

# Victoria's Social Procurement Framework

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# General

## What is 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 additional benefits created for all Victorians when the social and sustainable outcomes are achieved.

In other words, social procurement aims to increase the value of every dollar that the government spends on goods, services and construction.

## Social procurement framework

### What is the social procurement framework?

The Social Procurement Framework (SPF) is a statement that clearly defines social and sustainable procurement as a key value-for-money component of government procurement. The framework provides guidance and support for the implementation of the government's social procurement objectives.

### Is the SPF mandatory or voluntary?

The SPF is mandatory for all departments and agencies that are subject to the Standing Directions of the Minister for Finance.

### When does the SPF apply?

The SPF applies to all government departments and agencies that procure goods, services and construction, from 1 September 2018, with implementation phased through 2018-19.

### Who is a government buyer under the SPF?

A government buyer is the individual(s) responsible for planning, sourcing and/or approving goods, services or construction being procured by a department or agency.

### Does the SPF have a minimum financial value to determine when it applies?

No, there is no minimum value that determines when the SPF applies. The SPF applies to all procurement activities, irrespective of their value.

However, the appropriate planning requirements and approach for application of the SPF changes according to the thresholds outlined in the table below. These thresholds are based on a scalable approach linked to procurement activity expenditure.

Victoria's Social Procurement Framework Individual procurement activity requirements				
	Below threshold	Lower band	Middle band	Upper band
	Regional under \$1 million	Regional \$1 to \$20 million	\$20 to \$50 million	Over \$50 million
	Metro or State-wide under \$3 million	Metro or State-wide \$3 to \$20 million		
<i>Planning requirement for government buyers</i>	Incorporate social objectives into regular procurement planning		Complete a Social Procurement Plan during procurement planning	

## **Are the four value thresholds in the SPF exclusive or inclusive of GST?**

These bands are exclusive of GST.

## **Does the SPF apply to grants?**

No, the SPF does not apply to grants.

The SPF applies where Government provides any level of procurement funding to an individual procurement activity undertaken by, or on behalf of, a department or agency. The SPF does not apply where Government's financial contribution to the activity is limited to grants funding or other forms of financial assistance.

## **Will the SPF be retrospectively applied to contracts that commenced prior to 1 September 2018?**

No. The SPF will apply to all new contracts beginning from 1 September 2018 onwards.

## **Does the SPF contain any measures for addressing non-compliance with the requirements of the framework?**

The SPF does not contain measures to address a supplier's non-compliance with its contractual requirements for the SPF. Each department and agency will need to determine (and contractually negotiate) the consequences that will apply if a supplier does not meet the agreed contractual social and sustainable obligations. For example, contracts may include financial disincentives that apply if the SPF obligations are not met.

Each agency will determine whether there has been a valid reason for non-compliance (such as an unavoidable change of supplier). Where no valid reason can be identified, the agency may determine that this represents a breach of contract and take appropriate action under the contract. A supplier's non-compliance with the Social Procurement Compliance Plan as reported will also be considered in the assessment or review of the Supplier's eligibility to tender for future Victorian Government Contracts.

# **VendorPanel**

## **Where do I find a list of approved social benefit suppliers (Aboriginal, Australian disability enterprises and social enterprises)?**

To support implementation of the SPF, the VendorPanel procurement platform is available to all departments and agencies to access social benefit suppliers. There is no cost for using this platform, as access has been provided through the Victorian Government State Purchase Contract for eProcurement.

VendorPanel ([www.vendorpanel.com](http://www.vendorpanel.com)) has a social benefit marketplace which will provide access to the following marketplaces:

- Social Enterprise marketplace, verified by Social Traders;
- Kinaway marketplace, verified by Kinaway, the Victorian Aboriginal Chamber of Commerce; and
- Indigenous business marketplace, verified by Supply Nation.

Over time, other registers of social benefit suppliers may be made available.

The suppliers that you can view on VendorPanel will depend on which partner organisations your department or agency is a member of. The following access arrangements currently apply for all Victorian government departments and agencies:

- Social Traders Marketplace – available to all Victorian government entities;
- Kinaway Marketplace – available to all Victorian government entities; and
- Supply Nation Marketplace – available only to those departments and agencies who are Supply Nation members.

### **Is support available for government buyers wanting to learn how to use VendorPanel?**

Yes. Ongoing online and phone-based support are available at no charge. Arrangements for training in the use of VendorPanel can be made by contacting VendorPanel directly on 03 9095 6181 or [support@vendorpanel.com.au](mailto:support@vendorpanel.com.au) or visit their website [www.vendorpanel.com](http://www.vendorpanel.com).

### **How do I register for VendorPanel?**

To obtain VendorPanel access, please email [eServices@dpc.vic.gov.au](mailto:eServices@dpc.vic.gov.au) and provide the name and email address of each employee in your organisation requiring access to VendorPanel.

There is no limit on the number of employees who can access VendorPanel – It is available across the Whole of Victorian Government.

## **The SPF and my agency**

### **How do I know if the SPF applies to my department or agency?**

The SPF applies to the procurement activities of all Victorian departments and agencies that are subject to the Standing Directions of the Minister for Finance 2016. Note that this is a broader set of public bodies than the agencies that are currently mandated to comply with the Victorian Government Purchasing Board policy framework.

Find out if your department or agency is subject to the Standing Directions of the Minister for Finance at: [www.dtf.vic.gov.au/financial-management-government/standing-directions-minister-finance-2016](http://www.dtf.vic.gov.au/financial-management-government/standing-directions-minister-finance-2016).

### **What do buyers need to do right now with the SPF?**

As part of the initial roll-out of the SPF, the seven core departments, plus VicRoads, Victoria Police and Public Transport Victoria are required to submit a draft Social Procurement Strategy to the Department of Treasury and Finance by 1 September 2018.

Other government entities are required to submit a draft Social Procurement Strategy by 1 September 2019, but are encouraged to adopt the Framework early as exemplars of social procurement practice.

Guidance material is available to help buyers and suppliers embed social procurement within their procurement processes through tools, templates and supplier directories.

### **Does the SPF replace my agency's existing social procurement policy?**

The Victorian SPF does not replace an existing social procurement policy or strategy.

Where a department or agency has an existing social procurement policy and/or strategy, it will remain relevant but should be reviewed to ensure consistency with the SPF.

## What does the SPF mean for our current or planned procurements?

Government buyers should take the opportunity to introduce the SPF to existing suppliers. A good starting point is to establish whether suppliers have business drivers (vision, mission or strategy) that are aligned to the SPF. For example:

- Does your company have a corporate social responsibility policy?
- Does your company have any social enterprises, Aboriginal businesses or Australian Disability Enterprises in your supply chain?
- Do you offer training programs for disadvantaged Victorians?
- Does your company have a gender action plan or disability action plan?

In doing so, government buyers will discover that many suppliers are already embracing social procurement within their businesses or are at least familiar with the business drivers for social value creation and have business objectives that align with the SPF.

The requirements of the SPF are not expected to be applied retrospectively to current procurement activities – that is, it does not apply in cases where contracts have already been signed or where contracts have been negotiated and signing is imminent. It will only apply to procurement activities undertaken from 1 September 2018.

## Will the SPF increase the cost of my procurement?

All procurement contracts, including those which include social benefit requirements, must be assessed according to value for money principles. When specifying selection criteria and assessing value for money, it is important that all factors are considered, including both financial and non-financial factors. All suppliers to government need to make a competitive offering.

## The social benefit supplier(s) we have identified is not registered with any social benefit partner organisations, can we still engage them?

The SPF defines a social benefit supplier as a supplier that:

- operates and has business premises in Victoria; and
- meets one or more of the following criteria:
  - it is certified by Social Traders to be a social enterprise or is an enterprise listed on the Map for Impact (the Victorian Social Enterprise Mapping Project)<sup>1</sup>;
  - it provides 'supported employment services' as defined in section 7 of the *Disability Services Act 1986* (Cth);
  - it is verified by Supply Nation, Kinaway and/or Small Business Victoria (in consultation with Kinaway) to meet the definition of 'Victorian Aboriginal business' in the Social Procurement Framework.

Government buyers may engage any supplier – be they a mainstream supplier or a social benefit supplier – to undertake a procurement activity. However, if your agency wishes to count the engagement of a social benefit supplier in its social procurement activity reports, the supplier needs to meet the above criteria.

Government buyers should encourage suppliers who wish to identify as a social benefit supplier to contact the partner organisations about their verification processes.

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<sup>1</sup> Map for Impact is an online map accessible at [mapforimpact.com.au/](http://mapforimpact.com.au/).

## **Can an agency engage a social benefit supplier for a procurement instead of using a mandated state purchase contract?**

The SPF does not supersede the requirement for mandated departments and agencies to use an existing mandated State Purchase Contract (SPC). When procuring goods and services, departments and agencies must comply with the normal rules of engagement for each particular SPC.

Any request to be exempted from using a mandated SPC made by a participating party on SPF grounds will be considered in accordance with the existing process outlined in the VGPB Market Analysis and Review Policy available at [www.procurement.vic.gov.au/Buyers/Policies-Guides-and-Tools/Market-Analysis-and-Review-Policy](http://www.procurement.vic.gov.au/Buyers/Policies-Guides-and-Tools/Market-Analysis-and-Review-Policy).

## **What is the difference between a social procurement strategy and a social procurement plan?**

A Social Procurement Strategy is an organisation-wide strategic planning document that must be prepared by each department and agency. Among other things, the Social Procurement Strategy will help each organisation embed social procurement throughout its procurement process. It must be reviewed and updated by the organisation and submitted to DTF on an annual basis.

A Social Procurement Plan is a strategic planning document that must be prepared by government buyers for each individual procurement activity valued at or above \$20 million. Among other things, the Social Procurement Plan will ensure that government buyers take a positive and strategic approach to advancing social and sustainable procurement objectives based on the circumstances of the specific procurement activity.

## **Does every procurement activity need to achieve all the social and sustainable procurement objectives in the SPF?**

No. Government buyers are expected to identify which objectives are most relevant to a procurement activity. This decision should consider the organisation's overall Social Procurement Strategy, as well as the size, complexity and location of the procurement activity, and should aim to generate social value. Flexibility enables buyers to choose objectives that are most likely to generate social value, in the circumstances of the procurement activity.

## **What training opportunities are available for government buyers to enhance their knowledge of social procurement?**

The Department of Treasury and Finance has prepared guidance materials in the form of tools, templates and access to supplier directories to help buyers apply the SPF.

Information about upcoming guidance, workshops, forums etc. will be available at [www.procurement.vic.gov.au](http://www.procurement.vic.gov.au)

## **How will we measure and report social and sustainable outcomes?**

Government departments and agencies will be required to report on their social procurement activities in their own Annual Report, and annual whole of Victorian Government reporting will publish aggregated outputs and benefits relating to the SPF. Techniques for assessing the delivery of social and sustainable outcomes will be refined over time. The Department of Treasury and Finance is developing a SPF measurement and reporting framework. Further information on reporting requirements will be made available as this framework develops.



## How will we evaluate social and sustainable outcomes?

Social and sustainable outcomes may be challenging to evaluate, and each organisation will be guided by its Social Procurement Strategy. The guidance material for buyers includes guidance on how to weight evaluation criteria<sup>2</sup> but the SPF does not establish minimum or maximum weightings to criteria that relate to social and sustainable outcomes. Weightings should be set on a case-by-case basis, relative to other evaluation criteria, and considering the specific outcomes being sought and the broader context of the procurement activity.

## Links with other initiatives

### Is there a relationship between the SPF and *Local Jobs First – Victorian industry participation policy (VIPP) major projects skills guarantee (MPSG)*?

The SPF has no overlap with VIPP and MPSG.

While social procurement approaches are increasingly being incorporated into Victorian Government major projects, the VIPP and MPSG policies are intended to drive local industry participation and the delivery of job outcomes in major projects and other procurements, whereas the SPF focuses on the strategic use of procurement to incorporate social, economic and environmental value.

### What is the relationship between the SPF and the supplier code of conduct?

The Supplier Code of Conduct outlines requirements of suppliers that must apply in every engagement with Government. In contrast, the SPF outlines a set of objectives to be achieved through procurement over time but will not apply in every procurement activity.

### Is there a relationship between the government's aboriginal procurement target and the SPF?

The Victorian Government has committed to a one per cent Aboriginal procurement target by 2019-2020.

The SPF is aligned to the Aboriginal procurement target and will support individual agency's achievement of the target. There are two SPF objectives where purchasing from Victorian Aboriginal businesses is a desired outcome:

- SPF objective: Opportunities for Victorian Aboriginal people
- SPF objective: Sustainable Victorian social enterprise and Aboriginal business sectors.

## Additional Information

### Where can I find available SPF support material for buyers?

All currently available SPF information can be found at [www.procurement.vic.gov.au](http://www.procurement.vic.gov.au).

Buyers are also encouraged to contact their organisation's Chief Procurement Officer or accountable officer for more information.

Alternatively, you can send an email enquiry to [SocialProcurement@dtf.vic.gov.au](mailto:SocialProcurement@dtf.vic.gov.au) or contact the DTF Social Procurement Team on (03) 9651 1699, who will direct your call accordingly.

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<sup>2</sup> Refer to Victoria's Social Procurement Framework – Buyer Guidance: Guide to evaluation

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