

Victoria’s Social Procurement Framework

Supplier Guidance

Frequently Asked Questions (FAQs)

Using these FAQs

These Frequently Asked Questions (FAQs) accompany Victoria’s Social Procurement Framework (SPF) released in April 2018 and updated in August 2018. Buyer and supplier guidance has been developed to support implementation and can be found at [Buying for Vic](#).

The SPF applies to the procurement of all goods, services and construction by, or on behalf of, Victorian Government departments and agencies from 1 September 2018. These FAQs are part of a suite of supplier guidance, including essential information for all suppliers and six industry specific factsheets.

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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. This means social procurement aims to increase the value of every dollar that the Government spends on goods, services and construction.

What is the relationship between social procurement and existing Victorian Government procurement policies?

Social procurement complements existing legislative and policy frameworks applicable to Victorian Government procurement including:

- Policies issued by the Victorian Government Purchasing Board (VGPB), the independent Government entity that provides leadership in Government procurement of goods and services to deliver value-for-money outcomes for Victoria;
- Ministerial Directions for Public Construction Procurement in Victoria;
- Policies issued by Health Purchasing Victoria.

A substantial proportion of Victorian Government procurement is undertaken under State Purchase Contracts and supplier pre-qualification registers, such as the Construction Supplier Register. These will be reviewed over time to embed social procurement objectives.

Social Procurement Framework

What is the Social Procurement Framework?

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

For more information see *An Introduction to Victoria's Social Procurement Framework – Building a fair, inclusive and sustainable Victoria through procurement* at [Buying for Vic](#).

Is the SPF mandatory?

The SPF is mandatory for approximately 275 departments and agencies 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, or on behalf of, a department or agency.

Who is a supplier under the SPF?

The VGPB defines a supplier as an entity that provides or has provided goods and/or services to, or on behalf of, a department or agency. Building on this definition, the SPF distinguishes between two main types of supplier.

Social benefit supplier means a supplier that operates and has business premises in Victoria and meets one or more of the following criteria:

- 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 is any supplier that is not a social benefit supplier.

What does the SPF mean for buyers and suppliers right now?

As part of the initial roll-out of the SPF, the seven core departments, plus VicRoads, Victoria Police and Public Transport Victoria will prepare their own Social Procurement Strategies. Other Government entities are required to prepare Social Procurement Strategies by late 2019 or earlier for early adopters.

Government buyers will be supported through a suite of buyer guidance including tools, templates and access to social benefit supplier directories via [Buying for Vic](#).

Through [VendorPanel](#), Government buyers will now have access to:

- A social enterprise marketplace, verified by [Social Traders](#);
- A Victorian Aboriginal business marketplace, verified by [Kinaway](#), the Victorian Aboriginal Chamber of Commerce;
- An Australian Indigenous marketplace, verified by [Supply Nation](#); and
- Other social benefit supplier directories over time.

Suppliers will be supported through a set of supplier guidance, tailored to the needs of different industry sectors via [Buying for Vic](#). Support for mainstream suppliers and social benefit suppliers can be found in various factsheets:

- All Supplier – Essential Information;
- Victorian Aboriginal businesses;
- Social enterprises;
- Victorian ADEs;
- Public construction suppliers;
- Small and medium enterprises (SMEs); and
- Inclusive employment.

If you are a social benefit supplier and want to be visible with Government buyers you are encouraged to have your social enterprise certified with [Social Traders](#) or Aboriginal business verified with [Kinaway](#).

Buyer and supplier engagement, marketplace events and training will be rolled out over the coming months.

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

No, there is no minimum value as the SPF applies to all procurement activities. Social procurement requirements for different levels of threshold spend are outlined below.

Social Procurement Requirements for Government buyers			
Below threshold	Lower band	Middle band	Upper band
Regional under \$1 million Metro or State-wide under \$3 million	Regional \$1 to \$20 million Metro or State-wide \$3 to \$20 million	\$20 to \$50 million	Over \$50 million
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 grant 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 from 1 September 2018.

What does the SPF mean for suppliers?

Social procurement can 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.

- Direct social procurement is where a department or agency purchases goods, services or construction from a social benefit supplier.
- Indirect social procurement is where a department or agency purchases goods, services or construction from a 'mainstream supplier' (not a social benefit supplier) and the Government uses invitations to supply and clauses in contracts to deliver social and/or sustainable outcomes. This includes approaches where a mainstream supplier engages social benefit suppliers through its supply chain by subcontracting.

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.

Do suppliers have to deliver all social and sustainable outcomes in the SPF?

It is highly unlikely that all social and sustainable outcomes will be included in any one procurement. Before approaching the market, Government buyers will have considered:

- Which priorities can best be advanced through the goods, services or construction procurement;
- The social procurement priorities of their department or agencies; and
- Market and supplier capacity to deliver social and sustainable outcomes.

How will Government report on social and sustainable outcomes achieved through procurement?

Government departments and agencies will be required to report on their social procurement activities in their Annual Reports. Annual whole of Victorian Government reporting will publish aggregated outputs and benefits from the SPF. Suppliers will be required to contribute social procurement data for use in these reports.

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 social procurement requirements. Each department and agency will need to manage the consequences of non-compliance with agreed contractual social and sustainable obligations. For example, contracts may include financial disincentives that apply if the SPF requirements are not met.

Each department or 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, this will mean a breach of contract and appropriate action will be taken. This may also impact on eligibility to tender for future Victorian Government contracts.

Opportunities to win Government business

How do I find out about procurement opportunities available under the SPF?

Government buyers may:

- Advertise opportunities through the [Tenders Vic](#) website, usually when an invitation to supply goods, services or construction is needed. Invitations to supply cover both requests for quotation (RFQs) and requests for tender (RFTs), and may relate to projects, panels or pre-qualification schemes; or
- Invite suppliers to quote or tender under one of the many State Purchase Contracts and supplier pre-qualification registers, such as the Construction Supplier Register.

The VGPB has more information about [Government supply opportunities](#).

How do I know what a department or agency is planning to procure?

To give suppliers greater opportunity to bid for Government work, the VGPB policies require departments and agencies to develop a procurement activity plan. Plans outline all anticipated procurement activities for the next 12 to 24 months and include summaries and contact details.

You can view available plans [here](#).

I'm a social benefit supplier under the SPF. How can Government buyers and other suppliers find me?

Tools and partnerships are in place to enable Government buyers and other suppliers to easily identify and purchase from social benefit suppliers.

For further details, refer to the Factsheet prepared for your industry sector.

I'm a regional business. How can I get involved?

The SPF aims to support social benefit suppliers and mainstream businesses located in regional Victoria. Contributing to sustainable Victorian regions is a specific objective of the SPF, together with training and employment opportunities for disadvantaged Victorians.

I'm not registered with any social benefit partner organisation under the SPF. Can Government still engage me?

Government buyers may engage any mainstream or social benefit supplier to undertake a procurement activity. If a department or agency wishes to count an engagement in its social procurement activity reports, the social benefit supplier must be verified.

I'm a mainstream business. What does the SPF mean for me?

Government buyers will be seeking to achieve social or sustainable outcomes through direct and indirect approaches. When a department or agency purchases goods, services or construction from a mainstream supplier, invitations to supply and clauses in contracts will include social procurement requirements.

This means:

- engaging with social benefit suppliers directly;
- engaging indirectly through a supply chain by subcontracting; or
- demonstrating inclusive business practices, such as gender equity, employing Victorians with disability or Victorian Aboriginal people, provision of family violence leave, environmentally sustainable business practices or partnering with social benefit suppliers.

Will the SPF cost me money?

All procurement contracts, including those which include social benefit requirements, must be assessed according to value for money principles. Government buyers need to consider financial and non-financial factors when assessing value.

All suppliers to Government, including social benefit suppliers, need to make a competitive offering.

Links with other initiatives

Is there a relationship between the SPF and Local Jobs First - Victorian Industry Participation Policy (VIPP) and Major Projects Skills Guarantee (MPSG)?

The SPF complements the 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. The SPF focuses on the strategic use of procurement to incorporate social, economic and environmental value.

See the *Public Construction Suppliers Factsheet* for more information.

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.

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 agencies' achievement of the target. The SPF has objectives to:

- Create opportunities for Victorian Aboriginal people by purchasing from Victorian Aboriginal businesses;
- Grow a sustainable Victorian Aboriginal business sector; and
- Increase the number of suppliers to the Victorian Government employing Victorian Aboriginal people.

Help and support

What training opportunities are available for suppliers to enhance their knowledge of social procurement?

The Department of Economic Development, Jobs, Transport and Resources is currently exploring ways to support suppliers to understand and participate in social procurement with confidence.

Your social benefit partner organisation, [Social Traders](#), [Kinaway](#), [Supply Nation](#) or [BuyAbility](#), may also provide social procurement resources or training.

Where can I go for help?

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

For social procurement questions please call 03 9651 1699 or email SocialProcurement@df.vic.gov.au

For industry specific queries:

- Visit [Jobs Victoria](#)
- Call 1300 208 575 or email jobsvictoria@ecodev.vic.gov.au
- Visit <http://www.business.vic.gov.au/marketing-and-sales/selling-to-government>