

# Victoria's social procurement framework

Building a fair, inclusive  
and sustainable Victoria  
through procurement



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# Message from the Minister for Finance

All Victorians should have the opportunity to participate and contribute to our State's growing economy. Government has an important responsibility to create the right conditions to enable this to happen.

As a major procurer delivering the high-quality public services and infrastructure needed for our thriving population, one of the Government's major priorities is achieving value for money. But this doesn't necessarily mean buying the cheapest option available.

Using its buying power, government can enter into procurement contracts that make a real difference to Victorians. Whether it be creating job opportunities or skills-based training in areas of disadvantage, addressing structural and systemic inequalities, or delivering environmental benefits for local communities, government procurement can add value that all Victorians can share in.

*Victoria's Social Procurement Framework* clearly defines social and sustainable procurement as a key value-for-money component, and how it can make a difference to our communities. For buyers, the framework provides the guidance to embed social and sustainable procurement into existing processes. And for suppliers, the framework informs them of the methods to deliver Government objectives, while continuing to grow their business by participating in government procurement.

The framework applies to all of Victoria's procurement activity and covers goods, services, and construction. It also builds on and complements other Government initiatives that support Victorians to realise their full potential. This includes Aboriginal businesses, social enterprises, people with disability, women and the long-term unemployed, as well as initiatives that address climate change.

The Victorian Government is not alone – social procurement initiatives are being developed and implemented at the national and international level – but our leadership is vital in demonstrating the value of putting social and sustainable outcomes at the centre of government procurement activity.

As the Minister responsible for government procurement in Victoria, I'm proud to launch this framework, and look forward to working with departments and agencies to ensure *Victoria's Social Procurement Framework* delivers benefits for all Victorians.

# Message from the Minister for Industry and Employment

Across Victoria, Government investment to deliver sustainable economic growth is creating new jobs and businesses and unlocking untapped potential across our diverse, ambitious population.

*Victoria's Social Procurement Framework* presents another major step forward in our endeavours to work in deep partnership with industry in building a fairer economy from which all Victorians can benefit – one which is innovative, inclusive and adaptive to change.

The framework sets out our objectives for leveraging maximum value from the Victorian Government's significant buying power, bolstered by our ongoing investment in infrastructure and future industries. The framework will achieve this by increasing job opportunities for under-represented groups and providing greater support for businesses that prioritise social impact alongside the delivery of competitively priced, high-quality construction projects, goods and services.

Earlier this year, we published the *Victorian Social Enterprise Strategy* in which we set out our vision for a mature and growing social enterprise sector across the State. Social enterprises are already worth \$5.34 billion to the Victorian economy, while providing vulnerable groups with greater access to employment and creating innovative solutions to complex social, economic and environmental problems. This framework is a demonstration of our ambition to support and super-charge the sector's growth.

In addition to increasing market access for social enterprises, the framework is designed to increase contracting opportunities for Aboriginal businesses (a key ambition of *Tharamba Bugheen – Victorian Aboriginal Business Strategy*) and for businesses based in targeted regional areas. The framework also ensures government suppliers support the major progress already made through the Government's *Jobs Victoria* strategy to prioritise the creation of employment opportunities for those Victorians who are often under-represented in our workforce, including people with disability and young people at risk of long-term unemployment.

The ongoing support of businesses, large and small, is crucial to achieving the aims identified in the framework. We recognise Government's responsibility to grow and retain this support by reducing red tape and making our systems and reporting requirements as streamlined and consistent as possible for suppliers and contractors. The framework provides the strong policy foundation we need while building on existing Government procurement initiatives, such as the *Major Projects Skills Guarantee* and *Local Jobs First – Victorian Industry Participation Policy*. We will continue to work closely with industry as we develop further guidance and implement the framework in 2018.

It is a privilege to launch *Victoria's Social Procurement Framework* as Victoria continues to demonstrate its strong leadership and progress in growing an economy that is stronger, more productive and works for all.



## Introduction

Victorian Government procurement is one of the largest drivers in the Victorian economy. In 2016-17, the Victorian Government spent \$16 billion on goods and services to support service delivery and operations, in addition to a spend of \$9.1 billion on public construction and infrastructure. Annual infrastructure spending alone will average \$9.6 billion from 2017-18 to 2020-21 to deliver the current pipeline of projects.

Value for money is the key driver underpinning all Victorian Government procurement decisions. *Victoria's Social Procurement Framework* aims to ensure value-for-money considerations are not solely focused on price, but encompass opportunities to deliver social and sustainable outcomes that benefit the Victorian community.

The framework sets out a whole of government scalable and consistent approach to social procurement for all Government departments and agencies. For suppliers, whether they be major businesses or small to medium enterprises (SMEs), the framework advises how to incorporate social value when competing for government procurement opportunities.

Victoria's commitment to social procurement reflects a growing national and international focus on the strategic use of procurement to drive social, economic, and environmental outcomes, including recent activity such as:

- the new 2017 ISO: 20400 Sustainable Procurement Standard, which has created a global framework to stimulate the integration of social, economic, and environmental objectives into strategic procurement practice;
- the planned update to the Infrastructure Sustainability Council of Australia Rating Scheme, which will now include social and local economic objectives, influencing future construction development practice; and
- rapidly growing leadership and support from the private sector through the establishment of targets for purchasing goods and services from social enterprises and Aboriginal businesses, investment in skills development and employment for disadvantaged community members in major projects, and inclusion of practices that support environmental sustainability beyond compliance requirements.



## PURPOSE

The framework seeks to streamline and embed social procurement within ordinary government processes. The framework is informed by the following guiding principles:

- a standard and consistent approach across the Victorian Government;
- easy to understand and adopt with minimal administrative burden for all businesses, especially SMEs;
- simple for government to embed in everyday business;
- scalable for all sizes and types of businesses and suppliers;
- user-friendly and supported with guidance, education, tools, and templates;
- able to be effectively measured and reported; and
- demonstrates Government leadership in promoting the use of social procurement across Victoria.

## APPROACH

The framework – and accompanying guidance materials – applies to procurement of all goods, services and construction undertaken by, or on behalf of, departments and agencies subject to the Standing Directions. Other Victorian public bodies are encouraged to adopt the framework.

The framework establishes:

- the Victorian Government’s social and sustainable procurement objectives;
- framework requirements and expectations, for individual procurement activities and for department and agency procurement planning; and
- measurement and reporting requirements.

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### *Public Tenant Employment Program (PTEP) Departmental programs delivering training and employment pathways*

The Department of Health and Human Services’ (DHHS) PTEP helps public housing residents across Victoria gain the hands-on experience and training they need to enter the workforce. One of the longest running Victorian Government social procurement initiatives, the program provides an important pathway for those who want to gain secure employment, but may lack the skills or confidence to find work. The PTEP provides:

- a free recruiting service to help fill job vacancies;
  - easy to use online forms to lodge job vacancies;
  - ongoing support for the lifetime of the partnership; and
  - subsidised construction industry apprenticeships for public housing residents.
-










# 01

## Victorian Government's social and sustainable procurement objectives



The Government seeks to increase the value of procuring goods, services, and construction. The Government’s social procurement objectives are outlined in Table 1 and sustainable procurement objectives in Table 2.

**Table 1: Victorian Government’s social procurement objectives**

Social procurement objectives	Outcomes sought
Opportunities for Victorian Aboriginal people	<ul style="list-style-type: none"> <li>• Purchasing from Victorian Aboriginal businesses</li> <li>• Employment of Victorian Aboriginal people by suppliers to the Victorian Government</li> </ul>
Opportunities for Victorians with disability	<ul style="list-style-type: none"> <li>• Purchasing from Victorian social enterprises and Australian Disability Enterprises</li> <li>• Employment of Victorians with disability by suppliers to the Victorian Government</li> </ul>
Women’s equality and safety	<ul style="list-style-type: none"> <li>• Adoption of family violence leave by Victorian Government suppliers</li> <li>• Gender equality within Victorian Government suppliers</li> </ul>
Opportunities for disadvantaged Victorians	<ul style="list-style-type: none"> <li>• Purchasing from Victorian social enterprises</li> <li>• Job readiness and employment for: <ul style="list-style-type: none"> <li>– long-term unemployed people</li> <li>– disengaged youth</li> <li>– single parents</li> <li>– migrants and refugees</li> <li>– workers in transition</li> </ul> </li> </ul>
Supporting safe and fair workplaces	<ul style="list-style-type: none"> <li>• Purchasing from suppliers that comply with industrial relations laws and promote secure employment</li> </ul>
Sustainable Victorian social enterprise and Aboriginal business sectors	<ul style="list-style-type: none"> <li>• Purchasing from Victorian social enterprises and Aboriginal businesses</li> </ul>
Sustainable Victorian regions	<ul style="list-style-type: none"> <li>• Job readiness and employment for people in regions with entrenched disadvantage</li> </ul>

**Table 2: Victorian Government’s sustainable procurement objectives**

Sustainable procurement objectives	Outcomes sought
Environmentally sustainable outputs	<ul style="list-style-type: none"> <li>• Project-specific requirements to use sustainable resources and to manage waste and pollution</li> <li>• Use of recycled content in construction</li> </ul>
Environmentally sustainable business practices	<ul style="list-style-type: none"> <li>• Adoption of sustainable business practices by suppliers to the Victorian Government</li> </ul>
Implementation of the Climate Change Policy Objectives	<ul style="list-style-type: none"> <li>• Project-specific requirements to minimise greenhouse gas emissions</li> <li>• Procurement of outputs that are resilient against the impacts of climate change</li> </ul>







# 02

## Social procurement

Social procurement is when organisations use their buying power to generate social value above and beyond the value of the goods, services, or construction being procured.

In the Victorian Government context, social value means the benefits that accrue to all Victorians when the social and sustainable outcomes in this Framework are achieved.

Social procurement can be grouped into two broad approaches:

1. Direct – Purchasing of goods, services or construction (by government) from:
  - a. Victorian social enterprises;
  - b. Victorian Aboriginal businesses; or
  - c. other social benefit suppliers, including Victorian Australian Disability Enterprises.
2. Indirect – Using the invitation to supply process and clauses in contracts with the private sector to seek social and sustainable outcomes for Victorians.

*Victoria's Social Procurement Framework* will support the expansion and standardisation of social procurement practice across all government procurement activities through both direct and indirect methods.

The Government acknowledges that regional SMEs play a critical role in the sustainability of regional economies and communities. In applying this framework, government departments and agencies are encouraged to consider how they can use place-based approaches to address entrenched disadvantage and support regional SMEs.

## 2.1 PURCHASING FROM SOCIAL ENTERPRISES

Social enterprises are businesses that trade to intentionally tackle social problems, improve communities, provide people access to employment and training, or help the environment. They derive most of their income from trade (not donations or grants) and use the majority of their profits (at least 50 per cent) to contribute to their social mission.

Among other benefits, social enterprises play an important role in providing transitional employment for disadvantaged job seekers, including people with disability, as a pathway to employment in mainstream businesses. Social enterprises can also provide ongoing employment options for disadvantaged job seekers who may not be well placed to sustain mainstream employment over the longer term.

## 2.2 PURCHASING FROM ABORIGINAL BUSINESSES

The Victorian Government has committed to a one per cent Aboriginal business procurement target by 2019-2020. The Victorian Government defines an Aboriginal business as:

- at least 50 per cent Aboriginal and/or Torres Strait Islander-owned;
- undertaking commercial activity; and
- main business location is in Victoria.

*Tharamba Bugheen – Victorian Aboriginal Business Strategy 2017-2021* highlights that the Victorian Aboriginal business sector is large, diverse, and growing. The sector includes for-profit businesses, Traditional Owner corporations, social enterprises and community enterprises in metropolitan and regional areas. Land-based Aboriginal businesses, including Traditional Owner corporations, are active in several fields, including primary production, natural resource management, ecosystem services and cultural tourism.

### *Kalinya servicing the Department of Premier and Cabinet Purchasing from Aboriginal businesses*

Aboriginal businesses provide a diverse range of goods and services that can be used by all areas of government. The Victorian Government's Department of Premier and Cabinet, for example, has purchased the services of Kalinya Communication – an Aboriginal communication consultancy – to provide strategic communications advice, professional editing, and supported research into media bias in reporting of family violence.

### 2.3 PURCHASING FROM AUSTRALIAN DISABILITY ENTERPRISES

Australian Disability Enterprises (ADEs) are Commonwealth-funded and generally not-for-profit organisations operating in a commercial context, specifically to provide supportive employment opportunities to people with moderate to severe disability. Some ADEs also operate as social enterprises. Under this framework, the Government encourages engagement with Victorian ADEs that offer award-based pay rates for all staff.

### 2.4 SUPPLIERS THAT PROVIDE INCLUSIVE OPPORTUNITIES

This framework seeks to incentivise all suppliers and supply chains to adopt and maintain fair, inclusive and sustainable business practices. The private sector plays a vital role in providing direct employment for people from disadvantaged communities, and in providing employment opportunities that are gender equitable and inclusive of people with disability.

The framework incentivises the employment of disadvantaged Victorians by suppliers, to maximise the positive employment outcomes they can provide. The range of employment programs supported through Jobs Victoria present a strategic mechanism through which suppliers can leverage from existing Government programs to support more job seekers at risk of being left behind into work.

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## *Melton City Council, Citywide and the Brotherhood of St. Laurence (BSL)*

### *Using targets to deliver employment outcomes*

Melton City Council recently went to market for provision of open space services. As part of their procurement process, the Council included a 10 per cent target for suppliers to offer employment for local people experiencing unemployment. In responding to this tender, Citywide partnered with the BSL in their successful response. The BSL provided identification of personnel, pre-employment training and mentoring. They also provided training and post-placement support for employers to assist them in integrating new staff who may require additional mentoring.

Twelve months on, more than 10 per cent of the workforce (9 out of 70 employees) is filled by people previously having difficulty gaining employment. Supplier market collaboration with the community sector has helped to deliver an outstanding outcome.

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# 03

## Sustainable procurement



In addition to the social outcomes described in the previous section, the Government is committed to achieving positive environmental outcomes through sustainable procurement practices, which achieves value for money while minimising impact to the environment.

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### *Reduction of air travel CO<sub>2</sub> emissions*

#### *Working with suppliers to achieve environmental sustainability*

The Department of Treasury and Finance (DTF) and Department of Environment, Land, Water and Planning (DELWP) offset their travel CO<sub>2</sub> emissions through the purchase of carbon credits. These carbon credits support the Lavers Hill reforestation project on the Great Ocean Road.

This project was established in partnership with the Victorian Government's travel provider, CTM, and specialist supplier, The South Pole Group. These providers supply an end-to-end solution to DTF and DELWP, including tracking of emissions, automatic addition of the offset cost to all travel itineraries and the purchase of carbon credits.

The typical cost to DTF and DELWP for offsetting a return air trip to Sydney is approximately \$4. DTF is working with other departments and agencies to promote uptake of this seamless solution.

DTF is also working to reduce demand for air travel by promoting alternatives such as audio-video conference facilities. By making it easier for staff to book conference calls, and adding links to these facilities on the CTM travel portal, DTF is actively seeking to change purchasing behaviour to reduce expenditure and emissions.

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Sustainable procurement practices may include:

- maximising recyclable/recovered content;
- minimising waste and greenhouse gas emissions;
- conserving energy and water;
- minimising habitat destruction and environmental degradation; and
- providing non-toxic solutions.

Under this framework, the Victorian Government promotes sustainable practices that go beyond compliance requirements to both minimise adverse environmental impact and deliver positive environmental outcomes.

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## *Sustainability Victoria*

### *Supporting supplier development for social and environmental outcomes*

Waste management has been a key area of growth in social enterprise, and an example of integrated triple-bottom-line outcomes through procurement. Social enterprises such as Outlook, which works for a range of municipalities across Melbourne, not only provide training, skills, and employment for Victorians with disability, but increase the diversion of waste from landfill.

Sustainability Victoria has supported the development of social enterprises' capacity, such as Outlook, through its Social Value from Waste (SVfW) Grants Program, which commenced in 2014. The program aims to build the capacity and capability of social enterprises, including in this case, targeted support to Outlook to build a new e-waste facility in Officer, providing training, skills, and employment for Victorians with disability.

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# 04

## Framework requirements and expectations

The framework is to be applied to procurement of all goods, services and construction, based on a scalable approach linked to procurement activity expenditure. The thresholds outlined are consistent with those used across government to determine requirements under policies such as Victorian Industry Participation Policy (VIPP) and Major Projects Skills Guarantee (MPSG). Two tables are provided:

- **Individual procurement activity requirements** – Table 3 outlines buyer requirements and the recommended approach for the inclusion of social and sustainable objectives into procurement planning processes within each expenditure threshold.
- **Government department and agency requirements** – Table 4 outlines the requirements for each department and agency to be consistent with the framework's objectives.

The Government does not expect every procurement to pursue all of the recommended actions in Table 5.

Government buyers are expected to decide which social and sustainable objectives are to be pursued and prioritised in each procurement. While this permits flexibility for government buyers, the recommended approaches are expected to achieve greater commonality across government.

The framework is supported by guidance, tools and templates for the benefit of government buyers and suppliers.

Table 3: Individual procurement activity requirements for government buyers

Victoria's Social Procurement Framework Individual procurement activity requirements				
	<b>Below threshold</b>	<b>Lower band</b>	<b>Middle band</b>	<b>Upper band</b>
	Regional under \$1 million Metro or State-wide under \$3 million	Regional \$1 to \$20 million Metro or State-wide \$3 to \$20 million	\$20 to \$50 million	Over \$50 million
<b>Planning requirement for government buyers</b>	Incorporate SPF objectives and outcomes into regular procurement planning		Complete a Social Procurement Plan during procurement planning	
<b>Described approach</b>	<b>Encouraged</b> Seek opportunities where available to directly or indirectly procure from social enterprises, ADEs or Aboriginal businesses	<b>Proportionate</b> Use evaluation criteria (5 to 10 per cent weighting) to favour businesses whose practices support social and sustainable procurement objectives	<b>Targeted</b> Include performance standards and contract requirements that pursue social and sustainable procurement objectives	<b>Strategic</b> Include targets and contract requirements that pursue social and sustainable procurement objectives
Recommended actions for government buyers				
<b>Social Enterprises, ADEs and Aboriginal businesses</b>	Seek opportunities to directly or indirectly procure from social enterprises, ADEs or Aboriginal businesses	Consider whether part of the procurement can be unbundled for delivery from social enterprises, ADEs or Aboriginal businesses	Set targets for supplier expenditure with social enterprises, ADEs or Aboriginal businesses and ask suppliers to demonstrate how they will meet targets	
<b>Disadvantaged communities</b>			Set supplier targets for employment and training for disadvantaged Victorians	
<b>Gender</b>	Ask suppliers to demonstrate gender equitable employment practices in weighted framework criteria		Include performance standards on labour hours performed by women	Include industry-appropriate targets for labour hours to be performed by women
<b>Disability</b>	Ask suppliers to demonstrate inclusive employment practices for Victorians with disability in weighted framework criteria		Include performance standards on labour hours performed by Victorians with disability	Include targets for labour hours to be performed by Victorians with disability
<b>Family Violence Leave</b>	Ask suppliers whether they offer family violence leave in weighted framework criteria			
<b>Fair and safe workplaces</b>	Ask suppliers to demonstrate compliance with industrial relations laws			
<b>Environmental sustainability</b>	Ask suppliers to demonstrate environmentally sustainable business practices in weighted framework criteria		Include requirements as relevant on recycled content, waste management and energy consumption.	
<b>Climate change</b>	Where procurement includes a design component, include requirements on greenhouse gas emissions and climate change resilience			

**Table 4: Government department and agency planning requirement**

Victoria's Social Procurement Framework department and agency planning requirement	
Social Procurement Strategy	Each department and agency is to prepare a Social Procurement Strategy, which includes consideration of the following areas:
Planning	<ul style="list-style-type: none"> <li>• Leadership and governance                             <ul style="list-style-type: none"> <li>– Key priorities and objectives.</li> <li>– Roles and responsibilities.</li> <li>– Consideration of department or agency targets, such as:                                     <ol style="list-style-type: none"> <li>a. meeting the required 1 per cent Aboriginal business procurement target;</li> <li>b. social enterprise expenditure target (percentage or amount);</li> <li>c. targets for gender equality, family violence leave and employment of Victorians with disability;</li> <li>d. target for job creation from priority disadvantaged communities; and</li> <li>e. target for proportion of suppliers with environmentally sustainable business practices.</li> </ol> </li> </ul> </li> <li>• Policy and process                             <ul style="list-style-type: none"> <li>– Integration into policy, processes, documentation, tools, and templates.</li> </ul> </li> <li>• Planning and opportunity analysis                             <ul style="list-style-type: none"> <li>– Integration into forward procurement planning.</li> <li>– Completion of an opportunity and risk analysis.</li> <li>– Prioritisation of activities.</li> </ul> </li> <li>• Action plan                             <ul style="list-style-type: none"> <li>– Key actions, timeframes, and owners.</li> </ul> </li> </ul>
Staff and stakeholder communication and education	<ul style="list-style-type: none"> <li>• Communication and education for staff and key stakeholders in delivering against the framework, including:                             <ul style="list-style-type: none"> <li>– targeted awareness and training programs (e.g. procurement teams, project managers, buyers); and</li> <li>– provision of access to expertise.</li> </ul> </li> </ul>
Supplier communication, education, and development	<ul style="list-style-type: none"> <li>• Supplier development and education, including:                             <ul style="list-style-type: none"> <li>– targeted communication to suppliers on expectations and opportunities under the framework;</li> <li>– targeted awareness sessions for key suppliers and access to training programs as required; and</li> <li>– proposed supplier development activities, including engagement with social enterprises, ADEs and Aboriginal businesses.</li> </ul> </li> </ul>
Measurement and reporting	<ul style="list-style-type: none"> <li>• Development of a reporting and management framework that includes:                             <ul style="list-style-type: none"> <li>– a data collection model to track against government requirements and the targets and measures outlined in the Social Procurement Strategy;</li> <li>– tools and methods for data collection and analysis; and</li> <li>– reporting on achievements against the strategy and organisational targets.</li> </ul> </li> </ul>







# 05

## Embedding social procurement

Introducing a whole of government social procurement framework requires a shift in procurement practices whereby decisions are based on an evaluation of social and sustainable outcomes as well as price, quality, and risk. Embedding this framework will need consideration of:

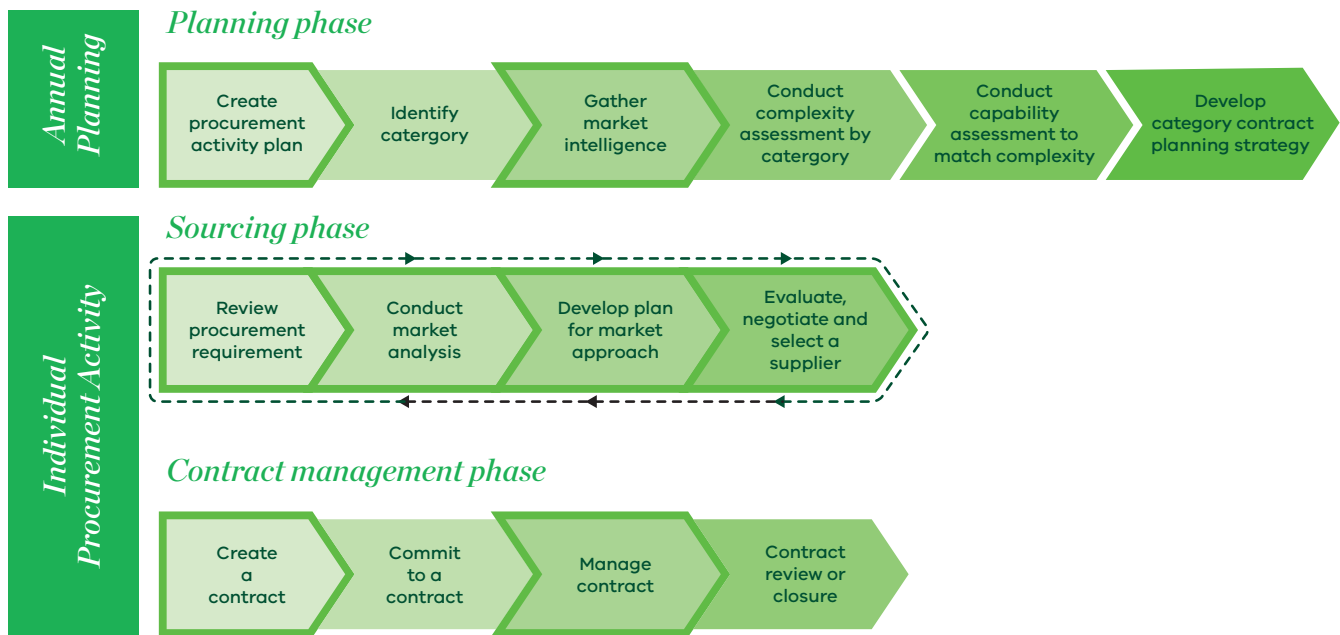
1. alignment with government and departmental procurement processes;
2. setting targets and measuring outcomes; and
3. an implementation plan for the framework.


## 5.1 ALIGNMENT WITH THE GOVERNMENT'S PROCUREMENT PROCESSES

Victorian Government procurement is governed through relevant Acts and Regulations and through the Victorian Government Purchasing Board (VGPB) for goods and services.

The VGPB processes shown in Figure 1 identify key steps in Annual Procurement Planning and Individual Procurement Activity. While social procurement practice should be incorporated into all stages, specific steps have been highlighted below as key enablers of successful practice.

Figure 1: Social procurement throughout the procurement process



 Social procurement in the procurement process\*  
\*VGPB procurement processes referenced

## 5.2 MAJOR PROJECTS

Social procurement approaches are increasingly being incorporated into Victorian Government major projects. This framework draws on this momentum and creates a consistent and coordinated approach. The Government expects major projects to continue to drive innovation and best practice.

This momentum leverages existing policies such as *Local Jobs First – VIPP* and MPSG. These policies drive local industry participation and the delivery of job outcomes in major projects and other procurements.

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### *Level Crossing Removal Authority (LXRA)*

#### *Major projects creating meaningful employment*

The LXRA (part of the Department of Economic Development, Jobs, Transport, and Resources) has been undertaking social procurement through each of its project packages. The Authority has established a range of requirements, including a target that 3 per cent of the total contract spend will go to social enterprises, Aboriginal businesses, and direct employment of disadvantaged jobseekers in the supply chain.

LXRA has supported these targets with a comprehensive data collection and dashboard reporting model, which it uses to provide monthly tracking of progress for the suppliers and for Government. The targets, together with a focus on tracking activity, have helped to drive a significant response, particularly from 'Tier 1' suppliers, across the LXRA program of major projects. The outcomes have included:

- major new expenditure creating growth and driving opportunities for social enterprises and Aboriginal businesses throughout the project supply chains;
  - organisations such as Social Traders and Social Ventures Australia working with buyers and social enterprises (particularly those providing employment for people with disability or from disadvantaged backgrounds) to build capacity to respond to the new opportunities;
  - significant new employment outcomes for a range of target disadvantaged communities working directly for private sector providers across the supply chain; and
  - helping to further embed supplier commitment to deliver on the Government's *Local Jobs First – VIPP* requirements and MPSG targets and employment for disadvantaged communities.
-



### 5.3 STATE PURCHASE CONTRACTS AND PRE-QUALIFICATION REGISTERS

A substantial proportion of Victorian Government procurement is undertaken under State Purchase Contracts (SPCs) and through supplier pre-qualification registers. Over time, SPCs and registers will be adapted to embed the framework's objectives. Some opportunities exist under existing contracts. Others will be considered when contracts are renewed.

While opportunities vary for each SPC and register, actions may include:

- increasing the number of targeted suppliers on panels and registers, and making it easy for buyers to identify them;
- incorporating questions into panel rules and response templates that incentivise gender-balanced and regionally located teams on individual engagements; and
- working with suppliers on workforce development and environmental sustainability.

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#### *Women Barristers Briefing Policy – Department of Justice and Regulation Gender equality in State Purchase Contracts*

In 2015, the Government Legal Services Panel revived a policy requiring private firms contracted by the Victorian Government to:

- report on their briefing of female barristers;
- comply with the Victorian Bar's Equal Opportunity Briefing Policy; and
- report on their workplace equal opportunity arrangements.

Reporting is published in the *Women Barristers Briefing Report* – the report for 2009 to 2015 recorded that female barristers received 25.4 per cent of total fees paid to counsel and 34.9 per cent of briefs. Women comprise 27 per cent of the Victorian Bar.

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## 5.4 SUPPLIER CODE OF CONDUCT

The Victorian Government's commitment to ethical, sustainable and socially responsible procurement is reflected in its Supplier Code of Conduct, designed to ensure that its suppliers maintain the same values.

The Code outlines the minimum ethical standards in behaviour expected of suppliers when conducting business with or on behalf of the State, in the areas of:

- a. integrity, ethics, and conduct;
- b. conflict of interest, gifts, benefits, and hospitality;
- c. corporate governance;
- d. labour and human rights;
- e. health and safety; and
- f. environmental management.

The Supplier Code of Conduct is available at [www.procurement.vic.gov.au/Suppliers/Supplier-Code-of-Conduct](http://www.procurement.vic.gov.au/Suppliers/Supplier-Code-of-Conduct).

The Supplier Code of Conduct and this framework are complementary policies. The Supplier Code of Conduct sets minimum standards aimed at reducing harm, whereas this framework encourages inclusive practices aimed at value creation.








# 06

## Social procurement planning and tactics



This framework establishes a requirement for departments and agencies to develop organisation-wide Social Procurement Strategies. These need to support policy, practice and capability development for staff, suppliers and supply chains. The flexible application of this framework within existing procurement practice seeks to ensure that social procurement is embedded in ordinary government business, with minimal burden on buyers or suppliers.

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### *G21 GROW Program*

#### *Regional programs achieving local and social outcomes*

G21 GROW is a joint regional initiative between the Give Where You Live Foundation and the G21 – Geelong Regional Alliance. Together with partners across the government, private, community and philanthropic sectors, GROW's primary focus is on creating job opportunities specifically benefiting the most disadvantaged in the region's community. GROW has developed and implemented a social procurement framework that is driving increased local and social procurement.

This is a long-term strategy to deliver employment opportunities through the delivery of specific projects. The Year One (2015-16) Report Card on the Program was released in May 2017 and the outcomes from the first 18 Compact signatories included:

- 72 employment outcomes for GROW target communities, including traineeships and apprenticeships; and
- a 9.34 per cent shift to local procurement, or \$23.88 million into the region (which equates to 145 jobs).

There are now 70 Compact signatories from across all types of sectors working on GROW action plans.

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The framework also promotes the use of best practice sourcing tactics to drive social procurement. Depending on the size, expenditure category, and level of opportunity and risk, there are several tactics that can be applied. Some of the more common approaches are highlighted in Table 5.

**Table 5: Social procurement sourcing tactics**

Social procurement sourcing tactics	Description
Bundle	Increasing the size and scope of a procurement to enable a social or sustainable solution.
Unbundle	Decreasing the size and scope of a project/contract where social enterprises, ADEs or Aboriginal businesses in the supply market do not have the capacity to meet scope.
Evaluation criteria or targets for delivering social value	Asking all businesses to demonstrate impact, while communicating to the market the importance placed on social value.
Evaluation criteria or targets for subcontracting	Higher value contracts can require or encourage suppliers to incorporate social enterprises, ADEs or Aboriginal businesses in their supply chain.
Expressions of interest	When there is limited knowledge of how social impact could be addressed or there is a desire to encourage innovation from the supply market.
Partnerships	Creates long-term opportunities for innovation around shared social and sustainable objectives, including partnering with private sector and support organisations or strategic matching of social enterprise, ADE or Aboriginal business supplier capability with a pipeline of work.
Supplier relationship management (SRM)	Relationships and structured SRM processes enabling engagement with existing long-term suppliers to explore opportunities to strengthen the delivery of social objectives.
Targeted panels	Using panels as an opportunity to encourage and enable market participation by social enterprises, ADEs and Aboriginal businesses.
Targeted sourcing	Allowing direct sourcing from known social enterprises, ADEs and Aboriginal businesses with demonstrated capability. Initially, this might apply to lower value procurements as sector capability develops.

## 6.1 PARTNERS AND SUPPORT AGENCIES

The Victorian Government works collaboratively with partners and supporting agencies to:

- develop buyer and supplier capability;
- support suppliers with recruiting, pre-employment, on-the-job training and mentoring; and
- connect buyers to certified social enterprises and certified Aboriginal businesses.

The Victorian Government's current social procurement partnerships include:

- Kinaway – the Victorian Aboriginal Chamber of Commerce supports Aboriginal businesses and entrepreneurs. Through policy, advocacy, and representation services, Kinaway seeks to grow the capacity of the Aboriginal business sector, entrepreneurs, and Aboriginal business leadership in Victoria. In doing so, it aims to have a positive and direct influence in increasing economic participation by the Aboriginal community and its contribution to the Victorian economy. Kinaway is developing and will maintain a directory of Victorian Aboriginal businesses to further support and promote the sector.
- Social Traders – Australia's leading organisation that connects social enterprise with social procurement opportunities. Through certification and an annual buyer membership, Social Traders links business and government buyers with social enterprise and aims to create 1,500 jobs for disadvantaged Australians by 2021.
- Supply Nation – the Australian leader in Indigenous supplier diversity, established in 2009 to connect its membership of Australia's leading government agencies and corporates with 1450 Indigenous businesses across the country. Supply Nation's rigorous registration and certification processes ensure members can be confident of Indigenous ownership. Supply Nation has a team of specialist consultants across Australia working intensively with Government and Corporate organisations to embed supplier diversity into their supply chains.





## *Social Traders*

### *Creating jobs through social enterprise*

Social Traders supports the Victorian Government in delivering on the Victorian Social Enterprise Strategy by:

1. Certifying social enterprises that meet the criteria (as outlined in the Social Enterprise Strategy) and offering services to support the growth and impact of business-to-business enterprises. Specifically, Social Traders provides social enterprises with:
  - the ability to be recognised as a social enterprise and share best practice and challenges with other social enterprise procurement leaders; and
  - a range of tailored support for Social Traders certified social enterprises to scale, grow and successfully deliver on the contracts they win.
2. Helping to put social enterprises into supply chains by making introductions, hosting networking events, and working with business and government buyers to update their tender processes to open new opportunities for social enterprises. Specifically, Social Traders provides buyers with:
  - support to identify suitable providers from a database of approximately 200 certified social enterprises (of which more than 100 are based or operating in Victoria) to all staff employed by the Victorian Government; and
  - the ability to track and report on the social impact of social procurement expenditure (e.g. number of jobs created for disadvantaged communities).



## 6.2 SUPPORT AND DEVELOPMENT FOR DISADVANTAGED JOBSEEKERS

The Government's existing employment, inclusion and training programs will help support suppliers to find, employ and train disadvantaged Victorians.

The Government established Jobs Victoria to provide a comprehensive approach to supporting job seekers at risk of being left behind. Jobs Victoria is supported by arrangements with leading organisations in the community sector and private sector employers.

Social enterprises, TAFEs and other training providers play a significant role in offering disadvantaged and high needs Victorians the skills they need to be job-ready now and in the future. The Government will seek to ensure that training and skills gaps are identified and addressed on an ongoing basis and the training and TAFE system's role to deliver government and community benefits are acknowledged.

The Government recognises the distinct role that TAFEs have, as public providers who partner with industry and Government on key economic priorities, in leading the training system in excellence and innovation, providing essential life skills and support services, and helping disadvantaged students and communities.





# 07

## Implementation and reporting

## 7.1 IMPLEMENTATION PLAN

The implementation of *Victoria's Social Procurement Framework* will be phased in throughout 2018-19. Specific activities, roles and responsibilities will be determined through further consultation and development.

Action	By when
Release framework along with detailed guidance and tools for buyers and suppliers to support planning and reporting by departments and agencies	April-September 2018
Complete roll out of the framework across all government departments and agencies	September 2018
Government departments and agencies submit first annual report against the framework	July 2019





## 7.2 MEASUREMENT AND REPORTING

It is important that processes exist to measure the costs and benefits of social procurement to ensure value for money is achieved and substantiated. Sound measurement and reporting will enable evaluation of the framework over time, and inform future consideration as to the framework objectives and recommended approaches.

Government departments and agencies subject to the Standing Directions are required to report on their social procurement activities in their annual reports under this framework.

Reporting against the framework and delivery against the outcome priorities is required against individual contracts and at the department or agency level.

**Table 6: Department and agency measurement for reporting**

Level	Measures
Contract	Measuring supplier performance, such as: <ul style="list-style-type: none"> <li>• employment and training opportunities for disadvantaged Victorians; and</li> <li>• the proportion of supplier personnel by gender and people with disability.</li> </ul>
Department or agency	Aggregated outputs, such as: <ul style="list-style-type: none"> <li>• the number of social enterprises, ADEs and Aboriginal businesses engaged and total spend;</li> <li>• the proportion of suppliers that offer family violence leave; and</li> <li>• the proportion of suppliers with environmentally sustainable practices.</li> </ul>

Annual whole of government reporting will publish aggregated outputs and benefits. On commencement, these whole of government reports will focus on key indicators, with an aim to increase in sophistication over time.



# 08

## Appendices



### 8.1 RELEVANT GOVERNMENT POLICY, LEGISLATION, AND INITIATIVES

#### *Local Jobs First – Victorian Industry Participation Policy (VIPP)*

The VIPP is governed by the *Victorian Industry Participation Act 2003* (the VIPP Act), the main objectives of which are to:

- promote employment and business growth by expanding market opportunities for local industry;
- provide contractors with increased access to, and raised awareness of, local industry capability;
- expose local industry to world's best practice in workplace innovation, e-commerce and use of new technologies and materials; and
- develop local industry's international competitiveness and flexibility in responding to changing global markets by giving local industry a fair opportunity to compete against foreign suppliers.

The VIPP requires Government departments and agencies to consider competitive local suppliers, including SMEs, when awarding contracts valued at:

- \$1 million or more in regional Victoria; or
- \$3 million or more in metropolitan Melbourne or for State-wide activities.

The VIPP focuses particular attention on strategic projects valued at \$50 million or more, with contractors required to deliver Local Industry Development Plans and commit to delivering local content and job outcomes.

[economicdevelopment.vic.gov.au/victorian-industry-participation-policy](http://economicdevelopment.vic.gov.au/victorian-industry-participation-policy)

#### *Major Projects Skills Guarantee (MPSG)*

The MPSG provides opportunities for Victorian apprentices, trainees, and engineering cadets to work on some of Victoria's biggest building and construction, infrastructure, and civil engineering projects. It is designed to ensure that young Victorians in particular benefit directly from the major infrastructure projects being undertaken in Victoria.

The MPSG requires all publicly funded building, construction, infrastructure, civil engineering, or other capital works over \$20 million to use local apprentices, trainees, or engineering cadets for at least 10 per cent of the total estimated labour hours.

[jobs.vic.gov.au/about-jobs-victoria/major-projects-skills-guarantee](http://jobs.vic.gov.au/about-jobs-victoria/major-projects-skills-guarantee)

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## *The Value Creation and Capture (VCC) Framework*

The VCC Framework is designed to encourage Government sponsors and delivery partners for capital investments, projects to develop public land, and precinct projects, to consider broader opportunities to enhance public value.

[www.dpc.vic.gov.au/index.php/news-publications/value-creation-and-capture-framework](http://www.dpc.vic.gov.au/index.php/news-publications/value-creation-and-capture-framework)

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## *Jobs Victoria*

Jobs Victoria, established in May 2016, provides targeted support services to job seekers at risk of being left behind, through:

- the Jobs Victoria Employment Network to support jobseekers;
- the Youth Employment Scheme and Youth Cadetship Scheme to provide pathways to public service careers;
- the Business in Transition Support program to reduce the impact of retrenchments;
- Work and Learning Centres;
- the Jobs Victoria Innovation Fund to support innovative employment services; and
- JobsBank, by which businesses pledge to employ long-term jobseekers with complex needs.

The VIPP focuses particular attention on strategic projects valued at \$50 million or more, with contractors required to deliver Local Industry Development Plans and committing to deliver local content and job outcomes.

[jobs.vic.gov.au](http://jobs.vic.gov.au)

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## *Tharamba Bugheen – Victorian Aboriginal Business Strategy*

*Tharamba Bugheen* supports Aboriginal businesses to grow, extend networks and build upon entrepreneurial skills within communities. Fully participating in the economy provides Aboriginal Victorians with the resources they need to determine their own future. Economic participation is critical to self-determination.

[www.vic.gov.au/news/tharamba-bugheen-victorian-aboriginal-business-strategy.html](http://www.vic.gov.au/news/tharamba-bugheen-victorian-aboriginal-business-strategy.html)

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## *Victorian Aboriginal Economic Board (VAEB)*

The Victorian Aboriginal Economic Board was established in June 2016 and is a key commitment under the Victorian Economic Strategy. The Board's role is to champion economic development initiatives, advise the Minister for Aboriginal Affairs on projects to be delivered, and identify any barriers to Aboriginal economic development. The Board will also provide advice on the implementation of *Tharamba Bugheen*.

A key priority for the Board is to improve Aboriginal procurement opportunities. In 2017, the Board hosted an Aboriginal procurement event series to identify procurement barriers and develop practical solutions to support the growth of Aboriginal businesses. These events highlighted the Government's commitment to procure from Aboriginal businesses, and encouraged the private sector to do the same.

[www.vic.gov.au/aboriginalvictoria/policy/victorian-aboriginal-economic-development.html](http://www.vic.gov.au/aboriginalvictoria/policy/victorian-aboriginal-economic-development.html)

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## Victorian Government Purchasing Board (VGPB)

The VGPB has a supply policy framework that recognises procurement as a core business function. The framework uses a complexity and risk-based model to inform the approach to market. The framework covers the whole procurement lifecycle and is underpinned by high levels of probity, accountability, and flexibility with a strong focus on value for money, more interactive engagement with the market and productivity improvement.

All Victorian Government organisations subject to VGPB policies must operate under the VGPB policy framework for non-construction goods and services. This includes contractor adherence to the Supplier Code of Conduct.

### Victorian Government Purchasing Board (VGPB) Framework and associated policies

[www.procurement.vic.gov.au/Buyers/Applying-the-VGPB-framework](http://www.procurement.vic.gov.au/Buyers/Applying-the-VGPB-framework)

### Supplier Code of Conduct

[www.procurement.vic.gov.au/Suppliers/Supplier-Code-of-Conduct](http://www.procurement.vic.gov.au/Suppliers/Supplier-Code-of-Conduct)

## Victorian Social Enterprise Strategy

The Victorian Social Enterprise Strategy advocates for greater coordination across government to support social enterprises. The strategy is the first of its kind in Australia, and includes eight initiatives across three action areas to support the growth of the social enterprise sector and inclusive economic growth across Victoria. The action areas are:

1. increasing impact and innovation;
2. building business capacity and skills; and
3. improving market access.

[jobs.vic.gov.au/about-jobs-victoria/victorian-social-enterprise-strategy](http://jobs.vic.gov.au/about-jobs-victoria/victorian-social-enterprise-strategy)

## Victorian Small Business Commission

The Victorian Small Business Commission promotes a fair and competitive environment for Victorian small business to operate, grow, and prosper. The Commission's support extends to social enterprises and Aboriginal businesses, including programs and training to help win business.

[www.vsbv.vic.gov.au](http://www.vsbv.vic.gov.au)

## Absolutely everyone: state disability plan 2017-2020

### Every opportunity: Victorian economic participation plan for people with disability 2018-2020

The state disability plan tackles the negative attitudes and barriers that more than one million Victorians with disability deal with on a daily basis.

In response to the plan's key priorities, *Every opportunity: Victorian economic participation plan for people with disability 2018-2020* was launched in February 2018.

[www.statedisabilityplan.vic.gov.au/every-opportunity](http://www.statedisabilityplan.vic.gov.au/every-opportunity)

*Every opportunity* outlines 21 actions to improve work, study and business opportunities for Victorians with disability, and to maximise the benefits of the National Disability Insurance Scheme.

*Every opportunity* will drive positive change across the economy by activating two major stakeholders – government itself (as a major employer and purchaser of goods and services) and the broader Victorian business community.

[www.statedisabilityplan.vic.gov.au](http://www.statedisabilityplan.vic.gov.au)



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## *Safe and Strong: Victoria's Gender Equality Strategy*

This strategy sets out a framework for enduring and sustained action over time. It aims to progressively build the attitudinal and behavioural change required to reduce violence against women and deliver gender equality.

The progressive introduction of gender ethical procurement policies is a founding reform within *Safe and Strong*. Policies in relation to contracted organisations, suppliers and funded agencies, to encourage and promote commitments to family leave, work towards gender equality in their own workplaces and (where relevant and appropriate) to reflect gender equality considerations in procurement contracts.

[www.vic.gov.au/system/user\\_files/Documents/women/161108\\_Victorian\\_Gender\\_Equality\\_Strategy\\_ONLINE.pdf](http://www.vic.gov.au/system/user_files/Documents/women/161108_Victorian_Gender_Equality_Strategy_ONLINE.pdf)

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## *Climate Change Act 2017*

The *Climate Change Act 2017* provides Victoria with a world-leading legislative foundation to manage climate change risks, maximise the opportunities that arise from decisive action, and drive our transition to a climate resilient community and economy with net zero emissions by 2050. It gives effect to the majority of the commitments set out in the Victorian Government Response to the 2015 *Independent Review of the Climate Change Act 2010*.

[www.climatechange.vic.gov.au/legislation/climate-change-act-2017](http://www.climatechange.vic.gov.au/legislation/climate-change-act-2017)

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## *2017 ISO: 20400 Sustainable Procurement Standard*

The new 2017 ISO: 20400 Sustainable Procurement Standard creates a global framework to stimulate the integration of social, economic, and environmental objectives into strategic procurement practice. Building on progress to date for environmental sustainability and climate change, the Standard paves the way for further development work by the Victorian Government.

[www.iso.org/standard/63026.html](http://www.iso.org/standard/63026.html)

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## *Infrastructure Sustainability Council of Australia (ISCA) Rating Scheme*

ISCA provides a comprehensive rating system for evaluating sustainability across design, construction, and operation of infrastructure. ISCA evaluates the sustainability (including environmental, social, economic and governance aspects) of infrastructure projects and assets. An update to this scheme is planned at the time of the development of *Victoria's Social Procurement Framework*.

[isca.org.au/is-rating-scheme/about-is](http://isca.org.au/is-rating-scheme/about-is)

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## 8.2 TERMS AND DEFINITIONS

The following terms used in this document – and in the accompanying suite of guidance materials – have been defined to establish a shared social procurement language and are consistent with related Government legislation and policy, where applicable.

Term	Definition
Climate Change Policy Objectives	The policy objectives set out in section 22 of the <i>Climate Change Act 2017</i> (Vic).
Construction	Includes 'Works' and 'Construction Services' as defined in the Ministerial Directions for Public Construction Procurement in Victoria.
Disadvantaged Victorians	Victorian people or groups that are in unfavourable circumstances or considered to be vulnerable, especially in relation to financial, employment or social opportunities. This may include, but is not limited to, youth, long-term unemployed, people with disability, refugees, migrants and persons needing to develop skills to become work ready.
Long-term unemployed	A person who has been unemployed for 12 months or more excluding people undertaking studies.
Victorians with disability	Victorian people who have long-term physical, mental, intellectual or sensory impairments which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with others.
Standing Directions	Standing Directions of the Minister for Finance 2016 under the <i>Financial Management Act 1994</i> (Vic).
Women in non-traditional trades or professions	Women working in technical or operational fields such as mining, construction, or utilities, with trade or higher education qualifications in the areas of building and construction, architecture, engineering, surveying, business, economics, and law.
Workers in transition	Jobseekers who are recently retrenched or facing pending retrenchment due to business closure or industry transition, who require further training or on-the-job support to transition to new employment.
Disengaged youth	People aged 15 to 24 years not studying and seeking full-time work.





