

Victoria's Social Procurement Framework Essential Information Factsheet

All Suppliers

The Victorian Government has established *Victoria's Social Procurement Framework (SPF)*, which applies to the procurement of all goods, services and construction by, or on behalf of, Victorian Government departments and agencies from 1 September 2018.



Factsheets are also available for:

- Victorian Aboriginal Businesses
- Social Enterprises
- Victorian ADEs
- Small to Medium Enterprises
- Public Construction Suppliers
- Inclusive Employment
- All Supplier FAQs

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Using this Factsheet

This Factsheet, and other industry specific factsheets, have been developed by the Department of Economic Development, Jobs, Transport and Resources to support suppliers in implementing the SPF.

The approaches detailed in this factsheet are **not prescriptive** and are provided for reference only. This Factsheet complements the existing legislative and policy framework applicable to Victorian Government procurement including:

- Policies issued by the Victorian Government Purchasing Board (VGBP);
- Policies issued by Health Purchasing Victoria; and
- Ministerial Directions for Public Construction Procurement in Victoria.

This factsheet is current as at 14 September 2018. The suite of SPF supplier factsheets will be updated periodically to reflect user feedback and changes to legislation and policy.

What is the Social Procurement Framework?

Government spends significant money on goods, services and construction to deliver high-quality public services and infrastructure to meet growing community needs.

The SPF works to leverage the Government's buying power to create jobs and skills-based training in areas of disadvantage. It seeks to address systemic inequalities and improve environmental outcomes in local communities.

All Government departments and agencies subject to the *Standing Directions of the Minister for Finance* are to apply the SPF to all goods, services or construction procurement from 1 September 2018.

Government buyers are responsible for purchasing in a way that ensures the best use of public funds. This includes considering whether potential suppliers:

- Are suitably qualified;
- Demonstrate experience and have a proven track record;
- Possess the capacity and scale to deliver the requisite work;
- Comply with mandatory government agency contract terms;
- Comply with all relevant industry standards, regulations and legislation;
- Are competitively priced; and

- Have business practices aligned with the SPF such as a corporate social responsibility policy, gender or disability action plans or engagement with social benefit suppliers.

For more information on key features of the SPF, *An Introduction to Victoria's Social Procurement Framework* is available from [Buying for Vic](#).

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.

Social value means the additional benefits created for all Victorians when social and sustainable outcomes in the SPF are achieved.

Social procurement may be grouped into two broad approaches which reflect who Government is contracting with and the way in which it is delivering social and sustainable outcomes.

- The **direct approach** to social procurement is where a department or agency purchases goods, services or construction from a 'social benefit supplier' (defined below). By purchasing from social benefit suppliers, Government is directly delivering social and sustainable outcomes.
- The **indirect approach** to social procurement is where a department or agency purchases goods, services or construction from a 'mainstream supplier' and the Government uses invitations to supply and clauses in contracts to deliver social and sustainable outcomes.

By purchasing from mainstream suppliers and requiring those suppliers to deliver social and sustainable outcomes, Government is indirectly achieving these outcomes. This approach includes scenarios where a department or agency requires a mainstream supplier to involve social benefit suppliers through its supply chain by subcontracting.

Who is a 'supplier' under the SPF?

The SPF distinguishes between two main types of supplier that provide goods, services or construction to a department or agency.

| Supplier type | What it means |
|--------------------------------|---|
| Social benefit supplier | <p>Is a supplier that operates and has business premises in Victoria and meets one or more of the following criteria:</p> <ul style="list-style-type: none"> • Is a social enterprise, certified by Social Traders or listed on the online social enterprise Map for Impact; • Is an Australian Disability Enterprise (ADE) listed with BuyAbility and providing 'supported employment services' as defined in section 7 of the Disability Services Act 1986 (Cth); or • Is a Victorian Aboriginal Business, verified by Supply Nation or Kinaway. |
| Mainstream supplier | Any supplier that is not a social benefit supplier. |

How does the SPF benefit suppliers?

Social procurement is good for business. Some expected benefits for suppliers include:

- Opportunity to integrate social and sustainable outcomes with business delivery;
- Competitive positioning when bidding for Government work;
- Building a positive company profile and reputation;
- Fostering workplace diversity, capability and productivity;

- Increasing employee engagement and retention, with staff contributing to meaningful community outcomes above and beyond corporate social responsibility;
- Creating training and employment opportunities for those facing the greatest barriers to work; and
- Contributing to innovative solutions for complex social, economic and environmental problems.

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, or on behalf of, a department or agency.

Which Victorians are a priority for outcomes under the SPF?

The SPF has a focus on disadvantaged Victorians, defined as follows:

| Disadvantaged Victorians |
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| Disengaged youth – people aged 15 to 24 years not studying or seeking full-time work. |
| Long-term unemployed people – people who have not been employed for 12 months or more excluding people undertaking studies. |
| Migrants – people who leave their country voluntarily to commence living in Australia and are not in sustainable employment for a period of 12 months or more. |
| Refugees – people subject to persecution in their home country, who now reside in Victoria and have not been employed for a period of 12 months or more. |
| Single parents – sole parents that are responsible for dependent or non-dependent children of any age (either living in the household or outside the household) and not employed for a period of 12 months or more. |
| Workers in transition – people who are recently retrenched or facing pending retrenchment due to business closure or industry transition. |
| Other Disadvantaged Groups |
| Aboriginal person – identifies as a person of Aboriginal decent; presents documentation identifying their family's Aboriginal descent; and is accepted by their local Aboriginal community as a person of Aboriginal descent. |
| Victorians with disability – people who have long-term physical, mental, intellectual or sensory impairments which may hinder their full and effective and equal participation in society. |
| Gender equality – supporting women to work 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. |

Do other Government policies and developments relate to the SPF?

The SPF complements and aligns with other Government work in relation to Aboriginal businesses, social enterprises, Victorians with disability, women's equality and safety, the long-term unemployed, sustainable regions and environmental sustainability. Government's policy frameworks and processes for the procurement of goods, services and construction also underpin the SPF.

| Policy or development | About the policy or development |
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| Climate Change Act 2017 | Provides Victoria with a legislative foundation to manage climate change risks, maximises the opportunities that arise from decisive action, and drives the transition to a climate resilient community and economy with net zero emissions by 2050. |
| Every Opportunity: Victorian Economic Participation | Victoria's Absolutely everyone: state disability plan 2017-2020 , Every opportunity drives change for Victorians with disability across the economy by activating two major stakeholders, Government - as a major employer and purchaser of goods and services - and the broader Victorian business community. |
| Infrastructure Sustainability Council of Australia (ISCA) Rating Scheme | Provides a comprehensive rating system and evaluation of sustainability, including environmental, social, economic and governance aspects, across design, construction, and operation of infrastructure. |
| ISO 20400 – Sustainable Procurement | A global framework to stimulate the integration of social, economic, and environmental objectives into strategic procurement practice. |
| Local Jobs First | Incorporates Local Jobs First – Victorian Industry Participation Policy (VIPPP) and Local Jobs First – Major Projects Skills Guarantee (MPSG) . |
| Ministerial Directions and Instructions for Public Construction | Prescribes principles and procedures that Victorian Government departments and agencies must follow when they procure public construction works and services. |
| Procurement Activity Plans | Provides forward procurement activity plans for Victorian Government departments and agencies. This fosters early market engagement by providing suppliers with details of planned procurement activities (over the next 12 to 24 months) and who to contact for further information. |
| Safe and Strong: Victoria's Gender Equality Strategy | Aims to progressively build the attitudinal and behavioural change required to reduce violence against women and deliver gender equality, including introduction of gender ethical procurement. |
| Supplier Code of Conduct | Sets minimum standards to reduce harm and reflects the Government's commitment to ethical, sustainable and social responsibility. |
| Tharamba Bugeen – Victorian Aboriginal Business Strategy | Supports Victorian Aboriginal businesses to grow, extend networks and build upon entrepreneurial skills within communities. |
| Value Capture and Creation (VCC) Framework | Encourages Government sponsors and delivery partners for capital investments, projects to develop public land, and precinct projects, to consider broader opportunities that enhance public value. |
| Victorian Aboriginal Economic Board (VAEB) | Champions economic development initiatives, advises the Minister for Aboriginal Affairs on projects to be delivered, identifies any barriers to Aboriginal economic development, and provides advice on the implementation of Tharamba Bugeen . |

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| Victorian Government Purchasing Board | Leads the whole-of-Government supply policy framework for goods and services to inform an approach to market. This 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. |
| Victorian Small Business Commission | Promotes a fair and competitive environment for Victorian small business including social enterprises and Aboriginal businesses to operate, grow, and prosper. |
| Victorian Social Enterprise Strategy | Advocates for greater cross-Government coordination to support the growth of the social enterprise sector and inclusive economic growth across Victoria. |

Where can I find more information about the SPF?

The SPF and further guidance for suppliers is available from [Buying for Vic](#).

Please call 03 9651 1699 or email SocialProcurement@df.vic.gov.au for any questions or comments.