

Introduction to Social Procurement



Overview

Social Procurement is when organisations use their buying power to create **social value** over and above the built infrastructure, creating a fairer and more inclusive society.

Social value describes the economic, social, and environmental benefits delivered for Victorian communities across the civil construction supply chain. It benefits the buyer, the seller, and the community

Social procurement is a requirement when working on Government projects. April 2018, the Victorian State Government announced Victoria's Social Procurement Framework. Its aim was to leverage governments significant buying power to drive increased value for money in all procured goods, services, and construction.

Across the civil construction industry, there are minimum requirements related to social procurement embedded in all construction contracts



Definitions

Social procurement is achieved by:

- **Inclusive employment:** employing, training, or supporting people with barriers to finding work.
- **Direct purchasing of goods and services from social benefit suppliers:** Purchasing goods and services directly from a business with a positive social or environmental impact.
- **Indirect purchasing of goods and services from social benefit suppliers:** Purchasing goods and services from mainstream suppliers who purchase from social benefit suppliers (e.g. subcontractors who employ people who have barriers to work, use sustainable practices and materials and buy from social benefit suppliers).

Types of social benefit suppliers

Social enterprises

- 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
- Certified by Social Traders

Australian Disability Enterprises

- Commonwealth-funded, not-for-profit organisations or social enterprises operating in a commercial context, specifically to provide supportive employment to people with disability.
- Certified by Buy Ability / NDS

Aboriginal Business

- at least 51 per cent Aboriginal and/or Torres Strait Islander owned;
- undertake commercial activity;
- operate and has business premises in Victoria.
- Certified by Kinaway or Supply Nation



How to get started

- 1 Talk with other contractors:** Start by reaching out to people who have done this before. You can see examples of social procurement on the Big Build website
- 2 Plan early:** look at opportunities across your supply chain right from the design phase.
- 3 Build relationships:** Identify social benefit suppliers and build connections early. You don't need to wait for a project to start to begin speaking to people across the sector.
- 4 Explore small changes:** Look at ways in which you could adapt your tender and contract management processes to make contracts more accessible and manageable.



Resources

- For more information about the social procurement framework, go to <https://www.buyingfor.vic.gov.au/social-procurement-framework>
- For more examples of the impact of social procurement, visit the Big Build website