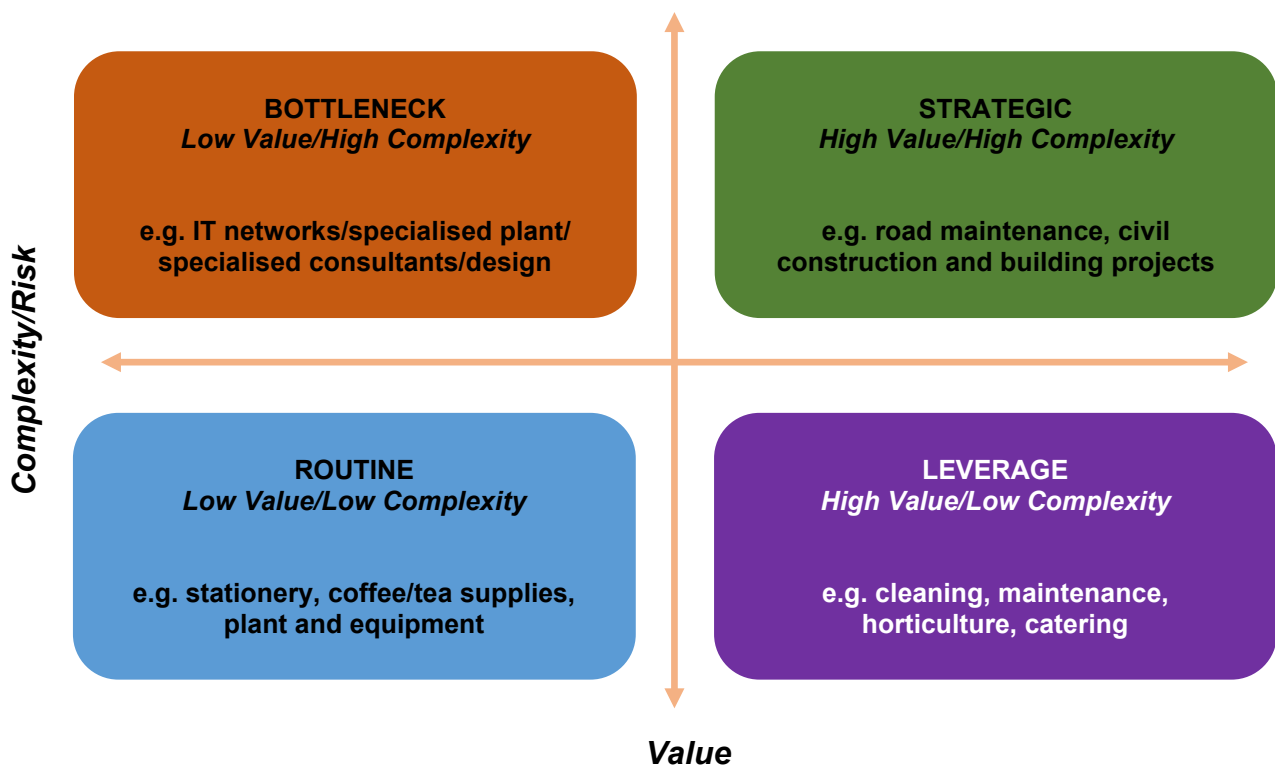
- The Supplier Social Value Positioning (SSVP) model, and the more complex application of
- The United Nations Standard Products and Services Code (UNSPSC).

4.1 Supplier Social Value Positioning Model

The SSVP Model has evolved from an approach developed in the early 1980s to assist purchasing managers (as they were called then) to adapt their processes to what was then seen as becoming a more unstable economic environment. Kraljic (1983) produced a tool that invited purchasing managers to examine their supplier markets as four distinct segments (materials, supply, sourcing and actual purchasing itself) and that mapped each against two dimensions: risk and profitability.

The SSVP model uses a similar matrix format as the basis for an analysis of social procurement opportunities. It sorts procurement items (and associated expenditures) according to four segments, each mapped against a complexity (Kraljic's risk) dimension, and a value (Kraljic's profitability) dimension (see also Figure 4.1). The four segments have been labelled (i) bottleneck, (ii) routine, (iii) leverage and (iv) strategic.

Figure 4.1 The Supplier Social Value Positioning Model – The complexity and risk, and value associated with procurement categories if applied to social procurement



Source: adapted after LGV 2017, p. 13.

Of these four, *Leverage* is seen as the primary opportunity for social procurement.

Leverage captures procurement that targets activities, for which there usually are ample suppliers of the required goods or service and there is little, if any, risk associated with commissioning or purchasing the products. Often of entry level quality, the activities present opportunities for employment and training, and, thus, engaging local education and training providers in the process. Examples of such activities, as shown in Figure 4.1, include cleaning, maintenance, horticulture and catering.

Activities described as *Routine* are, similar to *Leverage*, often entry level activities in terms of the skills or qualifications they require (e.g. provisioning of stationery, coffee/tea supplies, plant and equipment). Whilst this makes them suitable for social procurement, the nature of demand (low, irregular) and processing (automated, sales rather than manufacture) means they are likely to generate little social value. This should not preclude inserting contract clauses, such as ‘buy local’ or ‘fair trade’, when procuring such goods or services (LGV, 2017).

The *Bottleneck* category captures the more specialised goods and services that Councils may wish to procure. Obvious examples are IT services or specialist consultancy services. They require high level skills and long periods of training; the relative rarity of such skills and associated cost of acquiring or commissioning them also means that procurers have little control over their suppliers. For this reason they offer little to no immediate social value, except in rare circumstances where “there is a specific social enterprise solution available” (LGV, 2017, p. 13) or when such a solution can be created.

Strategic procurement activities, such as road maintenance and civil construction projects, are large scale activities that may also offer social value opportunities. However, their scale, sensitivity to economic cycles, and reliance on a mix of basic and high level skills may require engaging a high-volume (mixed skills) social supplier or indeed multiple suppliers. They may not exist or may take time to develop.

These procurement categories should not be seen as mutually exclusive, but perhaps better as developmental, with opportunities for scaling initial activities to more ambitious levels.

For instance, it may be possible to connect *Leverage* to *Strategic* by building on skills acquired in the former to contribute to the larger mix of skills required in the latter. To be able to do so, councils may need to invest in planning procurement with a view for longer term outcomes.

We apply the SSVP model to our case study councils in Appendix B, illustrating how published annual and long term budgets can be used to categorise recent or planned future procurement activities according to their social value potential.

4.2 United Nations Standard Products and Services Code

The UNSPSC is an “universal classification framework for products and service bought, sold or otherwise exchanged in the global marketplace” (www.unspsc.org).

For anyone interested in understanding what they procure, UNSPSC offers a systematic (and internationally shared) approach to unbundling budgets and identifying social procurement opportunities.

Although primarily intended to assist procurement in a global market by unifying product and service codes, UNSPSC can be used for any budget analysis. It describes a “transformation continuum” starting with raw materials, followed by industrial equipment, equipment components and supplies, manufactured products, and concluding with services. Each of these is further divided into segments, which eventually lead to the identification of specific items. Examples of goods and services that councils may acquire for their ground and road maintenance are:

- lawnmowers (UNSPSC code 27112014),
- hedge trimmers (27112035),
- orchard management or maintenance services (70111701),
- lawn care services (70111706), and
- highway and road maintenance service (721410030).

The codes do not by themselves identify social procurement opportunities. But groups of these goods and services can be matched to suppliers with matching information about the goods or services they provide. Support to do so for social suppliers is available from Social Traders (www.socialtraders.com.au).

The UNSPSC Codeset can be downloaded from the UNSPSC website for free in PDF format or for USD100 in Microsoft Excel format.

A locally available code directory is being used by the Australian (Commonwealth) Government's procurement information system. It can be downloaded from data.gov.au:

<https://data.gov.au/data/dataset/5c7fa69b-b0e9-4553-b8df-2a022dd2e982/resource/b767384d-a9b3-4409-832c-df2d96f8357f/download/austendercustomisedunspscodeset.csv>.

Its content, however, is limited to items of relevance to the Commonwealth.

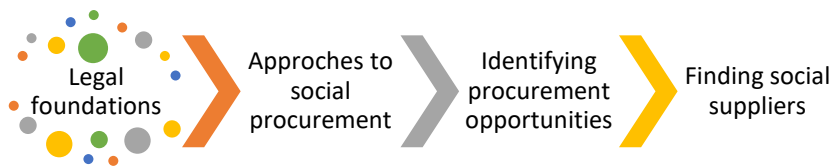
A couple of examples of how these codes can be and have been used in practice can be viewed on the UNSPSC website.

4.3 How to use this knowledge

Knowledge about social procurement opportunities hidden within council budgets can be used to match to opportunities in the local social supplier sector. It may be used to set social procurement targets or to identify budgeted activities that may be (exclusively) tendered to social suppliers. Conversely, it may lead to the realisation that opportunities, be it within council budgets or the supplier sector, lack scale but may benefit from joint up working across units within councils or indeed across councils themselves.

Councils should consider preparing annual and longer term Social Procurement Plans not only help to plan their own activities and expenditures. Such plans can also help social suppliers in mapping their markets, in taking a longer term view to building the business.

Judicious application of such plans in social procurement has the potential to generate a more diverse supplier base for Councils to work with. This diversity has the potential to enhance the range and quality of goods and service available to procure.



5. Finding Social Suppliers

Having identified social procurement opportunities within the council budget, the next step is to find suitable social suppliers.

Most councils will have a list of local and/or preferred suppliers that they approach when procuring goods or services.

These lists may include social suppliers, but they may not always be identified as such. It can be difficult to determine whether a supplier is a *social* supplier or not.

There are a few sources available online and offline that can help in identifying social suppliers. They are described below.

Several of these sources provide certification services that assess businesses if they meet specific conditions formally qualifying them as a “social enterprise” or “B-Corp”, for instance. Those that do may then display that certification and associated logo.

As part of their risk management, councils may find these certification schemes helpful in locating ‘tried and tested’ suppliers.

There is also an onus on social enterprises to demonstrate that they meet the conditions that establish them as social suppliers. This is increasingly being recognised amongst social suppliers, and a growing, sophisticated certification program is providing a useful and reliable marker of such achievement.

5.1 Peak bodies and similar associations

Social suppliers are organised. Most if not all belong to one of the main social supplier peak bodies. It is good to use these sources if councils want to make sure they engage contractors that are officially certified as social supplier. It also makes selection easier.

There are different types of social suppliers. Appendix A describes their various forms and features. They are not all alike, and their social focus and business model can vary markedly.

Councils would be advised to make sure individual social suppliers meet the council’s social agenda.

Not all types of social suppliers are currently represented in South Australia or indeed anywhere else in Australia.

Directories of Social Suppliers

Key sources of information about the location and products or services of social suppliers are:

For **social enterprises**:

Social Traders <https://www.socialtraders.com.au/>

Social Traders, headquartered in Melbourne, but with an office in Adelaide, is Australia’s sole provider of social enterprise certification.

Social Traders certifies social suppliers from across Australia as social enterprises. To be certified as a social enterprise, a business must show that it:

- has a defined primary social purpose, environmental or other public benefit;
- derives a substantial portion of its income from trade;
- and reinvests 50 per cent or more of annual profits towards achieving the social purpose (operationalised as the costs to the organisation of delivering on its primary purpose)

(Source: <https://www.socialtraders.com.au/social-enterprise/certification/>)

Social Traders maintains a directory of these businesses, which can be accessed by members with subscription only.

ProcureForGood (<https://www.procureforgood.com.au/>)

ProcureForGood provides an online platform for accessing Social Traders, Supply Nation (Indigenous Businesses), Buyability (Disability Enterprises) and Kinaway (Aboriginal Chamber of Commerce in Melbourne) for procurement purposes.

For **co-operatives**:

Business Council of Co-operatives and Mutuals (BCCM) <https://bccm.coop/co-op-directories/>

BCCM is the peak body for co-operatives and mutuals in Australia. It is open to members from all industries. Its website includes search engines, which can be used to find co-operatives and mutual by (a) name or (b) location. Although industry or activity of these organisations are listed, they cannot be used for searching the directories.

Councils may find it easiest to use the CME Geo Locator to identify co-operatives and mutual located *in their areas*, and then determine their activities. But it should be borne in mind that businesses located elsewhere may be also service the council area.

BCCM also publishes annually its “National Mutual Economy Report, Incorporating the Top 100”. This helpfully lists Australia’s 100 largest (in terms of revenue) co-operatives, including the 10 largest in each state and territory.

Australian Co-operative Links <https://www.coopdevelopment.org.au/salinks.html>

This is a depository of business with a “.coop” web domain, which identifies them as cooperatives. The directory can be searched by state and territory and, within each, by industries. Web links to individual cooperatives are then provided.

For **Not-for profits**

<https://probonoaustralia.com.au/search-not-for-profits/>

ProBono’s Australian Charity Search allows online searches for charitable/not for profit organisations by state and territory, and category (e.g. aged care, homelessness, disability, welfare).

For **B-Corps**

<https://www.bcorporation.com.au/>

B Corp Certification is a globally available assessment program that scores participating businesses according to their governance, engagement with/benefits for workers, community engagement, and environmental actions and impact. It seeks to identify ‘good’ businesses, which may or may not be social suppliers. The assessment does not take into account the businesses’ operational model.

An online directory allows to identify B-Corps around the globe, including in Australia:

<https://bcorporation.net/directory>

For **Australian Disability Enterprises (ADE)**

<https://buyability.org.au/find/>

ADEs provide a wide range of products and services across Australia. This website allows searches by state and territory, and by industry/activity. More specific suburb or postcodes searches are also possible.

SA Social Enterprise Council (SASEC)

With the formation of the SASEC a new source of information about social enterprises will soon become available. To stay tuned, follow this link:

<https://www.meetup.com/en-AU/Adelaide-Social-Enterprise>



6. Linking Social Procurement to the Local Economy

Social procurement is about adding value to the local economy and enhancing the wellbeing of its residents. Linking social procurement to the local economy is about making more (and better use) of local resources.

This requires a good understanding of needs and opportunities. It is also an ambitious undertaking.

Councils already map their economies and communities in local economic and community development, and inclusion/diversity plans and strategies.

Economic and community development can gain added value from connecting this local knowledge to social procurement. This is helped by a sound understanding of the resources and capabilities that communities offer and by taking a longer term perspective on how these may be utilised.

Reviewing local resources and capacity for social procurement

Knowing or learning about the resources and capabilities that communities offer, or the needs they experience should not be an arduous task.

Much of this information is readily available in the community, from its members, organisations, from councils' own work and people. This is valuable, real time information. But it may need to be balanced with additional data to avoid or reduce the risk of partial or biased information.

Chapter 5 already described sources for information about social suppliers.

This chapter is about sources of information that help to identify a community's – and here this means: residents' – skills that may be of value to social procurement. And where these skills are under-utilised, because residents are unemployed or underemployed, they may indeed form the rationale for social procurement.

Conversely, there may be skills lacking in the local economy and therefore also for social procurement that wants to retain spend in the local economy, but needs local capacity to achieve this.

There is currently little systematically and reliably collected information about skills shortages at local level. But informally, such local knowledge is available in training organisations, employment services and, of course, from employers and business representations.

Building capacity

Where gaps in local capacity are identified, education and training offer accessible means for addressing them. Social procurement that uses the SSVP model or UNSPSC (cp. Chapter 4) will be able to identify the types and level of skills that may be required – and match them to education and training providers.

Councils already engage Registered Training Organisations (RTO), including TAFESA (cp. Chapter 3, Example 3) to deliver bespoke training to national standards.

Such training need not lead to accredited final qualifications, but building on the completion of units of competency, it may become a stepping stone for further, continued skills development.

Where the required skills are at an entry or intermediate level, training can be completed within a reasonably short period of time.

Setting up, and securing funding for, these training programs can be more time consuming than their actual delivery.

Education and training need not be designed to meet only short term needs. A longer term perspective utilises education and training to strengthen community capacity – and this includes social suppliers.

A strategic, long term approach considers the role of education and training beyond supporting individual social suppliers, and in building capacity in the social supply sector to help to build value chains.

At this point, higher level training may also come into play: a strong social economy requires expertise at various levels and in various roles. This may include social enterprise (development & management) training.

These are matters and processes that do not always or solely concern councils, but call for the involvement of various stakeholders: the council, RTOs, social suppliers – and also, as the key source of VET funding, state government. It would be a long-term project.

At each stage, though, relationships that are built or formalised provide councils with a source of trust. They also signal to councils that social suppliers are (becoming) sufficiently qualified and dependable partners.

6.1 Finding out about your economy and community

The following are some sources that councils may find useful for mapping their economy and the skills and resources available in the community. Councils will be using some, perhaps all of them, already. In case they do not, a brief description of the content of these sources and their potential uses is added.

In Appendix C we illustrate how information from these sources may be used to build a local resource profile.

6.1.1 Economy

The Australian Bureau of Statistics' **Tablebuilder**

<https://www.abs.gov.au/websitedbs/censushome.nsf/home/tablebuilder>

- allows Census of Population and Housing data for 2006, 2011, 2016 to be analysed at various geographical levels, including Local Government Area. It can be accessed with registration and as a guest user. Useful for mapping employment and un(der)employment, by industry or qualification.

Australian Government **Labour Market Information Portal:**

<https://lmip.gov.au/>

- source of information about area populations (size by age group, labour force status), employment (by industry) and the full-time or part-time employment status (by industry, occupation). Data available for Employment Region⁴;
- also available for download are Employment Projections (currently to 2024), Vacancy Reports, national, state and territory skill shortage information.

Australian Government **Austrade**, Tourism Research Australia

<https://www.tra.gov.au/Regional/Local-Government-Area-Profiles/local-government-area-profiles>

- tourism statistics for selected areas, sorted by state and territory. Currently include 27 profiles for South Australia.

6.1.2 Unemployment/Social Services

Australian Government Department of Social Services "**Labour Market and Related Payments**

<https://www.dss.gov.au/about-the-department/labour-market-and-related-payments-monthly-profile-publications>

- a monthly profile of statistics and numbers of New Start Allowance/Job Seeker Allowance and Youth Allowance claimants by LGA.

Department of Education, Skills and Employment, **jobactive Site Star Ratings**

<https://www.employment.gov.au/jobactive-star-ratings-and-performance>

- list of *jobactive* providers, by Employment Region (e.g. Adelaide North) and Locality (e.g. Modbury). Also includes quarterly site (performance) star rating (going back to June 2016).

⁴ Adelaide North, Adelaide North, Adelaide South, Mid North SA, Murray and South East, North West Country SA) and Statistical Area level 4 (Adelaide - Central and Hills, Adelaide – North, Adelaide – South, Adelaide – West, Barossa - Yorke - Mid North, South Australia – Outback, South Australia - South East.

Department of Social Services, **Disability Employment Services**

<https://www.dss.gov.au/disability-and-carers-programs-services-disability-employment-services/published-des-star-ratings>

- list of Disability Employment Service providers, by specialisation, Employment Services Area and Labour Market region. Also includes performance star rating.

Centrelink, and **jobactive** and other **employment service** providers should be able to provide a descriptive profile of clients and their skills.

6.1.3 Training

VOCSTATS, National Centre for Vocational Education Research

<https://www.ncver.edu.au/research-and-statistics/vocstats>

- registered users may map current and historical education and training output, trainee and apprentice numbers and their study subjects at Statistical Area level 2 (SA2), e.g. Adelaide North, Victor Harbour, Murray Bridge, Waikerie.

Training organisations

Information, including names and addresses of training organisations can be obtained from several sources:

<https://www.myskills.gov.au/>

- online search facility for finding **registered training providers** or courses. Location entry possible.

<http://www.grouptrainingdirectory.com.au/>

- search engine for identifying **group training providers** by state and territory, including four areas in South Australia: Adelaide, South Australia Country, Eastern SA, Far West SA.

<https://www.training.com.au/>

- search engine geared towards **courses**.

6.1.4 Social and Community

Social Health Atlases, Public Health Information Development Unit (PHIDU), Torrens University, Adelaide

<http://www.phidu.torrens.edu.au/>

- allows mapping a rich selection of social and health indicators by local council area, including age structure, participation in VET, Aboriginal and migrant populations, early childhood development, unemployment and jobless families.

id the population experts

<https://home.id.com.au/>

- a set of tools commissioned by local councils and regional authorities, providing demographic and economic data at local council and/or suburb level.

A resource for the community

Linking social procurement to specific community needs calls for consulting and involving the community. Communities themselves can contribute by identifying their own assets as well as needs. A multitude of guides and toolkits exist to assist communities in this process. Notable examples of comprehensive guidance to various aspects of community engagement and development are:

Planning Tools, available on the SA Government's Better Together website

<https://bettertogether.sa.gov.au/>

- multiple downloads available illustrating options for preparing, planning, implementing and reporting on (various forms of) community engagement. Including information about [participatory budgeting](#).

The **Community Tool Box**, Center for Community Health and Development, University of Kansas.

<https://ctb.ku.edu/en>

- a multifaceted source of information, guidance and good practice examples for starting and maintain community development and its organisations, including chapters on "Assessing Community Needs and Resources" (Chapter 3) and "Analyzing Community Problems and Solutions" (Chapter 17).



7. Questions of Value

7.1 Benefits of social procurement

Social procurement has the potential to generate a number of social (and economic) benefits, including (i) retention of earnings and investment in a local area; (ii) employment benefits (job creation, training), (iii) community benefits (social engagement and inclusion), and (iv) 'global' benefits (e.g. concern for fair trade).

Table 7.1, which is taken from Burkett (2010), summarises ways in which such benefits (or here: impacts) may be measured, including also local sustainability and service innovation.

Table 7.1 Some value indicators used to demonstrate social impact

Impact	Key Value Indicators
Employment and Training impacts	<ul style="list-style-type: none"> - Number of jobs / training opportunities created - Retention rates of employment over time - % of jobs for particular groups / localities - Types of jobs / training opportunities created - % of people moving into mainstream employment (from transitional employment opportunities) - % of people employed who are long-term unemployed or come from particular target demographics
Social Inclusion impacts	<ul style="list-style-type: none"> - % of spend with non-profits, social enterprises or other entities who have social objectives - % of spend with businesses that are majority owned by particular target groups (e.g. Indigenous businesses) - Qualitative reports of inclusion impacts from participants / constituents
Diversity and Equality impacts	<ul style="list-style-type: none"> - % and number of contracts held by diverse suppliers – for example social enterprises, Indigenous businesses, disability enterprise or social firms, enterprises owned by women. - Nature of contracts held by diverse suppliers – e.g. How many social enterprises are suppliers of waste related services/products?
Service Innovation impacts	<ul style="list-style-type: none"> - % shift in key indicators around focus issues (e.g. Drop in crime rates) in target locality - Comparative impact data - \$ spend in relation to benefit between innovation approach vs. traditional approach
Local sustainability impacts	<ul style="list-style-type: none"> - Number or % of contracts awarded to local businesses - \$ spent in local economy - Number of local jobs or training opportunities generated - Multiplier effect calculation of local spend.
Fair Trade impacts	<ul style="list-style-type: none"> - \$ spend on fair trade products - \$ impact in producer communities compared with non-fair trade purchasing - \$ spend in organisations that support fair labour standards

Source: Burkett, I. (2010), p. 47.

Apart from manageability, there is no genuine limit to the range of social, economic, environmental and other impacts, and councils may wish to add their own.

Chapter 3 has described how IPP also *scores* employment and investment contributions, and a similar weighting may be applied to the value indicators in the table above.

Alternative approaches seek to put a monetary value on social benefits.

Doing so is another way of comparing competing options.

It also allows estimating *net* benefits after taking into account any upfront costs. This enables councils to make judicious choices as to the appropriate balance between inputs and (expected) outcomes.

7.2 Monetising social outcomes

There are several templates available for estimating the monetary value of social benefits. Three are presented here.

The first focusses on estimating the value to a person of being engaged via an intervention, such as a social procurement exercise.

The other two focus on potential savings to the public sector.

7.2.1 Social Value Bank (UK)/Australian Social Value Bank

<http://www.socialvalueuk.org/>

<https://www.hact.org.uk/social-value-bank>

The *Social Value Bank* in the UK has estimated social value metrics based on *survey data* simulating an intervention's effect on a person's wellbeing. This is then monetised by calculating the amount of additional income a person would need to obtain before he or she might report a similar change in wellbeing.

In practice, this involves identifying (i) the beneficiaries of the intervention, (ii) the activity that would not have happened had it not been for the intervention, (iii) the social benefit derived from that activity, and (iv) the matching social value indicator. The latter has corresponding monetary values.

Table 7.2 provides an example taken from a report produced by the South Australian Centre for Economic Studies in 2018 that applied the *Social Value Bank* model in two South Australian social value case studies. The study converted GB Pound values available from the original database into Australian Dollars. The report including the indicators and their monetary values used in the case studies can be downloaded here: <https://www.adelaide.edu.au/saces/system/files/media/documents/2019-07/StrettonFellowship-Value-of-Social-Enterprise.pdf>

Table 7.2 Intervention beneficiaries, project activities and social benefits

Beneficiary	Project activity	Social benefit	SV indicator ¹
Social measures			
Trainees	Work readiness preparation	Greater job readiness	Employment training
	On the job training	Better/new work skills	General training for job
		Improved self-esteem	Improvement in confidence (youth)
		Healthier, structured lifestyle	Relief from drug and alcohol problems
		Return to (further) education	Enrolling in vocational education
		Job search support	Employment
	Learning to work responsibly in a team	Friendships	Member of social group
	Wages paid at trainee award level	Financially better off, psychological benefit of own independent income	Able to pay for housing
Peers	Demonstrating self-efficacy	Positive self-image/self-belief affecting and extending to community	Improvement in confidence (youth)
Family	Contributing to household income	Family is getting on better	Can rely on family
Mentors/trainees	Doing socially valuable and valued work	Increased self-worth	Self-worth (change in)
Economic measures			
Trainees	On the job training	Formal qualifications	Cost of vehicle or forklift driving licence, certificate in asbestos handling*
Employer	Vacancy and associated costs	Supplying a better trained, job ready workforce	50% non-management project staff wages per trainee (AUD)*
		Help with recruitment	Cost of recruitment (AUD)*

Note: ¹ Sourced from the Community investment values from the Social Value Bank (HACT and Fujiwara, undated), unless marked * (sources identified in report).
Source: SACES, 2018, p.8.

An Australian version of the Social Value Bank is also available from the *Australian Social Value Bank*: <https://asvb.com.au/>.

Additional resources, including links to software, can be found at *Social Value International*: <https://socialvalueint.org/>.

Access to the social value databases and software is only available to the organisations' members or has to be purchased.

7.2.2 National TOMs Framework (UK)

An alternative, but again GB Pound-based approach is the **National TOMs Framework**⁵, developed by National Social Value Taskforce, which was set up in 2016 following the passing of the Public Service (Social Value) Act 2012 in the UK⁶.

The Framework takes monetary proxy values from the Unit Cost Database (UCD), developed by the Greater Manchester Combined Authority in the UK in cooperation with the UK government.

The UCD identifies some 800 cost items that are calculated or known to be incurred by central or local government in social services, health, employment and training, and other public services. It is updated annually.

TOMs equates these costs as savings that may result from an intervention, such as a targeted social procurement action.

Table 7.3 uses a sub-set of TOMs Framework indicators most relevant to local government – and communities and economy, and identifies equivalent Australian or South Australian local government costs in Australian Dollars. It also identifies local council budget items⁷ likely to be affected.

The Framework should be used in conjunction with the [Social Value Toolkit for District Councils](#), which explains how to evaluate social value bids, standardise and rank them against a mix of quantifiable and qualitative benchmarks. A brief summary is included in Appendix D, which also identifies the sources used for collecting the data required for the value estimation described in Table 7.3.

Whilst the UCD and, with it, TOMs are still in an early development stage, the Framework already incorporates a rich set of indicators. A strength is that it relates to public authority expenditures and therefore is easy to understand. However, insofar as local Council activities and associated expenditures vary, the TOMs model may need adjusting.

⁵ TOMs stands for Themes, Outcomes, Measures.

⁶ The Act "requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits. Before they start the procurement process, commissioners should think about whether the services they are going to buy, or the way they are going to buy them, could secure these benefits for their area or stakeholders." (<https://www.gov.uk/government/publications/social-value-act-information-and-resources/social-value-act-information-and-resources>)

⁷ cp. Local Government Association of South Australia, Fact Sheet 01, Council Services.

Table 7.3 Estimating what is a good social value offer – an application of TOM to a South Australian example

Reference	Measures – Minimum Requirements	Unit	Local council budget items affected	Value (\$)	Data
Jobs: Promote local skills and employment					
NT1	No. of local people (FTE) employed on contract <i>for one year</i> or the whole duration of the contract, whichever is shorter - MINUS NSA	no. people FTE	(RS)	30237	Median employee income 2017 (latest available), net of JobSeeker Payment
NT3	No. of employees (FTE) taken on who are long term unemployed (unemployed for a year or longer)	no. people FTE	(RS)	23987.6	Minimum wage, net of JobSeeker Payment
NT4	No. of employees (FTE) taken on who are not in employment, education, or training (NEETs)	no. people FTE	(RS), YP	23987.6	Minimum wage, net of JobSeeker Payment
NT5	No. of employees (FTE) taken on who are rehabilitating young offenders (18-24 y.o.)	no. people FTE	(RS), YP	23987.6	Minimum wage, net of JobSeeker Payment
NT6	No. of jobs (FTE) created for people with disabilities	no. people FTE	(RS), YP, DS	4524	Minimum (disability) wage
NT7	No. of hours dedicated to supporting unemployed people into work by providing career mentoring, including mock interviews, CV advice, and careers guidance -(over 24 y.o.)	no. hrs*no. attendees	ETP	51.24	Community support worker, level 8, pay point 3 (South Australia) 2019
NT8	Local school and college visits e.g. delivering careers talks, curriculum support, literacy support, safety talks (No. hours, includes preparation time)	no. staff hours	ETP	35.3	Community support worker, level 4, pay point 2 (South Australia) 2019
NT9	No. of training opportunities on contract (BTEC, City & Guilds, NVQ, HNC) that have either been completed during the year, or that will be supported by the organisation to completion in the following years - Level 2,3, or 4+	no.weeks	ETP	366.5	Trainee Certificate II, Agriculture, Horticulture, and Conservation and Land Management
NT10	No. of apprenticeships on the contract that have either been completed during the year, or that will be supported by the organisation to completion in the following years - Level 2,3, or 4+	no.weeks	ETP	690.08	Gardening and Landscaping Services Award (MA000101)
NT11	No. of hours dedicated to support young people into work (e.g. CV advice, mock interviews, careers guidance) - (under 24 y.o.)	no. hrs*no. attendees	ETP	51.24	Community support worker, level 8, pay point 3 (South Australia) 2019
NT12	No. of weeks spent on meaningful work placements or pre-employment course; 1-6 weeks student placements (unpaid)	no.weeks	ETP	461.3	Minimum wage, net of JobSeeker Payment
NT13	Meaningful work placements that pay Minimum or National Living wage according to eligibility - 6 weeks or more (internships)	no.weeks	ETP	461.3	Minimum wage, net of JobSeeker Payment
Growth: supporting growth of responsible regional business					
NT14	Total amount (£) spent with VCSEs within your supply chain	£	EDBS	0.13	(assume one fifth of overall supply chain multiplier [based on GB values, rounded up])
NT15	Provision of expert business advice to VCSEs and SMEs (e.g. financial advice / legal advice / HR advice/HSE)	no. staff expert hours	EDBS	51.24	Community support worker, level 8, pay point 3 (South Australia) 2019
NT16	Equipment or resources donated to VCSEs (£ equivalent value)	£	EDBS	1	

NT17	Number of voluntary hours donated to support VCSEs (excludes expert business advice)	no. staff volunteering hours	EDBS	35.3	Community support worker, level 4, pay point 2 (South Australia) 2019
NT18	Total amount (£) spent in LOCAL supply chain through the contract	£	EDBS	0.653	Initial investment + production induced + consumption induced
NT19	Total amount (£) spent through contract with LOCAL micro, small and medium enterprises (MSMEs)	£	EDBS	0.653	Initial investment + production induced + consumption induced
Social: Healthier, safer and more resilient communities					
NT24	Initiatives aimed at reducing crime (e.g. support for local youth groups, lighting for public spaces, private security, etc.)	£ invested including staff time	YP, SL, CPN	1	
NT25	Initiatives to be taken to tackle homelessness (supporting temporary housing schemes, etc)	£ invested including staff time	CS	1	
NT28	Donations or in-kind contributions to local community projects (£ & materials)	£ value	CS	1	
NT29	No hours volunteering time provided to support local community projects	no. staff volunteering hours	CS	35.3	Community support worker, level 4, pay point 2 (South Australia) 2019
NT30	Support provided to help local community draw up their own Community Charter or Stakeholder Plan	£ invested including staff time	CS	1	
Environment: Protecting and improving our environment					
NT32	Car miles saved on the project (e.g. cycle to work programmes, public transport or carpooling programmes, etc.)	hundreds of miles saved	ES	1.69	(adjusted proportionately using GB values: NT32/NT1)
NT33	Number of low or no emission staff vehicles included on project (miles driven)	hundreds of miles driven	ES	0.80	(adjusted proportionately using GB values: NT32/NT1)
NT34	Voluntary time dedicated to the creation or management of green infrastructure, to increase biodiversity, or to keep green spaces clean	no. staff volunteering hours	ES	35.3	Community support worker, level 4, pay point 2 (South Australia) 2019

Note: JobSeeker Payment amount assumed is for single person without children and without the Coronavirus Supplement (\$565.70).

Legend: RS = Resident Spending; ES Environmental Services; CS = Community Support services; EDBS = Economic Development & Business Support; ETP = Employment and Training Programs; YS = Youth Support programs; SL = Street Lightening; CPN = Control of Public Nuisances; DS = Disability Supports

Source: adapted from The Social Value Portal/Local Government Association (undated) A Social Value Toolkit for District Councils.

7.2.2 Priority Investment Approach

The Priority Investment Approach (PIA) is a second example of how social values may be measured in relation to public expenditure. PIA was commissioned and used by the Australian Government Department of Social Services.

PIA estimates the lifetime and annual average cost of social welfare payments to different social groups, based on actual payment data (see Appendix E).

Since these are Commonwealth payments, any reductions that may result from social procurement or other social interventions do not constitute financial gains to local councils but to the Federal Government.

The prospect of reductions in Commonwealth social security payments may not serve as an incentive for local councils to engage with social procurement or other social or job creation or support projects.

It has however been used by Federal Government to encourage and evaluate proposals under its [Try, Test and Learn Fund](#). The Fund invited proposals for local and regional interventions supporting social disadvantaged and vulnerable population. It was open to councils and at least one council's proposal was successful.

Projected savings in welfare expenditures leveraged Federal funding into council areas.



8. Managing Risks

Developing social procurement is not without risks. Chapter 2 already addressed some of the legal risks that councils may be concerned about.

There are others.

Social procurement for many councils means change. The introduction of something new.

Anything new needs **legitimacy** – everyone needs to be clear, needs to know, and be reassured that the change is sanctioned by those who need to sanction change – and that it has their full support. Without this, uncertainty will stall reform, undermine potential. This legitimacy is best achieved by councils formally adopting a social procurement policy and determining its guidelines.

This needs to be **communicated clearly** through the organisation.

Only clear, unequivocal communication will give council staff the confidence and security to apply social procurement policies.

Implementation is helped by clear **reporting lines and responsibilities**, especially a single contact in charge of implementing change that will require understanding of current processes, and capacity to experiment with new process options and to undertake the exploratory, logistical and community groundwork upon which to base a social procurement strategic.

This person and others involved in social procurement may well benefit from **training**, perhaps from learning from others that have already gone down this route. This training may help to refine understandings of value-for-money in the context of social procurement.

A consensus will need to be found on the **selection** and **measurement** of social value objectives; on how to ensure social benefit requirements are **appropriate** and **measured**, so not to overburden businesses. Consensus on how to ensure social procurement is applied without **displacing**⁸ other economic activity. On steps that may promote **supplier readiness**, be it by increasing the pool of local providers or strengthening the capacity of (small) social benefit suppliers. Commercial suppliers with limited experience in accounting for social impact may also benefit from support (cp. Burkett 2010, Mupanemunda 2019).

Making connections can increase success. Connecting social procurement with other strategic council policies (e.g. on social infrastructure) can multiply impact. As does connecting councils. It adds to scale, giving social procurement more substance and presence that can also stimulate the market place of social suppliers. Collaboration between councils can also reduce the risk of displacement, unnecessary competition and duplication of effort.

⁸ Economic displacement occurs when economic activity in one area reduces economic activity elsewhere.

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Appendix A

Social Suppliers - Definitions

Social enterprise

A type of non-profit business that employs people and earns income in order to help address perceived social or environmental issues. For example, a social enterprise might provide valuable services to a population in need, or they might perform volunteer or paid consulting work on environmental clean-up projects.

Read more: <http://www.businessdictionary.com/definition/social-enterprise.html>

An alternative definition adopted in Australia describes social enterprises as “organisations that:

- are led by an economic, social, cultural, or environmental mission consistent with a public or community benefit;
- trade to fulfil their mission;
- derive a substantial portion of their income from trade; and
- reinvest the majority of their profit/surplus in the fulfilment of their mission.” (Barraket et al., 2016, p.3)

This definition allows for social enterprises operating a *for-profit* model or a *not-for-profit/non-profit* model.

Cooperatives

Firm owned, controlled, and operated by a group of users for their own benefit. Each member contributes equity capital, and shares in the control of the firm on the basis of one-member, one-vote principle (and not in proportion to his or her equity contribution).

Read more: <http://www.businessdictionary.com/definition/cooperative.html>

Not-for-profit organization

Not-for-profit (NFP) organisations are organisations that provide services to the community and do not operate to make a profit for its members (or shareholders, if applicable). A few examples are childcare centres, art centres, neighbourhood associations, medical centres and sports clubs.

All profits must go back into the services the organisation provides and must not be distributed to members, even if the organisation winds up.

Source: <https://www.ato.gov.au/general/aboriginal-and-torres-strait-islander-people/not-for-profit-organisations/>

For-profit organization

A business or other organisation whose primary goal is making money (a profit), as opposed to a non profit organization which focuses a goal such as helping the community and is concerned with money only as much as necessary to keep the organisation operating. Most companies considered to be businesses are for profit organisations; this includes anything from retail stores to restaurants to insurance companies to real estate companies.

Read more: <http://www.businessdictionary.com/definition/for-profit-organization.html>

Charitable organization

Incorporated or non-incorporated tax exempt body which (1) is created and operated for charitable purposes, (2) employs all its resources to those charitable activities that are under its direct control, (3) does not distribute any part of the income generated for the benefit of any trustee, trustor, member, or other private individual, and (4) does not contribute to or associates with political organisations.

Read more: <http://www.businessdictionary.com/definition/charitable-organization.html>

L³C, or low-profit limited liability company

A L³C's main objective is to achieve socially beneficial goals. They are able to go about achieving these goals by employing the financial and flexible advantages of a limited liability company. States that have authorized the use of the L³C model have established three requirements: to operate for charitable or educational purposes, not the production of income, and not the fulfilment of a political or legislative agenda.

Read more: https://en.wikipedia.org/wiki/Social_enterprise.

Benefit corporation (B-Corp)

A benefit corporation, or B-Corp, is a corporation that operates to achieve/create a 'general public benefit'.

Read more: https://en.wikipedia.org/wiki/Social_enterprise

Appendix B

Supplier Social Value Positioning Model – Case Studies

Table B.1a Supplier Social Value Positioning Model – Playford

Long Term Financial Plan 2019-20/ 2028-2029

		Low	- SOCIAL VALUE/PROFIT IMPACT	- High
TASK COMPLEXITY/SUPPLY RISK Low - High	BOTTLENECK Low Value/High Complexity <i>Little social value?</i>	STRATEGIC High Value/High Complexity <i>Limited social benefit suppliers?</i> <i>Significant planning and capacity building investment with potential for high social benefit</i> Renewal of roads, kerbs, drainage and other transport assets \$83.1 million Replacement of footpaths and streetscape assets \$30.4 million Replacement of buildings \$14.0 million Replacement of fleet and plant assets \$31.3 million Renewal of playgrounds, irrigation and other park structures \$21.0 million Renewal of corporate assets \$14.5 million		
	ROUTINE Low Value/Low Complexity <i>Low social value?</i> <i>Easy to include in procurement contracts</i>	LEVERAGE High Value/Low Complexity <i>Priority area for social procurement: low business risk, high employment and training opportunities</i>		

Source: City of Playford (2019) Long Term Financial Plan 2019-20/ 2028-2029.

Table B.1b Supplier Social Value Positioning Model – Playford

Budget Initiatives - Annual Business Plan & Budget 2019/20

		Low	- SOCIAL VALUE/PROFIT IMPACT	- High
TASK COMPLEXITY/SUPPLY RISK Low - High	BOTTLENECK Low Value/High Complexity <i>Little social value?</i> ICT Minor Works (\$36k) GEP Stormwater Trunk Outfall (\$1.7m) DDA Program (\$266k) Kalara Reserve Floodlights (\$486k) Stormwater Infrastructure Deed (various areas) (\$1.5m)	STRATEGIC High Value/High Complexity <i>Limited social benefit suppliers?</i> <i>Significant planning and capacity building investment with potential for high social benefit</i> Rural Road Sealing Program (\$900k) Road Upgrade Program (\$255k) Virginia Main Street (\$2.4m) Angle Vale Community Sports Centre playing field (\$366k) Fremont Park – Changing Places (\$295k) Playford Alive streetscape works etc. (\$954k) Road Upgrade Program – Roads to Recovery (\$1.05m) Sports and Recreation Minor Works Program (\$63k) Traffic Infrastructure Deeds (\$642k) Traffic Management Program (\$357k) Grenville Centre (\$3m)		
	ROUTINE Low Value/Low Complexity <i>Low social value?</i> <i>Easy to include in procurement contracts</i>	LEVERAGE High Value/Low Complexity <i>Priority area for social procurement: low business risk, high employment and training opportunities</i>		

Source: 2019/20 Budget Initiatives as identified in the City of Playford Annual Business Plan & Budget 2019/20.

Table B.1c Supplier Social Value Positioning Model – Playford

Net Operating Budgets, Existing Services' Service Standards and Assets, Annual Business Plan & Budget 2019/20

		Low - SOCIAL VALUE/PROFIT IMPACT - High
COMPLEXITY/SUPPLY RISK Low - High	BOTTLENECK Low Value/High Complexity <i>Little social value?</i> Stormwater Network (\$4.5m)	STRATEGIC High Value/High Complexity <i>Limited social benefit suppliers?</i> <i>Significant planning and capacity building investment with potential for high social benefit</i> Kerbside Waste (\$13.2m) Sportsfield maintenance (\$5.8m) Urban streetscape (\$29.9m)
	ROUTINE Low Value/Low Complexity <i>Low social value?</i> <i>Easy to include in procurement contracts</i>	LEVERAGE High Value/Low Complexity <i>Priority area for social procurement: low business risk, high employment and training opportunities</i> Graffiti (\$417k) Illegal dumping (\$1.3m) Park & Reserves (\$9.2m) Rural streetscape (\$5.9m)

Source: Existing Services' Service Standards and Assets Covered, and their Net Operating Budgets as identified in the City of Playford Annual Business Plan & Budget 2019/20, pp.16-18.

Table B.2a Supplier Social Value Positioning Model - City of Charles Sturt

Source: Contracted Services and Core Business "Community Services", Annual Business Plan & Budget 2019/20

		Low - SOCIAL VALUE/PROFIT IMPACT - High
TASK COMPLEXITY/SUPPLY RISK Low - High	BOTTLENECK Low Value/High Complexity <i>Little social value?</i>	STRATEGIC High Value/High Complexity <i>Limited social benefit suppliers?</i> <i>Significant planning and capacity building investment with potential for high social benefit</i> Kerb and Gutter replacement Road Reseal Program Segmental Paved Footpaths Waste Management
	ROUTINE Low Value/Low Complexity <i>Low social value?</i> <i>Easy to include in procurement contracts</i>	LEVERAGE High Value/Low Complexity <i>Priority area for social procurement: low business risk, high employment and training opportunities</i> Cleaning Council Property Graffiti Herbicide & Pesticide Spraying Litter Bins Playground Maintenance Verge Mowing

Source: Contracted Services and Core Business "Community Services" in Attachment B of the CCS Annual Business Plan & Budget 2019/20, p. 111.

Table B.2b Supplier Social Value Positioning Model - City of Charles Sturt

Other Core Business activities, Core Business "Community Services" or other Core Businesses

		Low	- SOCIAL VALUE/PROFIT IMPACT	- High
TASK COMPLEXITY/SUPPLY RISK Low - High	BOTTLENECK Low Value/High Complexity <i>Little social value?</i> Research & Analysis (Admin/Governance) Information Services	STRATEGIC High Value/High Complexity <i>Limited social benefit suppliers?</i> <i>Significant planning and capacity building investment with potential for high social benefit</i> Community Care – Transport Community Care - Aged & Disability Services Home Maintenance & Security Road Maintenance Footpath Maintenance		
	ROUTINE Low Value/Low Complexity <i>Low social value?</i> <i>Easy to include in procurement contracts</i>	LEVERAGE High Value/Low Complexity <i>Priority area for social procurement: low business risk, high employment and training opportunities</i> Street Sweeping (Engineering) Property Maintenance (Open Space, Recreation & Property)		

Source:: Selection of other Core Business activities (i.e. not identified as Contracted) from the Core Business "Community Services" or other Core Businesses described in Attachment B, CCS Annual Business Plan & Budget 2019/20, that appear to have potential for social procurement.

Table B.2c Supplier Social Value Positioning Model - City of Charles Sturt

Capital Projects for renewal of council's existing assets for 2019/20

		Low	- SOCIAL VALUE/PROFIT IMPACT	- High
TASK COMPLEXITY/SUPPLY RISK Low - High	BOTTLENECK Low Value/High Complexity <i>Little social value?</i> Bus Stop Renewals (\$0.4m) AMP Playground Renewals (\$664k) Kerb Ramp Renewal DDA Compliance (\$509k) Renewal of Stormwater Network Inspection Cameras (\$284k) Stormwater Gross Pollutant Trap Equipment Upgrade (\$40k) AMP Irrigation renewals (\$757k) Traffic Safety Improvement (\$395k) AMP Reserve and Street Furniture renewals (\$252k) Angley Reserve Playground renewal (\$136k) Light Fleet Replacement (\$1m) Major Heavy Plant Replacement (1.7m) Renewal of Corporate Firewall (\$60k) Desktop PC and Mobile Device Replacement (\$508k) Replacement of Audio-Visual Equipment (\$25k)	STRATEGIC High Value/High Complexity <i>Limited social benefit suppliers?</i> <i>Significant planning and capacity building investment with potential for high social benefit</i> Public Lighting Renewal (\$296k) Path Renewals (\$3.9m) Car Park Renewal (\$78k) Road Reconstruction Program of Works (\$5.4m) Road Rehabilitation Program of Works (\$5.9m) Sporting Club and Council Building Renewals (\$0.8m) Sporting Club Change room Upgrade (\$1.2m) Palm Grove – Unit ceiling insulation & fence replacement (\$115k) AMP Fences, Walls and Bollards (\$262k) Beach Access Ways (\$140k) Large Concrete Footpath and Kerb and Gutter Renewal (\$900k) AMP Sport Facilities renewal (\$15k) Renewal of Irrigation System and improved landscaping (\$204k)		
	ROUTINE Low Value/Low Complexity <i>Low social value?</i> <i>Easy to include in procurement contracts</i> Council Operated Buildings – Office Furniture Replacement (\$45k) Box Culvert Replacement (\$860k)	LEVERAGE High Value/Low Complexity <i>Priority area for social procurement: low business risk, high employment and training opportunities</i>		

Source: Attachment F – Capital Projects for renewal of council's existing assets for 2019/20, CCS Annual Business Plan & Budget 2019/20.

Appendix C

Local Economy and Community – Case Studies

This Appendix illustrates how, in conjunction with information about social procurement opportunities, area data can be used to support the development of strategies for local economic and social (enterprise) development.

It assumes that an area's potential may rest with untapped resources: the unemployed, the under-employed; those entering the labour market for a first time or again after an absence; those wishing a new challenge.

In this Appendix, Census and other data is extracted to describe this potential for the City of Charles Sturt (CCS) and the City of Playford (CoP). These notes do not claim nor aspire to be comprehensive. They hopefully provide helpful suggestions for using data to connect social procurement to furthering local and inter-Council social and economic objectives.

C.1 Leveraging the Supplier Social Value Positioning Model

Appendix B and Chapter 4 explained the potential of the Supplier Social Value Positioning Model for identifying council procurement items that may lend themselves for social procurement. Table C.1. lists those that fell into the *Leverage* category of items most likely to fit that description. This information is useful for gauging the range of skills that might be required to undertake these types of (potentially socially procured) activities.

Table C.1 Supplier Social Value Positioning Model - Leverage

High Value/Low Complexity

Priority area for social procurement: low business risk, high employment and training opportunities

City of Playford	City of Charles Sturt
Existing Services' Service Standards and Assets Covered, and their Net Operating Budgets as identified in the City of Playford Annual Business Plan & Budget 2019/20	Contracted Services and Core Business "Community Services" in Attachment B of the CCS Annual Business Plan & Budget 2019/20
Graffiti (\$417k) Illegal dumping (\$1.3m) Park & Reserves (\$9.2m) Rural streetscape (\$5.9m)	Cleaning Council Property Graffiti Herbicide & Pesticide Spraying Litter Bins Playground Maintenance Verge Mowing Street Sweeping (Engineering)* Property Maintenance (Open Space, Recreation & Property)*

Note: * Other Core Business activities

C.2 The unemployed – using TableBuilder

Unemployment statistics can tell us about unused skills in the community.

Unfortunately, these statistics are derived from Census data and often not up to date. Local Centrelink offices and other employment services may have more up-to-date data.

The 2016 Census recorded 2,225 unemployed in CCS (7.1% of the labour force) and 3,142 unemployed in CoP (12.7%). For understanding labour force capacity in a locality, numbers are more relevant than percentages. Percentages define the extent of disadvantage and need in a locality; numbers better capture potential and opportunity.

By recording "fields of qualification", Census data provide information about the potential skills of the unemployed. For CCS and CoP, the data show many job seekers had experience in business management, hospitality, sales, and care occupations, but also in IT, engineering and trade skills, such as boilermaking and welding (Table C.2).

Table C.2 Unemployed, looking for FT or PT work

2016 Census - Counting Persons, Place of Usual Residence (MB), LFSP Labour Force Status by QALFP - 6 Digit Level by LGA (UR), Counting: Persons Place of Usual Residence

	Charles Sturt (C)	Playford (C)	Total
QALFP - 6 Digit Level			
Business and Management, nfd	100	97	204
Hospitality	55	79	137
Business Management	72	63	129
Sales	36	86	118
Information Technology, nfd	59	50	111
Care for the Aged	31	82	103
General Nursing	49	47	101
Building, nfd	32	67	96
Children's Services	24	80	96
Accounting	75	23	95
Engineering and Related Technologies, nfd	58	32	91
Hairdressing	34	38	75
Human Welfare Studies and Services, nec	23	59	74
Electrical and Electronic Engineering and Technology, nfd	35	30	68
Purchasing, Warehousing and Distribution	14	50	66
Boilermaking and Welding	23	43	63
Horticulture	18	43	57
Beauty Therapy	18	28	51
Field of study inadequately described	35	23	65
Field of study not stated	105	155	261
Not applicable	1,940	2,740	4,680
Total	3,962	4,771	8,733

Note: showing only fields of qualification with at least 50 job seekers in total recorded in CCS and CoP

Source: Data Source: Census of Population and Housing, 2016, TableBuilder

Some of these fields of qualification are already well represented in the council areas. By comparing the numbers unemployed with those employment in the same fields of occupations (and in the areas), it is possible to get an impression of which occupations appear to be in abundant supply, perhaps over-supply, and which do not. Census data suggest a strong demand for employment especially in building (nfd), purchasing, warehousing and distribution; aged care (Cop only); hospitality; human welfare studies and services (nec); sales and horticulture (Table C.3).

Table C.3 Unemployed, looking for FT or PT work

Numbers and as proportion of employed (by POW), 2016 Census - Counting Persons, Place of Usual Residence (MB), LFSP Labour Force Status by QALFP - 6 Digit Level by LGA (UR), Counting: Persons Place of Usual Residence

	Unemployed		Unemployed as proportion of employed	
	Charles Sturt (C)	Playford (C)	Charles Sturt (C)	Playford (C)
QALFP - 6 Digit Level				
Building, nfd	32	67	0.06	0.18
Purchasing, Warehousing and Distribution	14	50	0.09	0.17
Care for the Aged	31	82	0.02	0.16
Hospitality	55	79	0.09	0.15
Human Welfare Studies and Services, nec	23	59	0.08	0.14
Sales	36	86	0.09	0.13
Horticulture	18	43	0.07	0.12
Information Technology, nfd	59	50	0.06	0.10
Beauty Therapy	18	28	0.05	0.10
Boilermaking and Welding	23	43	0.05	0.10
Business Management	72	63	0.07	0.09
Children's Services	24	80	0.05	0.08
Business and Management, nfd	100	97	0.05	0.08
Hairdressing	34	38	0.03	0.07
Electrical and Electronic Engineering and Technology, nfd	35	30	0.04	0.05
Accounting	75	23	0.04	0.05
Engineering and Related Technologies, nfd	58	32	0.04	0.04
General Nursing	49	47	0.02	0.03

Note: Showing only fields of qualification with at least 50 job seekers in total recorded in CCS and CoP.
 Source: Data Source: Census of Population and Housing, 2016, TableBuilder.

C.3 Skills and Learning – using VOCSTAT

More recent data than the 2016 Census are available for completions of vocational education and training (VET), which provide some indication of likely demands for employment in an area.

These data are available from NCVET. Amongst others, NCVET's VOCSTAT holds data on Total VET activity (TVA) completions, and apprentices and trainees employed under a training contract.

For the period 2015-18, the data for the CCS and CoP suggest further influx in occupations with already high employment demand as well as interest in other occupations with few supply constraints. Ten VET programs accounted for more than (58 per cent) of program completions, including welfare, sales, building, health and office (Table C.4a and C4b). The data is shown for residents in the council areas.

Table C4a TVA program completions 2015-18, Student SA2 2016 by Program field of education by Program level of education, Counting: Awards, City of Playford

Playford Program level of education	Diploma or higher	Certificate IV	Certificate III	Certificate II	Certificate I	Statement of attainment	Total
Program field of education							
0905 - Human welfare studies and services	120	215	779	46	0	0	1161
0805 - Sales and marketing	20	54	350	101	2	0	515
0999 - Other society and culture	1	6	157	212	57	0	438
0403 - Building	7	14	68	186	82	2	356
0803 - Business and management	209	124	7	0	0	1	345
0809 - Office studies	0	1	275	66	0	0	342
1201 - General education programmes	0	17	26	112	140	20	315
1101 - Food and hospitality	0	3	121	167	4	2	305
0799 - Other education*	231	14	44	2	0	0	294
0699 - Other health**	0	8	41	0	0	184	239
0503 - Horticulture and viticulture	5	1	32	13	0	0	59
0509 - Environmental studies	0	2	12	9	0	0	27

Note: Table shows 10 most frequently chosen programs. * Education, n.e.c. ** Nutrition & Dietetics, Human Movement, Paramedical Studies, First Aid, Health n.e.c.
Source: VOCSTAT.

Table C4b TVA program completions 2015-18, Student SA2 2016 by Program field of education by Program level of education, Counting: Awards, City of Charles Sturt

Charles Sturt Program level of education	Diploma or higher	Certificate IV	Certificate III	Certificate II	Certificate I	Statement of attainment	Total
Program field of education							
0905 - Human welfare studies and services	106	189	689	68	0	0	1054
0803 - Business and management	385	218	11	0	0	2	612
0805 - Sales and marketing	57	112	255	128	11	0	555
0699 - Other health*	4	13	70	0	0	305	387
0921 - Sport and recreation	36	92	198	42	0	0	370
1201 - General education programmes	4	27	52	125	145	4	366
0403 - Building	13	83	80	86	82	3	356
0999 - Other society and culture**	2	5	73	220	18	0	318
0809 - Office studies	0	4	233	28	4	0	267
0811 - Banking, finance and related fields	111	100	52	0	5	0	267
0503 - Horticulture and viticulture	5	0	34	25	2	0	66
0509 - Environmental studies	3	0	5	8	0	0	15

Note: Table shows 10 most frequently chosen programs. * Nutrition & Dietetics, Human Movement, Paramedical Studies, First Aid, Health n.e.c.; ** Family & Consumer Studies, Criminology, Security Services, Society & Culture n.e.c.
Source: VOCSTAT.

TVA data are available by Student Statistical Areas (SA), that is, the students' usual residence. Data on apprenticeships and traineeships is recorded by Workplace SA, that is, it is recorded for the location of the workplace regardless of where the apprentice or trainee lives.

VOCSTAT data show that 90 per cent of all apprentices and trainees contracted by employers in CCS or CoP are trained in just ten different occupations, including sales; automotive and engineering trades; electrotechnology and telecommunications trades; construction; and horticulture (Table C.5a and C.5b).

Most apprentices and trainees study for Certificate III; none studies for Certificate I.

Table C.5a Apprentices and trainees - September 2019, Workplace SA2 2016 by Occupation (ANZSCO - NTIS) group by AQF qualification level, City of Playford, by Workplace SA2

Playford AQF qualification level	Diploma or higher	Certificate IV	Certificate III	Certificate II	Total
Occupation (ANZSCO - NTIS) group					
62 Sales Assistants and Salespersons	0	52	2922	188	3162
32 Automotive and Engineering Trades Workers	0	0	931	0	931
34 Electrotechnology and Telecommunications Trades Workers	0	0	626	0	626
33 Construction Trades Workers	0	0	611	0	611
39 Other Technicians and Trades Workers	0	0	346	0	346
73 Road and Rail Drivers	0	0	262	0	262
35 Food Trades Workers	0	0	223	0	223
53 General Clerical Workers	0	0	188	0	188
42 Carers and Aides	26	2	112	0	140
72 Mobile Plant Operators	0	0	135	0	135
36 Skilled Animal and Horticultural Workers	4	42	62	0	108
84 Farm, Forestry and Garden Workers	0	0	14	0	14

Note: Table shows 10 most frequently chosen occupations. Counts are estimates.
Source: VOCSTAT.

Table C.5b Apprentices and trainees - September 2019, Workplace SA2 2016 by Occupation (ANZSCO - NTIS) group by AQF qualification level, City of Charles Sturt, by Workplace SA2

Charles Sturt AQF qualification level	Diploma or higher	Certificate IV	Certificate III	Certificate II	Total
Occupation (ANZSCO - NTIS) group					
32 Automotive and Engineering Trades Workers	0	0	10635	0	10635
34 Electrotechnology and Telecommunications Trades Workers	0	0	8110	0	8110
33 Construction Trades Workers	0	0	6637	0	6637
62 Sales Assistants and Salespersons	0	64	2541	829	3435
53 General Clerical Workers	0	0	2248	0	2248
36 Skilled Animal and Horticultural Workers	0	1	2218	6	2225
39 Other Technicians and Trades Workers	0	10	1379	0	1389
35 Food Trades Workers	0	0	848	0	848
41 Health and Welfare Support Workers	6	207	324	0	538
45 Sports and Personal Service Workers	0	204	306	5	516
71 Machine and Stationary Plant Operators	0	8	18	0	26
84 Farm, Forestry and Garden Workers	0	0	0	5	5

Note: Table shows 10 most frequently chosen occupations. Counts are estimates.
Source: VOCSTAT, Apprentice and Trainee Collection.

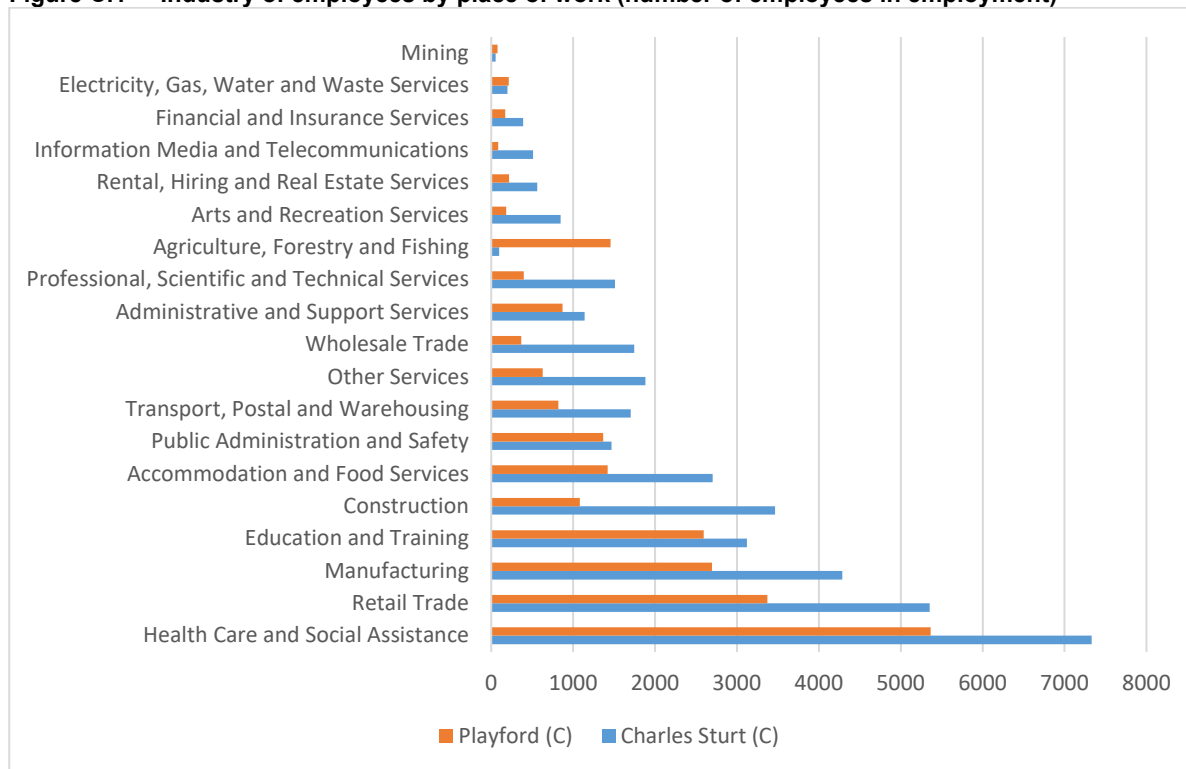
C.4 Resources utilised – more TableBuilder

Industry and employment

Census data also allow us to identify the industries in which residents work and the qualifications they have.

For the two case study areas, CCS and CoP, the industry data show a high number of employees in health care and social assistance, and in retail, but also manufacturing, education and training, and construction (Figure C.1). Recorded are the number of employees by their place of work, because the intention is to gather information about economic activity that is actually taking place in the council area (and not by residents commuting to work outside the area).

Figure C.1 Industry of employees by place of work (number of employees in employment)



Data Source: Census of Population and Housing, 2016, TableBuilder.

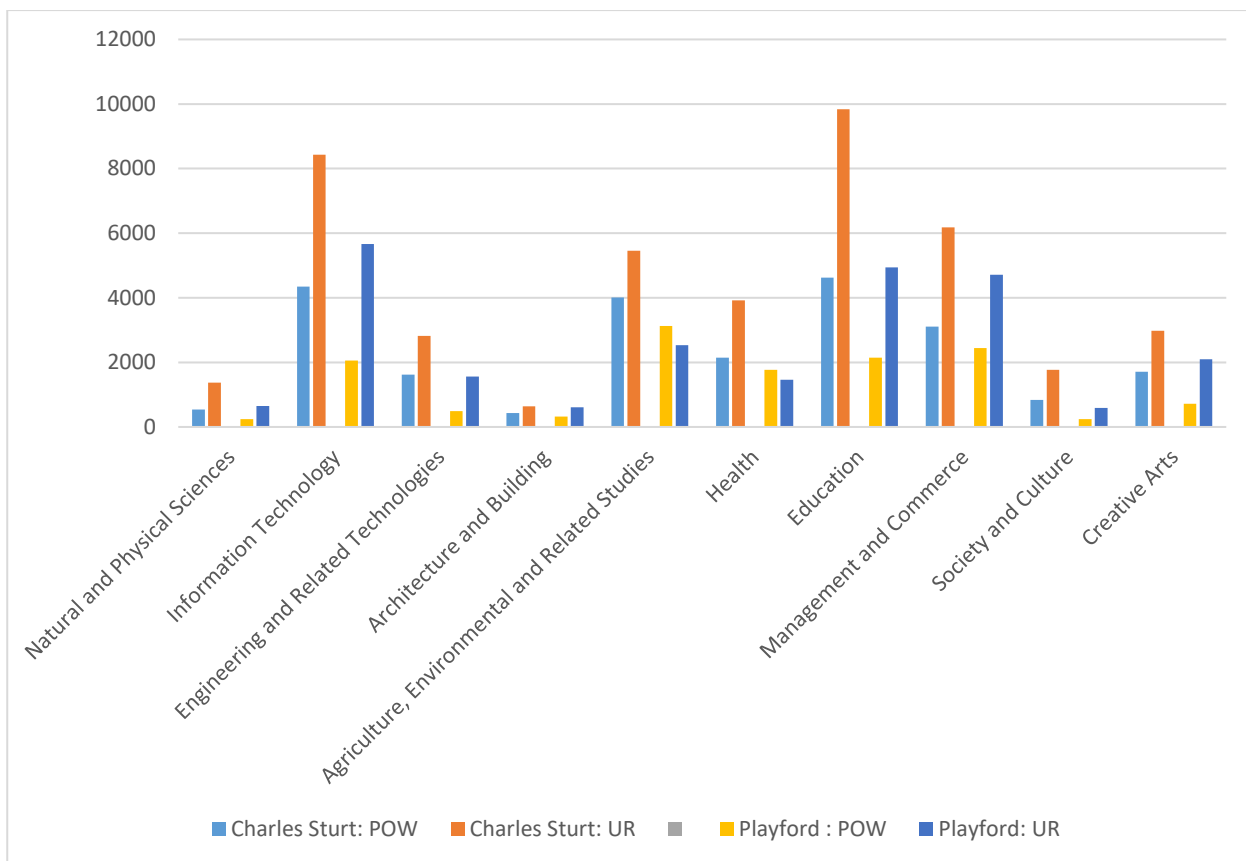
“Usual residents” versus “place of work”

For recording economic activities, Census data distinguish between whether they are pursued by “usual residents” (UR) in an area or whether they are recorded according to their residents’ “place of work” (POW). As place of work and place of residence do not necessarily coincide, the resultant statistics can look very different, as illustrated by Figure C.2.

Small geographical areas tend to have a large proportion of residents working outside that area, which is exactly the patterns emerging for both CCS and CoP. In both CCS and CoP, more employees work outside the area than within, that is, the number of employees by occupation is greater for “UR” than “POW”. This relationship is reversed only for health occupations in CCS.

A large proportion of residents working outside an area need not be indicative of weak labour markets within, although this can be the case. It may also signal a strong skills base of residents, which makes them attractive to employers elsewhere.

Figure C.2 2016 Census – Employees in Employment - Counting Persons, Place of Usual Residence and Place of Work, QALFP - 2 Digit Level by LGA (UR), Counting: Persons Place of Usual Residence/Place of Work – Field of Qualification



Note: UR – Usual place of residence. POW – Place of Work.
 Source: Census of Population and Housing, 2016, TableBuilder.

C.5 Local potential – a summary

Census and VET data help to provide an overview of the skills available in a location, be they employed or waiting to be employed. For the purpose of supporting social procurement or social enterprise, these data may serve as tools for informing a capability approach to community development. Unemployment and VET statistics, in particular, thus provide information about human resources that may be utilised locally.

Our application of the Supplier Social Value Positioning Model suggested potential scope for social procurement, amongst others, in areas requiring environmental and/or horticultural skills. VET and unemployment data suggest these skills may be in reasonably good supply.

More detailed scrutiny of statistics than is possible here might identify other “fields of study” suitable for building upon for social procurement within and beyond the *Leverage* category.

A capability approach to local/community development could build on these resources.

Appendix D

National TOMs Framework

Sources: Social Value Portal (undated) National TOMs framework 2019 for social value measurement. Guidance; The Social Value Portal and Local Government Association (undated) A Social Value Toolkit for District Councils; SROI (2012) A guide to Social Return on Investment. The SROI Network.

Things to take into account when using the TOMs tool – or any itemising social value tool

- Any value may benefit from area (localisation) and time (update) corrections;
- wage and/or pensions/allowance may be amended to reflect actual circumstances, if known; e.g. median wage replaced by lower (entry level) wages; use Youth Allowance instead of JobSeeker Payment for employees aged under 22;
- correct net earnings gain for area leakage (not all extra income will be spent locally);
- values may also be weighted to reflect policy priorities;
- avoid double counting;
- be realistic;
- the calculation should correct values for:
 - deadweight – measuring the “amount of outcome that would have happened even if the activity had not taken place” (SROI 2012, p. 56);
 - displacement - measuring “how much of the outcome displaced other outcomes” (SROI 2012, p. 57);
 - attribution – measuring “how much of the outcome was caused by the contribution of other organisations or people” (SROI 2012, p. 59) (if part of contractual agreement, then not an issue); and
 - drop Off – measuring “how long the outcomes lasted” (SROI 2012, p.61).

Suggestion: if you cannot or do not wish to amend the values to the specifics of the intended procurement project, stick with the same values throughout to enable you to build up a profile for current and future comparisons and benchmarking.

How to select the right measures

- Should be driven by strategic priorities;
- but it is also advisable to weigh individual values to better reflect *local* benefit;
- that said: as long as all bids are treated alike, the method of valuation should not make any difference;
- the model could also be used to compare and contrast combinations of measures for their likely total values: \$10,000 of equipment to local VCSE may yield more direct benefit than a 12 month traineeship; 20 hours of expert business support may yield more value than 30 hours of volunteer time committed to local community projects. Weights may be important.

What to do with the value

- Be transparent: all bidders must know what their bids are evaluated against;
- it may be necessary/beneficial to differentiate between quantity and quality of offers: TOMs suggests a 50/50 split, but also notes that, with experience, the proportional score for quantity may increase;
- quality needs its own range of assessment criteria;
- the formulas for scoring quantitative social values, and calculating the combined quantitative and qualitative value scores are:

$$\text{Quantitative Assessment} = \frac{\text{Bidder's total Social Value offer}}{\text{Value of the highest Social Value offer from all bidders}} * 100$$

$$\begin{aligned} \text{Total Social Value Score} &= ((\text{Quantitative score} * \text{sub weighting}) + (\text{Qualitative score} * \text{sub weighting})) \\ &* \text{Overall Social Value Weighting} \end{aligned}$$

- This score is recommended to account for 15-20 per cent in the overall tender assessment.

Table D.1 suggests Australian data and data sources for estimating the value of impact measures identified in TOMs and most likely relevant to local councils in Australia.

Table D.1 TOMs – Data sources for impact measurement, Australian sources

Reference	Measures – Minimum Requirements	Unit	Data	Data Source
Jobs: Promote local skills and employment				
NT1	No. of local people (FTE) employed on contract for one year or the whole duration of the contract, whichever is shorter - MINUS NSA	no. people FTE	Median employee income 2017 (latest available), net of JobSeeker Payment	https://itt.abs.gov.au/itt/r.jsp?databyregion#/
NT3	No. of employees (FTE) taken on who are long term unemployed (unemployed for a year or longer)	no. people FTE	Minimum wage, net of JobSeeker Payment	https://www.fairwork.gov.au/pay/minimum-wages
NT4	No. of employees (FTE) taken on who are not in employment, education, or training (NEETs)	no. people FTE	Minimum wage, net of JobSeeker Payment	https://www.servicesaustralia.gov.au/individuals/services/centrelink/jobseeker-payment/how-much-you-can-get
NT5	No. of employees (FTE) taken on who are rehabilitating young offenders (18-24 y.o.)	no. people FTE	Minimum wage, net of JobSeeker Payment	
NT6	No. of jobs (FTE) created for people with disabilities	no. people FTE	Minimum (disability) wage	https://www.fairwork.gov.au/pay/minimum-wages/employees-with-disability-pay-rates
NT7	No. of hours dedicated to supporting unemployed people into work by providing career mentoring, including mock interviews, CV advice, and careers guidance - (over 24 y.o.)	no. hrs*no. attendees	Community support worker, level 8, pay point 3 (South Australia) 2019	https://www.fairwork.gov.au/pay/minimum-wages/social-and-community-services-industry-pay-rates
NT8	Local school and college visits e.g. delivering careers talks, curriculum support, literacy support, safety talks (No. hours, includes preparation time)	no. staff hours	Community support worker, level 4, pay point 2 (South Australia) 2019	https://www.fairwork.gov.au/pay/minimum-wages/social-and-community-services-industry-pay-rates
NT9	No. of training opportunities on contract (BTEC, City & Guilds, NVQ, HNC) that have either been completed during the year, or that will be supported by the organisation to completion in the following years - Level 2,3, or 4+	no. weeks	Trainee Certificate II, Agriculture, Horticulture, and Conservation and Land Management	https://www.fairwork.gov.au/pay/minimum-wages/apprentice-and-trainee-pay-rates
NT10	No. of apprenticeships on the contract that have either been completed during the year, or that will be supported by the organisation to completion in the following years - Level 2,3, or 4+	no. weeks	Gardening and Landscaping Services Award (MA000101)	https://www.fairwork.gov.au/pay/minimum-wages/apprentice-and-trainee-pay-rates
NT11	No. of hours dedicated to support young people into work (e.g. CV advice, mock interviews, careers guidance) - (under 24 y.o.)	no. hrs*no. attendees	Community support worker, level 8, pay point 3 (South Australia) 2019	https://www.fairwork.gov.au/pay/minimum-wages/social-and-community-services-industry-pay-rates
NT12	No. of weeks spent on meaningful work placements or pre-employment course; 1-6 weeks student placements (unpaid)	no. weeks	Minimum wage, net of JobSeeker Payment	https://www.fairwork.gov.au/pay/minimum-wages
NT13	Meaningful work placements that pay Minimum or National Living wage according to eligibility - 6 weeks or more (internships)	no. weeks	Minimum wage, net of JobSeeker Payment	https://www.fairwork.gov.au/pay/minimum-wages
Growth: supporting growth of responsible regional business				
NT14	Total amount (£) spent with VCSEs within your supply chain	£	(assume one fifth of overall supply chain multiplier [based on GB values, rounded up])	
NT15	Provision of expert business advice to VCSEs and SMEs (e.g. financial advice / legal advice / HR advice/HSE)	no. staff expert hours	Community support worker, level 8, pay point 3 (South Australia) 2019	https://www.fairwork.gov.au/pay/minimum-wages/social-and-community-services-industry-pay-rates
NT16	Equipment or resources donated to VCSEs (£ equivalent value)	£		Use actual values
NT17	Number of voluntary hours donated to support VCSEs (excludes expert business advice)	no. staff volunteering hours	Community support worker, level 4, pay point 2 (South Australia) 2019	https://www.fairwork.gov.au/pay/minimum-wages/social-and-community-services-industry-pay-rates
NT18	Total amount (£) spent in LOCAL supply chain through the contract	£	Initial investment + production induced + consumption induced	http://eiat.aurin.org.au/#/eiat/home
NT19	Total amount (£) spent through contract with LOCAL micro, small and medium enterprises (MSMEs)	£	Initial investment + production induced + consumption induced	http://eiat.aurin.org.au/#/eiat/home
Social: Healthier, safer and more resilient communities				
NT24	Initiatives aimed at reducing crime (e.g. support for local youth groups, lighting for public spaces, private security, etc.)	£ invested including staff time		Use actual values
NT25	Initiatives to be taken to tackle homelessness (supporting temporary housing schemes, etc)	£ invested including staff time		Use actual values

NT28	Donations or in-kind contributions to local community projects (£ & materials)	£ value		Use actual values
NT29	No hours volunteering time provided to support local community projects	no. staff volunteering hours	Community support worker, level 4, pay point 2 (South Australia) 2019	https://www.fairwork.gov.au/pay/minimum-wages/social-and-community-services-industry-pay-rates
NT30	Support provided to help local community draw up their own Community Charter or Stakeholder Plan	£ invested including staff time		Use actual values
Environment: Protecting and improving our environment				
NT32	Car miles saved on the project (e.g. cycle to work programmes, public transport or carpooling programmes, etc.)	hundreds of miles saved	(adjusted proportionately using GB values: NT32/NT1)	
NT33	Number of low or no emission staff vehicles included on project (miles driven)	hundreds of miles driven	(adjusted proportionately using GB values: NT32/NT1)	
NT34	Voluntary time dedicated to the creation or management of green infrastructure, to increase biodiversity, or to keep green spaces clean	no. staff volunteering hours	Community support worker, level 4, pay point 2 (South Australia) 2019	https://www.fairwork.gov.au/pay/minimum-wages/social-and-community-services-industry-pay-rates

Appendix E

Table E.1 Summary of key valuation results

Population segment	Number in starting population	Average age	Total Lifetime cost (\$bn)	Average payment in 2017/18 (a)	Average lifetime cost \$'000 (b)	Ratio = (b) / (a)	Expected proportion of future lifetime in IS classes (%)
Current welfare recipients							
- Studying payment recipients	358,986	24	94	7,500	263	35	34
- Working Age payment recipients	1,237,075	40	471	11,500	380	33	58
- Parenting payment recipients	380,947	33	220	33,000	577	17	58
- Carer payment recipients	294,008	51	155	27,400	529	19	81
- Disability support pensioners	761,985	50	417	22,400	547	24	93
- Age pensioners	2,508,270	76	577	17,600	230	13	96
- Family non IS clients	1,539,668	40	354	7,200	230	32	32
- Carer non IS clients	217,720	51	51	7,100	235	33	37
- Other non IS clients	652,322	50	98	2,900	151	52	32
Total current welfare recipients	7,950,981	53	2,439	14,200	307	22	55
Previous welfare recipients							
- Exited 1-3 years	1,597,238	41	337	n/a	211	n/a	35
- Exited 4+ years	3,219,117	47	563	n/a	175	n/a	33
Total previous welfare recipients	4,816,355	45	900	n/a	187	n/a	34
Rest of Australian resident population							
- Rest of Australian resident population	12,266,069	28	2,323	n/a	187	n/a	29
Australian resident population	25,033,405	39	5,662	n/a	226	n/a	36

Notes: (a) The average payment in 2017/18 is understated owing to the data maturity issues with FTB and other family payment data. This has a particular impact on the average payments for people in the family non IS and other non IS classes; we would expect these amounts to ultimately be larger than the figures shown.
 (b) Exited 4+ years refers to previous welfare recipients who have exited in the past 4 or more years

Source: PWC (2019) 30 June 2018 Valuation Report, Final Report 2019, PricewaterhouseCoopers. p. 56.

Appendix F

Summary of Tools

About Your Area

Australian Bureau of Statistics (ABS)

<https://www.abs.gov.au/websitedbs/censushome.nsf/home/tablebuilder?opendocument&navpos=240>

The Australian Bureau of Statistics' **Tablebuilder**

<https://www.abs.gov.au/websitedbs/censushome.nsf/home/tablebuilder>

Australian Government **Labour Market Information Portal:**

http://lmip.gov.au/default.aspx?LMIP/LFR_SAFOUR/LFR_UnemploymentRate

Australian Government Austrade (tourism research data)

<https://www.tra.gov.au/Regional/Local-Government-Area-Profiles/local-government-area-profiles>

Australian Government Department of Social Services "**Labour Market and Related Payments**

<https://www.dss.gov.au/about-the-department/labour-market-and-related-payments-monthly-profile-publications>

Social Health Atlases

<http://www.phidu.torrens.edu.au/>

.id community

<https://profile.id.com.au/>

Mapping education and training output in localities

NCVER

<https://www.ncver.edu.au/research-and-statistics/vocstats>

Area organisations

Training organisations

<https://www.myskills.gov.au/>

<http://www.grouptrainingdirectory.com.au/>

<https://www.training.com.au/>

Disability Employment Services

<https://www.dss.gov.au/disability-and-carers-programs-services-disability-employment-services/published-des-star-ratings>

jobactive Star Ratings and Performance

<https://www.employment.gov.au/jobactive-star-ratings-and-performance>

Social value calculation

Australia

Australian Social Value Bank

<https://asvb.com.au/>

Social Ventures Australia

<https://www.socialventures.com.au/>

Social Traders

<https://www.socialtraders.com.au/>

International

UK Social Value Bank calculator 4.0

<https://www.hact.org.uk/value-calculator>

National TOMs Framework 2019 for social value measurement

<https://socialvalueportal.com/national-toms/>.

Social Value Toolkit for District Councils.

<https://socialvalueportal.com/national-toms/>.

Minimum wages – for estimating job creation earnings benefits (at entry level)

<https://www.fairwork.gov.au/pay/minimum-wages>

Social value enterprises

Social enterprise

<https://www.socialtraders.com.au/>

Co-operatives

<https://bccm.coop/co-op-directories/>

<https://www.coopdevelopment.org.au/salinks.html>

B-Corps

<https://bcorporation.net/directory?search=&industry=&country=Australia&state=South%20Australia&city=>

<https://bcorporation.net/>

Not-for profits

<https://probonoaustralia.com.au/search-not-for-profits/>

ADE

<https://buyability.org.au/find/>

<http://ade.org.au/ades-directory>

Community engagement/development

<https://bettertogether.sa.gov.au/>

<https://ctb.ku.edu/en>