

27 December 2018

Dr Matthew Butlin
Chair and Chief Executive
SA Productivity Commission
GPO Box 2343
Adelaide
SA 5001
Email – matthew.butlin@sa.gov.au

Dear Matthew

Re - COTA SA Response to the South Australian Productivity Commission into Government Procurement December 2018

Thank you for the opportunity to meet with you on 3 December 2018. As indicated at that meeting, we are very pleased to hear of the approach taken by the South Australian Productivity Commission. Your priority in understanding the perspective of the For-Purpose sector in SA is very welcome. It is a very important contributor to the landscape of SA – as an employer, as a diverse range of SMEs, as community building vehicles and as major contributors to our State's well-being, innovation and prosperity.

For your information, COTA SA is an older people's movement run by, for and with older people. We represent the aspirations, interests and rights of 633,000 older South Australians and the promise and diversity of modern ageing. We connect with about 100,000 older people each year through The Plug-in, ZestFest, Strength for Life, a range of Peer Programs, a national survey, a policy and advocacy agenda and an annual program of engagement throughout SA. COTA SA is part of the COTA Federation made up of all State and Territory COTAs and COTA Australia.

Thank you for the opportunity to review the SA Productivity Commission's Issues Paper released on 16 November 2018 titled *Government Procurement Inquiry*. COTA SA is not in a position within the timeframes to provide a thorough examination of the procurement system in SA. We do however commend the SACOSS submission to you as representative of the particular experiences of the For Purpose sector and we support their recommendations.

We would love to see the SA Government grants and procurement system better support and encourage innovation in the For Purpose sector. It will be important to –

- **Include legitimate overhead costs in project funding** - It is COTA SA's experience that legitimate project overhead costs are not routinely or adequately included in funding. To illustrate this, in 2016 COTA SA applied for funding for the LGBTI People Ageing Well Project (in partnership with the SA Rainbow Advocacy Alliance) through

the Department of Communities and Social Inclusion Grants SA Funding Program. The amount applied for was \$49,565. The project was subsequently approved but the funded amount was reduced to \$36,525 with all overhead costs (and some others) excluded. In this instance, COTA SA regarded the project as so important that the costs were absorbed but this is neither prudential or sustainable.

- **Support growth, upskilling and (if and where appropriate) the consolidation of the For Purpose sector** - There would appear to be little encouragement to support change and innovation in the For Purpose sector with funding often cost recovery, short term and unstrategic. As a result there is a grave risk that For Purpose organisations become wholly absorbed in delivering immediate projects with little capacity to do the things that good businesses do – eg train and upskill staff (including supporting existing and emerging leaders), invest in innovation, achieve value-adding collaboration, update digital capability (staff and systems) and measure economic and social impact.
- **Support options for new and independent income generation eg through Social Enterprise development** – COTA SA was founded in 1957 and has sourced a proportion of its operational income independently of government throughout its history including through membership and the formation (with other state and territory COTAs) of an insurance company. The value of both has diminished in recent years and COTA SA continues to pursue other options.
- **Don't overlook existing, agile For Purpose organisations for start up funding** – In 2017 COTA SA conceived and tested a new social enterprise called The Plug-in, which links older South Australians with innovation, research, service design and policy development. The Plug-in charges to match a fast-growing community of influencers (keen and diverse older people) with projects requiring their contribution through co-design, testing and feedback. We completed six major projects in 2018 along with a range of smaller opportunities and have a number of new projects in the pipeline for 2019. Importantly we received start-up funding through the Ageing Well strategy of the last government principally to enable us to gear up in terms of digital, branding and other business capability. The lesson is that existing organisations with the right culture and agility are very capable of being “start-ups”.

Thank you for making the For Purpose sector a priority in your early consultations. Please let me know how we can support your work and ensure that SA is strategic in its investment in the South Australian For Purpose sector.

All the best for a busy and “productive” SA in 2019!

JANE MUSSARED
Chief Executive