

What is social procurement?

Social procurement is when an organisation purchasing a good or a service also seeks to achieve a social outcome. Purchases can be made by governments, for-profit enterprises and non-for-profit organisations. The social outcome can be achieved by:

- Buying from a social enterprise
- Including social outcomes in tender specifications
- Purchasing locally to facilitate local economic activity.

What is it used for?

The aim of social procurement is to add value to a necessary purchase. The value could be:

- Economic development and employment
- Environmental sustainability
- Community renewal.

Social procurement could improve the lives of particular groups such as unemployed people, people with disabilities, young people, refugees or particular geographic communities.

For example, the **Victorian Government** has a **Major Projects Skills Guarantee**, where all publicly funded infrastructure valued at or over \$20m are required to

use apprentices, trainees or engineering cadets for at least 10 per cent of the total estimated labour hours.

This achieves the social outcome of creating more apprenticeships, traineeships and cadetships, thereby increasing Victoria's skilled workforce as well as building infrastructure.

Local governments have used social procurement to reduce disadvantage in their communities. In 2007 the **City of Yarra** contracted a social enterprise run by the **Brotherhood of St Laurence** to clean the streets of North Fitzroy and North Carlton.

The street cleaning social enterprise trained and employed formerly unemployed public housing tenants and created a pathway for longer-term employment.

Large for-profit corporations can use social procurement to achieve their 'triple-bottom line'¹ outcomes as well as improve staff engagement and brand image. For example, **Telstra** has used social enterprises to employ people with disability for onsite maintenance.

What are the benefits?

Provided that appropriate procurement processes are used, the purchaser can obtain the product or service desired, but also create value from the social outcome.

The social outcome can be achieved at little or no additional cost. Purchases are necessary anyway and using social procurement simply adds value.

¹ Triple bottom line is an accounting framework used to measure the performance of a business or other organisation in three domains: social, environmental and financial.

What are the risks?

There are minimal risks attached to social procurement.

This is because the purchase happens anyway using normal procurement processes with the additional social aspect.

FURTHER READING

- [Social Traders, 'Buying From Social Enterprises'](#)
- [Social Procurement Australasia](#)

The Victorian Council of Social Service (VCOSS) is the peak body of the social and community sector in Victoria. This briefing paper was prepared by VCOSS Policy Advisor Dev Mukherjee.

Suggested citation: Victorian Council of Social Service Briefing Paper, 'Social Procurement' (2017)