

Victoria's Social Procurement Framework Supplier Factsheet

Public Construction Suppliers

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



Please consider this guidance in conjunction with the *Supplier FAQs* and *All Suppliers Factsheet* available from [Buying for Vic.](#)

What is public construction?

The *Project Development and Construction Management Act 1994 (Vic)* defines public construction as any matter relating to the construction, maintenance, rehabilitation, alteration, extension or demolition of any improvements on land by, or on behalf of, departments and public bodies and includes design and construction practices, tendering processes, project delivery, and contract administration.

The Victorian Government is committed to maximising the social, economic, and environmental value from its investment in public construction.

What does social procurement mean for public construction?

Departments and agencies will continue to procure from public construction suppliers as per requirements set by the Victorian Government Purchasing Board (VGPB) and the *Project Development and Construction Management Act 1994 (Vic)*.

All Government departments and agencies are now required to develop and submit an annual Social Procurement Strategy outlining their social procurement priorities. These will be published on the [Buying for Victoria](#) website.

For individual projects and programs under the SPF, departments and agencies will need to:

- Incorporate social procurement objectives and outcomes into their procurement planning; and
- Complete a Social Procurement Plan for all projects over \$20 million.

These strategies and plans will consider social procurement priorities for public construction projects.

What will public construction suppliers need to do when bidding for new projects?

Departments and agencies frequently source construction suppliers from the Construction Supplier Register (CSR). The CSR pre-qualifies building and construction industry consultants and contractors in a range of categories to meet the needs of Victorian Government departments undertaking construction projects. Details of the process for registration on the CSR can be found [here](#).

Public construction suppliers will need to demonstrate in their bid response how they will deliver on the applicable social and sustainable outcomes.

For example, a 'Social Procurement Compliance Plan' may be required from all project tenderers requiring suppliers to demonstrate:

- Ability to deliver on the social and sustainable outcomes detailed in the bid documentation, including information about:
 - relevant policies, strategies and business practices;
 - achievements that demonstrate commitment and capabilities;
 - partnerships planned or in place to support delivery, for example, with social benefit suppliers or with training and employment services; or
 - results from a completed inclusive employment self-assessment.
- Strategies that will directly, or through the subcontractors, deliver on:
 - inclusive employment outcomes or targets; and/or
 - social benefit supplier outcomes or targets.

Suppliers should note the SPF recommends a minimum weighting of 5 to 10 per cent for social procurement-related evaluation criteria. The weighting will depend on the:

- Scale and complexity of a project; and
- Importance of delivering social and sustainable outcomes relative to other requirements.

When the preferred supplier has been selected, the social and sustainable commitments will form part of the contract between the Government and the preferred supplier.

How does the SPF impact public construction contracts?

The SPF applies to various types of public construction contracts awarded, including amongst others:

- Design and construct contracts (D&Cs);
- Design only or construct only contracts;
- Public-private partnerships (PPPs); and
- Alliance contracting.



Head contractors on public construction projects should work cooperatively with suppliers in their supply chains, make only fair and reasonable requirements, and ensure support is available.

Does the SPF only apply to major public construction?

The SPF applies to all procurement of public construction, from low value repairs to the construction of new roads, schools or hospitals. All public construction, regardless of size and value, can provide opportunities to advance social and sustainable outcomes.

How does the SPF benefit public construction 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.

What will be expected when delivering public construction projects under the SPF?

Suppliers, including those through supply chains, will be asked to address one or more social and sustainable outcomes in the SPF through practical actions.

For instance:

- Employ Victorian Aboriginal people, Victorians with disability or at-risk women;
- Employ long-term unemployed people, disengaged youth, single parents, migrants, refugees, workers in transition or people in regions with entrenched disadvantage;
- Purchase from suppliers that comply with industrial relations laws and promote secure employment;
- Subcontract procurement activities to social benefit suppliers;
- Adopt family violence leave;
- Use sustainable resources and recycle content;
- Manage waste and pollution; and
- Minimise greenhouse gas emissions.



For further guidance on inclusive employment, please read the *Inclusive employment fact sheet* available from [Buying for Vic.](#)

All objectives will not necessarily apply to each public construction procurement. Government buyers will detail social procurement expectations in bid documents.

How does the SPF relate to *Local Jobs First*?

The SPF complements the *Local Jobs First – Victorian Industry Participation Policy*, including the Major Projects Skills Guarantee (MPSG).

While social procurement approaches are increasingly being incorporated into Victorian Government major projects, *Local Jobs First* policies are intended to drive local industry participation and employment outcomes, including for apprentices, trainees and cadets. The SPF focuses on the strategic use of procurement to incorporate social, economic and environmental value.

The *Local Jobs First* policy also supports Victorian businesses and workers by ensuring that SMEs are given a full and fair opportunity to compete for both small and large Government contracts.

Further information on *Local Jobs First* is available [here](#).

Public construction suppliers may need to address both social and sustainable outcomes in the SPF and *Local Jobs First* when bidding for and delivering public construction for, or on behalf of, Government departments or agencies.

How can public construction suppliers connect with training and employment providers?

See the *SPF Inclusive Employment Factsheet* available from the [Buying for Victoria](#) website.

How can public construction suppliers connect with social benefit suppliers?

Public construction suppliers are encouraged to work through the contact points listed below to find and engage social benefit suppliers in their supply chains. When engaging social benefit suppliers, it is important to ensure they meet SPF definitions and any required verification.

Supplier briefings or marketplace events are often attended by a diverse range of suppliers and can offer useful networking opportunities. Stay informed about upcoming events through relevant industry bodies.

Contact	What they do
Buyability (National Disability Services)	Connects Government and private business buyers to Australian Disability Enterprises (ADEs). ADEs are Commonwealth-funded and generally not-for-profit organisations operating in a commercial context, specifically to provide supportive employment opportunities for Victorians with moderate to severe disability. Some ADEs also operate as social enterprises.
Kinaway – Victorian Aboriginal Chamber of Commerce	Supports Victorian 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.
Map for Impact	Provides a searchable online map of social enterprises across Victoria.
Social Traders	A national social enterprise development organisation that works to break the cycle of disadvantage and build resilience in Australian communities, including Victorian communities. They can link certified social enterprises with procurement opportunities, advisory and information services.
Supply Nation	Provides an Australian directory of Indigenous businesses, enabling procurement teams to fulfil their Aboriginal business and procurement targets. Supply Nation also has specialists that can work intensively with businesses to embed supplier diversity in their supply chains.

Are you social procurement ready?

There is plenty public construction suppliers can do to prepare for projects with social procurement requirements. Consider these questions:

- Do you have a good understanding of the SPF and its social and sustainable objectives?
- Does your business have social procurement policies and practices in place?
- Is your business pre-qualified in the appropriate category on the [Construction Supplier Register](#)?
- Does your business have partnerships with social benefit suppliers and/or training and employment providers who work with disadvantaged Victorians?
- Has your business taken any steps to assess and address barriers and opportunities for disadvantaged jobseekers to enter and stay in the workplace?

- Have staff been trained to support new staff in the workplace?
- Have you considered what opportunities or challenges the SPF presents?

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@dtf.vic.gov.au for any questions or comments.

Where can I find more information about Government public construction?

You can call the **Construction Hub Hotline** on 03 9651 5300 for any construction-related questions.

Case insight for public construction

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 achieving these objectives 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 objectives, 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 Victorians with disability or from disadvantaged backgrounds) to build capacity to respond to the new opportunities;
- significant new employment outcomes for a range of 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 – Victorian Industry Participation (VIPP) and Major Projects Skills Guarantee targets, and employment for disadvantaged communities.