

HUMANISING INFRASTRUCTURE

Securing a bigger social legacy for Greater Western Sydney

Full discussion paper written in partnership by the
Western Sydney Leadership Dialogue and RPS.

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INTRODUCTION

While we are seeing some positive and encouraging developments in the way social procurement is integrated in public spending decisions and the approach by government, industry and the wider community, more can be done to secure a higher dividend.

Humanising Infrastructure sets out the case for a whole-of-government approach to social procurement as well as the resounding support from leaders and key stakeholders in Greater Western Sydney (GWS) for a deliberate and coordinated effort to secure and optimise a lasting social legacy for the region.

Within this central framework, there is also an enormous opportunity, with the right policy settings, to unlock the value-generating potential of the social enterprise sector across NSW, and especially in GWS, where pockets of profound disadvantage and concerning rates of disengagement, drastically exposed during the pandemic lockdown of 2021, need to be addressed.

THE OPPORTUNITY

The unprecedented government infrastructure spend, particularly in GWS, provides a unique opportunity to ensure that the injection of funds and resulting infrastructure doesn't just generate assets and economic benefits, but also creates lasting social benefits for the local and wider communities. This is what we call 'social value'.

Through proactive social procurement during the delivery phase of large infrastructure spend and the subsequent operations phase of the assets, there is the opportunity to create deep social impact and generate lasting and meaningful social value. Within the context of GWS, a focused social procurement approach that leverages public investment has the potential to be the catalyst for local employment, wealth generation for small and medium enterprises, development of skills and employment pathways for young people, and support and integration for some of the most disadvantaged members of our community including First Nations people, people with disabilities, new migrant communities and refugees.

THE CURRENT STATE OF PLAY

It is important to point out that we are not approaching these issues from a standing start in NSW. The state has seen several very successful initiatives delivered as a component of major projects, including the Barangaroo and ICC Skills

Exchange, the Westmead Hub and many more, which have led to comparable targets around skills and pre-employment schemes becoming a default and often mandatory deliverable in a request for tenders.

In January 2021, the introduction of a more ambitious whole-of-government Indigenous procurement policy for NSW was a welcome development in this space, and a clear sign of growing acceptance and community expectations when it comes to delivering social value through the buying power of government. The Victorian and Queensland Governments have moved one step further in implementing social procurement frameworks to cover all public procurement decisions.

There is also a growing global movement to re-calibrate how public investment decisions are assessed to further incorporate social value into traditional benefit-cost analyses. In parallel, the private sector is increasingly motivated and guided by environmental, sustainability and governance (ESG) reporting obligations and is looking for new and innovative ways to meet these. Beyond satisfying activist boards and investors, there are huge material benefits to be realised for companies in terms of brand and reputation, and the ability to attract and retain the best talent.

While this shift is not uniform across the private sector, it reflects the prevailing attitude of the communities in which they operate, which is placing a higher priority on the creation of social value through public and private spending.

The Western Sydney Leadership Dialogue and RPS acknowledges Traditional Owners of Country throughout Australia and recognises their continuing connection to lands, water and communities. We pay our respects to Aboriginal and Torres Strait Islander cultures, and to Elders past, present and future.

We respectfully acknowledge the Traditional Custodians of the land which Western Sydney covers; the Darug, Eora, Tharawal and Gandagarra people. We also recognise the significant role of the Local Aboriginal Land Councils of Greater Western Sydney.



Photo credit: Destination NSW

LET'S START IN GREATER WESTERN SYDNEY

The people of GWS bore the brunt of the health and economic impact of the winter-spring 2021 COVID-19 outbreak and economic shutdown. Appropriately, the region is now central to the current recovery effort, with regionally targeted spending, headlined by the new \$5 billion WestInvest Fund.

GWS is an area of growing national importance. It is the third largest economy in Australia with one of the fastest growing populations with approx. 2.5 million people (of whom 25% are born overseas) projected to grow to 3 million by 2036 and 4 million by 2050.

60% of Australia's migrant population live in the region, making it one of the most diverse regions in the country, with over 100 community languages spoken. GWS also has the single largest urban Indigenous community in the nation.

Even with the COVID-induced immigration pause, the regional economy is expected to grow significantly on the back of projected population growth and several significant infrastructure projects, including the Western Sydney Airport, and the expanded Sydney Metro network.

Yet, despite this projected growth, GWS has higher-than-average unemployment rates, lower than average salaries, and high levels of mortgage and rental stress. Approximately 12% of residents don't speak English fluently and 9.9% of 15- to 24-year-olds are unemployed and/or not studying - compared to 7.6% across Greater Sydney.

Just like its counterpart region of East London, this combination of factors makes GWS the perfect setting for this conversation. Large government investments can generate significant and lasting benefits through policies that promote the creation of social value - especially through social procurement. They can generate local skills and employment, support the most disadvantaged, and create a cohesive, inclusive, and diverse community.

KEY FINDINGS AND RECOMMENDATIONS

- Australia is experiencing record levels of investment in infrastructure, with the NSW Government alone committing \$100b+ infrastructure pipeline over the next four years.
- To capitalise on this momentum, the NSW Government should move toward a whole-of-government framework to ensure consistency and provide mechanisms to enforce delivery and measure effectiveness in the various facets of social procurement.
- By setting a clear framework and targets, the government can provide the market with certainty, enabling the private sector to respond and innovate accordingly. The key is to ensure targets are clear and enforceable, but do not constrain innovation.
- Greater Western Sydney possesses the scale of public investment and communities of interest for targeted social procurement to make a significant and lasting impact.
- The social enterprise business model is conducive to tackling social disadvantage and engaging with individuals and communities that government might otherwise struggle or find too difficult to reach. Social enterprise procurement can elevate and deepen the benefits generated by public spending and is a key element to transforming the social procurement agenda.
- Regional partnerships can deliver a more coordinated approach to social procurement in the region by investing in a long-term skills pipeline and connecting individuals with opportunities across the region. There is a need to address duplication and inefficiency in this space and an opportunity to maximise social value outputs through economies of scale.
- Strong, decisive action needs to be taken on both the demand and supply side to develop a robust social procurement market and to evolve the social enterprise ecosystem. Greater Western Sydney provides a once-in-a-lifetime catalyst for the development, implementation and showcasing of new policies.

To download the full report, please go to:
<https://www.rpsgroup.com/campaigns/humanising-infrastructure-report/>



To this end we have developed the following three key recommendations, which are further detailed in the document:

1. Development of a NSW Social Procurement Framework- NSW needs a bold and visionary whole-of-government Social Procurement Framework that includes ambitious targets and reporting mechanisms.
2. Development of a NSW Social Enterprise Strategy - Critical to the success of the social procurement framework will be a strong social enterprise sector. This requires the development and adoption of a NSW Social Enterprise Strategy.
3. Establishment of a Western Sydney Infrastructure Pathways Program - There is an identified need to centralise aspects of procurement that seek to deliver skills development, cultural and gender diversity targets, pre-employment and local supply chain engagement. The Western Sydney Infrastructure Pathways Program (WSIPP) would achieve this, leveraging collaboration, creating economies of scale, and positive outcomes for the region.

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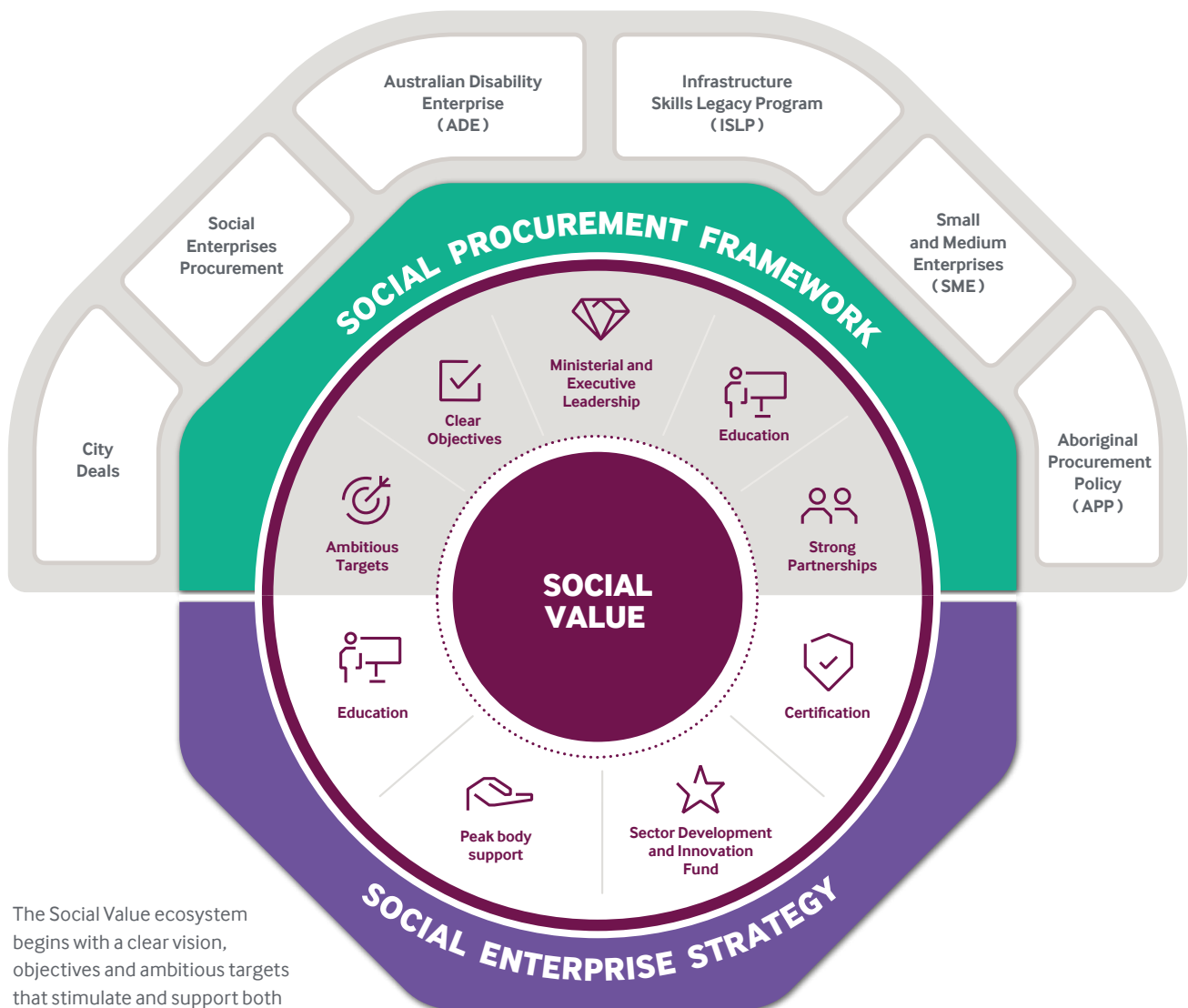
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The Social Value ecosystem begins with a clear vision, objectives and ambitious targets that stimulate and support both demand and supply