

# An Introduction to Victoria's Social Procurement Framework

Building a fair, inclusive  
and sustainable Victoria  
through procurement



## *Victoria's Social Procurement Framework puts social and sustainable outcomes at the centre of the Government's procurement activity.*

By leveraging its significant buying power, the Framework enables Government to increase the value of all of its procured goods, services and construction. This means ensuring that value-for-money is not solely focused on the cheapest price, but also maximises social, economic and environmental benefits for all Victorians, and opportunities for Victorian jobs.

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.

The Framework is scalable based on procurement activity. It is designed to establish a consistent and streamlined approach that embeds social procurement into Government's everyday buying activity.

Aligning with other important Government work, the Framework also supports Aboriginal businesses, social enterprises, people with a disability, women's equality and safety, the long-term unemployed and environmental sustainability.

The Framework applies to all Government departments and agencies that procure goods, services and construction. Phased implementation of the Framework begins mid-2018, supported by detailed guidance for buyers and suppliers.

## **The power of social procurement**

The Victorian Government is committed to ensuring that all Victorians can participate in, and contribute to, Victoria's growing economy.

Government is a major buyer of goods, services and construction to deliver high-quality public services and infrastructure to meet a range of growing community needs, now and in the future.

By harnessing a more strategic use of Government's procurement activity, the Framework establishes an essential platform to advance Victoria's strong leadership in building an economy that is stronger, more productive and works for all Victorians. The Framework will support:

- Job creation and skills-based training in areas of disadvantage
- Addressing systemic inequalities
- Improving environmental outcomes in local communities.



## Driving social and sustainable outcomes

The Framework includes specific social and sustainable procurement objectives and corresponding outcomes. These objectives and outcomes will be measured, monitored and reported on over time.

### Social procurement objectives

- Opportunities for Victorian Aboriginal people
- Opportunities for Victorians with a disability
- Opportunities for disadvantaged Victorians, such as long-term unemployed people, disengaged youth, and workers in transition
- Women's equality and safety
- Supporting safe and fair workplaces
- Sustainable Victorian social enterprise and Aboriginal business sectors
- Sustainable Victorian regions

### Sustainable procurement objectives

- Environmentally sustainable outputs
- Environmentally sustainable business practices
- Implementation of the Climate Change Policy objectives



# Implementing social procurement

The Framework applies to all Government departments and agencies and to procurement of all goods, services and construction.

As buyers, Government departments and agencies will develop and work to a Social Procurement Strategy, with a statement of progress to be included in their Annual Reports.

Government departments and agencies will implement the Framework through individual procurement activities using a scalable approach based on expenditure – noting that expenditure also considers procurement activity location, be it regional, metropolitan or State-wide.

The procurement expenditure thresholds are aligned with the existing Victorian Industry Participation Policy (VIPP) and Major Projects Skills Guarantee (MPSG).

Victoria's Social Procurement Framework Individual procurement activity requirements				
	Below threshold	Lower band	Middle band	Upper band
	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
<i>Planning requirement for government buyers</i>	Incorporate social objectives into regular procurement planning		Complete a Social Procurement Plan during procurement planning	
<i>Described approach</i>	<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 objectives	<b>Targeted</b>  Include performance standards and contract requirements that pursue social and sustainable objectives	<b>Strategic</b>  Include targets and contract requirements that pursue social and sustainable objectives

Suppliers are encouraged to become familiar with the requirements of the Framework that Government departments and agencies are adopting in their procurement activities.



## Leading social procurement practice

A number of Government departments and agencies are already using social procurement practices in their buying activity – from engaging Aboriginal businesses to deliver design services to working with industry partners to strengthen opportunities for social enterprises, and using major infrastructure programs to generate real jobs and training for Victorians experiencing disadvantage or living with a disability. The Framework builds on this leadership and experience.

## Case study: Social procurement in practice

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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 a 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 Major Projects Skills Guarantee (MPSG) targets and employment for disadvantaged communities.
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## More information

The Framework and answers to FAQs are available at [www.procurement.vic.gov.au/SPF](http://www.procurement.vic.gov.au/SPF)

For all enquiries, please call us on 03 9651 1699 or email us at [SocialProcurement@dtf.vic.gov.au](mailto:SocialProcurement@dtf.vic.gov.au)

