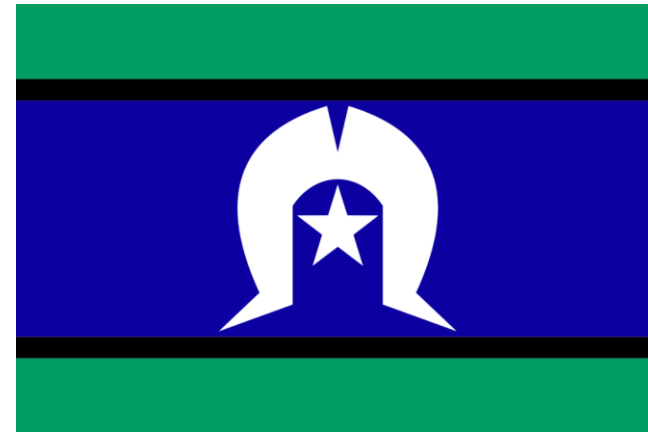

Making Social Procurement Work in Civil Construction



Purpose of document

- These slides can be used with your subcontractors or team members to help them better understand how to embed social procurement practices in their supply chain.
- It was designed to last approximately 4 hours with a break part way.
- The notes are designed to help prompt you and give you guidance around key messages to accompany each slide
- We would encourage you to do further research ahead of delivery to find examples relevant to your business and your audience

Acknowledgment of Country



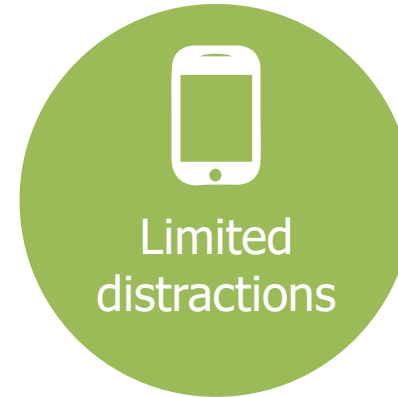
We acknowledge Aboriginal and Torres Strait Islander people as the First People of Australia and the Traditional Custodians of the land on which we live and work. We pay our respect to Elders past, present and emerging. We acknowledge that sovereignty was never ceded, and we support establishing recognition, self-determination and representation for First Nations People in the governance of our country.

Making Social Procurement Work in Civil Construction

Objectives

- 1 Overview of Social Procurement**
- 2 Value of social procurement for buyer and supplier**
- 3 Discussion #1: Opportunities – how can we embed it across the supply chain?**
- 4 Discussion #2: Challenges - what is standing in your way?**
- 5 Discussion #3: Solutions - what can we do about it?**

Housekeeping

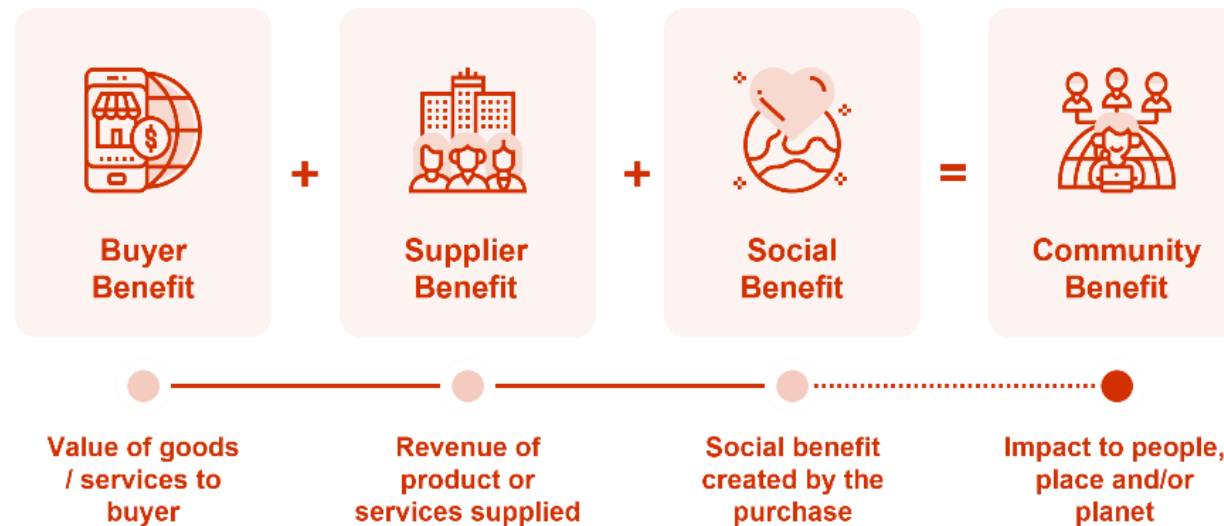




**What does Social Procurement
mean to you?**

Social Procurement sits at the intersection between commercial delivery and social impact

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.



*Such value might include social, environmental, community or cultural

Social Procurement transforms lives through redirecting existing spends



You have three levers to undertake social procurement



Inclusive employment



Direct – Direct employment of people facing barriers to employment.

Indirect – Purchasing goods and services from mainstream suppliers who employ people facing barriers to employment.

Aboriginal employment



Direct – Direct employment of Aboriginal people.

Indirect – Purchasing goods and services from mainstream suppliers who employ Aboriginal people.

What is a Social Benefit Supplier?

In Victoria there is a Social Procurement Framework- this states that social procurement is about ‘Purchasing from Victorian Aboriginal businesses, social enterprises and Australian Disability Enterprises’. These are often referred to collectively as **Social Benefit Suppliers**.

Social Enterprise	Disability Enterprises	Aboriginal Business
<ul style="list-style-type: none"> • have a defined primary social purpose, or environmental or other public benefit • derive a substantial portion of income from trade • reinvest 50 per cent or more of annual profits towards achieving the social purpose • Certification: Social Traders 	<ul style="list-style-type: none"> • Australian Disability Enterprises (ADEs) are Commonwealth-funded, not-for-profit organisations or social enterprises operating in a commercial context, specifically to provide supportive employment to people with disability. • Most operate as a social enterprise • Certified by: Buy Ability / NDS 	<ul style="list-style-type: none"> • at least 51 per cent Aboriginal and/or Torres Strait Islander owned; • undertakes commercial activity; and operates and has business premises in Victoria. • Certified by: Kinaway or Supply Nation

Intermediaries

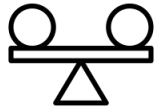


Social enterprises (and ADEs) are businesses, for good

Social benefit suppliers offer a wide range of products and services, they vary in size, and maturity. They function like typical commercial entities, but specific nuances set them apart:



- Social enterprises can be for-profit or not-for-profit, can hold charitable status and can be owned by non-profits or commercial businesses



- Their focus on revenue growth is balanced by a focus on impact – decisions are not only commercially driven



- The nature of their business model might require longer lead times to scale



- Their operating model costs may be more complex as they have both direct costs (running a business) and indirect costs (costs required to support their social purpose)

There are three broad types of social enterprises

Social enterprises can loosely fit into one of three buckets, acknowledging that some might sit across multiple buckets



Job Creation

Employment and training opportunities for people shut out of the workforce. Often known as Work Integrated Social Enterprises (WISE's)

e.g. Fruit2Work; YMCA Rebuild; Nadrasca (ADE)



Meeting community needs

Products and services to meet community needs that are not met by the market.

e.g. Cacti Conserve;
SecondBite; OzHarvest



Redistributing profit

Donating profits to a charitable purpose (not necessarily aligned with its primary approach to revenue)

e.g. ThankYou; Who Gives a Crap

Note: WISE's offer holistic wraparound supports that are proven to be effective with transitioning jobseekers into stable employment – they have a strong evidence-base behind them of their potential impact

Aboriginal businesses

Aboriginal businesses are businesses where at least 51 per cent is Aboriginal and/or Torres Strait Islander owned



- Purchasing from an Aboriginal business contributes to Aboriginal economic participation and is a vital part of self-determination and reconciliation.



- Owned by Aboriginal people. Not always staffed by Aboriginal people



- Their primary purpose is not always to deliver a social purpose



- Closer to the operating model of mainstream businesses but may be different from a cultural perspective



The real value of Social Procurement

Big Build spend has the potential for huge impact

Social procurement spend across Major Transport Infrastructure Authority (MTIA) projects to date

SOCIAL ENTERPRISE

\$64.7m Total spend by MTIA projects with social enterprises in FY 22-23

44 No. of businesses engaged

\$3.5m Total spend by **MRPV** projects with Social Enterprises in FY 22-23

44 No. of businesses engaged

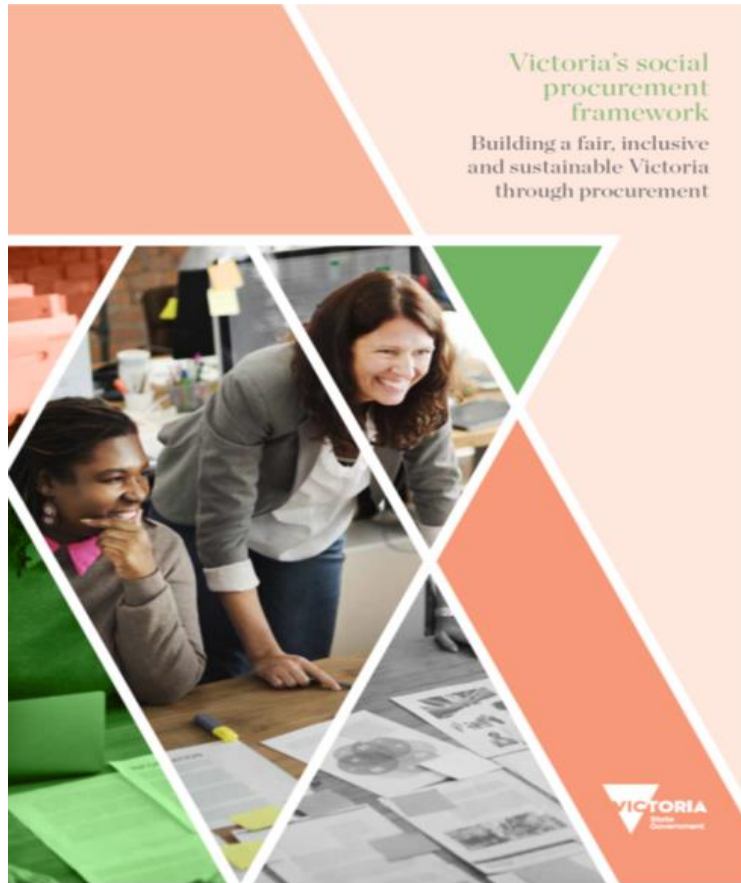
ABORIGINAL BUSINESS

\$170m Total spend across MTIA projects with Aboriginal businesses in FY 22-23

159 No. of businesses engaged

\$42.2m Total spend by **MRPV** projects with Aboriginal businesses in FY 22-23

78 No. of businesses engaged



Victorian Government Social Procurement Objectives help define that impact

- Opportunities for Victorian Aboriginal people
- Opportunities for Victorians with disability
- Women's equality and safety
- Opportunities for disadvantaged Victorians
- Supporting safe and fair workplaces
- Sustainable Victorian social enterprise and Aboriginal business sectors
- Sustainable Victorian regions

Impact of buying from a social enterprise



Impact of buying from an Aboriginal business



Impact of social procurement on your business

As well as transforming lives, communities and the environment, social procurement is good for business.



Innovation

Social benefit suppliers tend to be:

- Adaptable / willing to co-design
- Open to new ideas / revenue streams

Going on the journey together can lead to innovation and new opportunities



Competitive advantage

- Demonstrating meaningful outcomes achieved on previous projects
- Showcasing innovation in tender responses



Brand reputation

- Social impact is increasingly important to clients, employees and stakeholders
- Storytelling - being able to promote outcomes



Supply chain Security

- Diverse suppliers can open new opportunities
- Building capacity and capability of the social sector can help to mitigate risk of supply chain gaps.

Example of Impact – MACA & FNTM

MACA Ltd created significant social impact on the Golf Links Road Upgrade through partnering with First Nations Traffic Management (FNTM), a certified Aboriginal owned traffic management business.

A significant proportion of FNTM's workforce consists of people overcoming long-term unemployment, many of whom face complex barriers to work such as domestic and family violence, drug and alcohol dependency issues, housing instability and previous contact with the justice system.

"We were initially cautious about going outside our established supply chains, but we're delighted with the outcome and now have another strong relationship with a company to partner with for future work" - Simeon Mieszkowski, Project Manager at MACA




21 Indigenous FNTM staff were employed on the project and the impacts to their lives have been significant:

11 traffic controllers bought a new car solely with the income they received from working on the project

3 others transitioned from social housing or refuge accommodation into their own rental properties

2 traffic controllers were able to save a deposit for their own home














































The potential for social procurement across your supply chain

Social Procurement plan – INSERT CONTRACTOR PLANS

Social procurement in construction

There are many opportunities for social procurement across your supply chain:

 Civil works	 Concreting or formwork	 Cabling	 Pipes & Drainage	 Signage	 Landscaping	 Labour Hire	 Wire & Metal Fabrication	 Signs
 Architecture & Design	 Safety Barriers	 Energy & Lighting	 Security	 Transport	 Graffiti Removal	 Anti-Graffiti Paint	 Catering	 Furniture
 Earthworks	 Plant Hire	 Plants	 PPE	 Grounds Maintenance	 Temporary Fencing	 Interior Renovations & Painting	 Office & Kitchen Supplies	 Office Fit Outs
 Traffic Management	 Relocations	 Cleaning	 Office Labour Hire	 Printing	 Carpet	 Healthcare & First Aid Services	 Training	
 Graphic Design	 IT & Technology Services	 Consultancy	 Cabinetry	 Artwork	 Media & Communications	 Recycling & Waste Management	 Secure Document Shredding & Scanning	

The social benefit supplier sector in Victoria

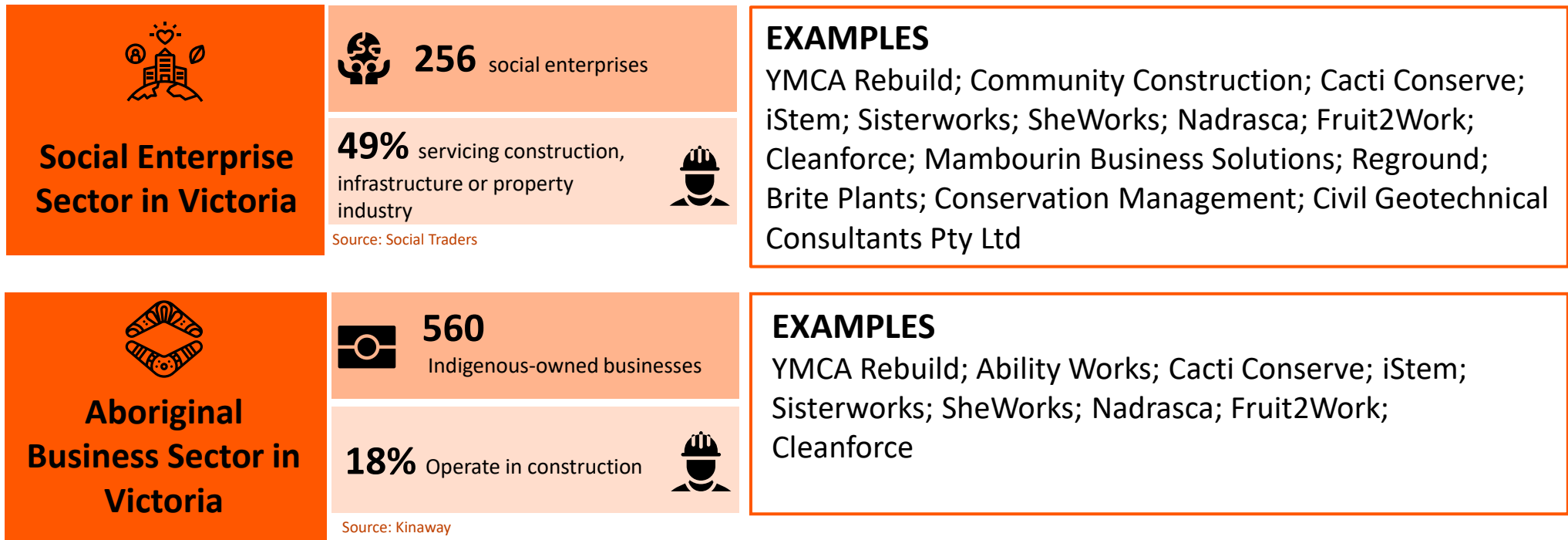


Table Discussion



Where are there work packages where social benefit suppliers could be engaged?



The challenges surrounding social procurement

Social Benefit Suppliers and contractors both face challenges engaging in social procurement

Social Benefit Supplier

- Limited resources for lengthy tender processes
- Insufficient time to respond
- Understanding complicated contract language
- Complex operating and cost model
- Little experience bidding for major work
- Lack of experience navigating civil construction procurement processes
- Often limited to only work on one project

Contractor

- Risk associated with establishing new relationships with an unknown business
- Budgetary constraints
- Lack of understanding of how to work with a social benefit supplier
- Little flexibility in terms of tender process – they are working to government timelines
- Lack of access to networks of social benefit suppliers who can meet diversity of needs
- Additional resources required to upskill supplier around working in civil construction

Table Discussion #2



What are the challenges you might face in advancing your efforts around social procurement?

Strategies & tips to facilitate social procurement

Opportunities for stronger engagement



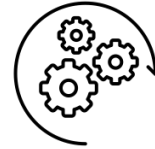
Relationship

- Provide mentoring and support throughout the contract
- Introduce social benefit suppliers to existing suppliers
- Be up front about needs and provide feedback regularly
- Celebrate & endorse them



Plan Early

- Share upcoming opportunities and information early
- Build and refine your supplier list continuously
- Hold exploratory and open discussions



Refine processes

- Review your work packages
- Simplify the procurement / bidding process
- Explore opportunities to single-source
- Establish social benefit supplier panels



Rethink contracts

- Offer shorter payment terms
- Offer longer contract periods
- Avoid exclusivity agreements
- Start with small work packages
- Introduce simple form contracts

ongoing discussions around what they need

Table Discussion #3



What can you do to overcome these challenges?

What is your specific role in doing more to embed initiatives to create change?

Use this slide to insert any next steps