

Victoria's Social Procurement Framework

Building a fair, inclusive and sustainable Victoria through procurement

Introduction

Value for money is the key driver underpinning all Victorian Government procurement decisions. *Victoria's Social Procurement Framework* aims to ensure value-for-money considerations are not solely focused on price, but encompass opportunities to deliver social and sustainable outcomes that benefit the Victorian community.

The framework sets out a whole of government scalable and consistent approach to social procurement for all Government departments and agencies. For suppliers, whether they be major businesses or small to medium enterprises (SMEs), the framework advises how to incorporate social value when competing for government procurement opportunities.

Purpose

The framework seeks to streamline and embed social procurement within ordinary government processes. The framework is informed by the following guiding principles:

- a standard and consistent approach across the Victorian Government;
- easy to understand and adopt with minimal administrative burden for all businesses, especially small to medium enterprises;
- simple for government to embed in everyday business;
- scalable for all sizes and types of businesses and suppliers;
- user-friendly and supported with guidance, education, tools and templates;
- able to be effectively measured and reported; and
- demonstrates Government leadership in promoting the use of social procurement across Victoria.

Approach

The framework – and accompanying guidance materials – applies to procurement of all goods, services and construction undertaken by, or on behalf of, departments and agencies subject to the Standing Directions. Other Victorian public bodies are encouraged to adopt the framework.

The framework establishes:

- the Victorian Government's social and sustainable procurement objectives;
- framework requirements and expectations, for individual procurement activities and for department and agency procurement planning; and
- measurement and reporting requirements.

1. Victorian Government's social and sustainable procurement objectives

The Government seeks to increase the value of procuring goods, services, and construction. The Government's social procurement objectives are outlined in Table 1 and sustainable procurement objectives in Table 2.

Table 1: Victorian Government's social procurement objectives

Social procurement objectives	Outcomes sought
Opportunities for Victorian Aboriginal people	<ul style="list-style-type: none"> Purchasing from Victorian Aboriginal businesses Employment of Victorian Aboriginal people by suppliers to the Victorian Government
Opportunities for Victorians with disability	<ul style="list-style-type: none"> Purchasing from Victorian social enterprises and Australian Disability Enterprises Employment of Victorians with disability by suppliers to the Victorian Government
Women's equality and safety*	<ul style="list-style-type: none"> Gender equality within Victorian Government suppliers
Opportunities for Victorian priority jobseekers	<ul style="list-style-type: none"> Purchasing from Victorian social enterprises Job readiness and employment for Victorian priority jobseekers by suppliers to the Victorian Government
Supporting safe and fair workplaces	<ul style="list-style-type: none"> Purchasing from suppliers that comply with industrial relations laws and promote secure employment
Sustainable Victorian social enterprise and Aboriginal business sectors	<ul style="list-style-type: none"> Purchasing from Victorian social enterprises and Aboriginal businesses
Sustainable Victorian regions	<ul style="list-style-type: none"> Job readiness and employment for people in regions with entrenched disadvantage

* Updates:

*The [Building Equality Policy](#) (BEP) is applicable to all publicly funded construction projects valued at \$20 million or more. For further information, see the [Building Equality Policy guidance](#).

*Under the [National Employment Standards](#), all employees can access 10 days of paid family and domestic violence leave each year. Therefore, the 'Adoption of family violence leave by Victorian

Government suppliers' outcome no longer applies for this objective. Buyers are advised to consider whether use of this objective is appropriate. The remit of this objective is covered by the Fair Jobs Code and the Supplier Code of Conduct – see [Safe and fair workplaces: social procurement guide](#).

Table 2: Victorian Government's sustainable procurement objectives

Sustainable procurement objectives	Outcomes sought
Environmentally sustainable outputs	<ul style="list-style-type: none"> • Project-specific requirements to use sustainable resources and to manage waste and pollution • Use of recycled content in construction
Environmentally sustainable business practices	<ul style="list-style-type: none"> • Adoption of sustainable business practices by suppliers to the Victorian Government
Implementation of the Climate Change Policy Objectives	<ul style="list-style-type: none"> • Project-specific requirements to minimise greenhouse gas emissions • Procurement of outputs that are resilient against the impacts of climate change

2. 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 benefits that accrue to all Victorians when the social and sustainable outcomes in this Framework are achieved.

Social procurement can be grouped into two broad approaches:

1. Direct – Purchasing of goods, services or construction (by government) from:
 - a. Victorian social enterprises;
 - b. Victorian Aboriginal businesses;
 - c. or other social benefit suppliers, including Victorian Australian Disability Enterprises.
2. Indirect – Using the invitation to supply process and clauses in contracts with the private sector to seek social and sustainable outcomes for Victorians.

Victoria's Social Procurement Framework supports the expansion and standardisation of social procurement practice across all government procurement activities through both direct and indirect methods.

The Government acknowledges that regional SMEs play a critical role in the sustainability of regional economies and communities. In applying this framework, government departments and agencies are encouraged to consider how they can use place-based approaches to address entrenched disadvantage and support regional SMEs.

2.1 Purchasing from social enterprises

Social enterprises are businesses that trade to intentionally tackle social problems, improve communities, provide people access to employment and training, or help the environment. They derive most of their income from trade (not donations or grants) and use the majority of their profits (at least 50 per cent) to contribute to their social mission.

Among other benefits, social enterprises play an important role in providing transitional employment for Victorian priority job seekers as a pathway to employment in mainstream businesses. Social enterprises can also provide ongoing employment options for job seekers who may not be well placed to sustain mainstream employment over the longer term.

2.2 Purchasing from Aboriginal businesses

The Victorian Government defines an Aboriginal business as:

- at least 50 per cent Aboriginal and/or Torres Strait Islander-owned;

- undertaking commercial activity; and
- operates and has business premises in Victoria.

2.3 Purchasing from Australian Disability Enterprises

Australian Disability Enterprises (ADEs) are Commonwealth-funded and generally not-for-profit organisations operating in a commercial context, specifically to provide supportive employment opportunities to people with moderate to severe disability. Some ADEs also operate as social enterprises. Under this framework, the Government encourages engagement with Victorian ADEs that offer award-based pay rates for all staff.

2.4 Suppliers that provide inclusive opportunities

This framework seeks to incentivise all suppliers and supply chains to adopt and maintain fair, inclusive and sustainable business practices. The private sector plays a vital role in providing direct employment for Victorian priority jobseekers , and in providing employment opportunities that are gender equitable and inclusive of people with disability.

Jobs Victoria is a strategic mechanism through which suppliers can leverage from existing Government programs to support more job seekers at risk of being left behind into work.

3. Sustainable procurement

In addition to the social outcomes described in the previous section, the Government is committed to achieving positive environmental outcomes through sustainable procurement practices, which achieves value for money while minimising impact to the environment.

Sustainable procurement practices may include:

- maximising recyclable/recovered content;
- minimising waste and greenhouse gas emissions;
- conserving energy and water;
- minimising habitat destruction and environmental degradation; and
- providing non-toxic solutions.

Under this framework, the Victorian Government promotes sustainable practices that go beyond compliance requirements to both minimise adverse environmental impact and deliver positive environmental outcomes.

4. Framework requirements and expectations

The framework is to be applied to procurement of all goods, services and construction, based on a scalable approach linked to procurement activity expenditure. The thresholds outlined are consistent with those used across government to determine requirements under policies such as Local Jobs First - Victorian Industry Participation Policy (VIPP) and the Local Jobs First - Major Projects Skills Guarantee (MPSG). Two tables are provided:

- Individual procurement activity requirements – Table 3 outlines buyer requirements and the recommended approach for the inclusion of social and sustainable objectives into procurement planning processes within each expenditure threshold.
- Government department and agency requirements – Table 4 outlines the requirements for each department and agency to be consistent with the framework’s objectives.

The Government does not expect every procurement to pursue all of the recommended actions in Table 5.

Government buyers are expected to decide which social and sustainable objectives are to be pursued and prioritised in each procurement. While this permits flexibility for government buyers, the recommended approaches are expected to achieve greater commonality across government.

The framework is supported by guidance, tools and templates for the benefit of government buyers and suppliers.

Table 3: Individual procurement activity requirements for government buyers

Victoria’s Social Procurement Framework Individual procurement activity requirements				
	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
<i>Planning requirement for</i>	Incorporate SPF objectives and outcomes into regular procurement planning		Complete a Social Procurement Plan during procurement planning	

<i>government buyers</i>				
<i>Described approach</i>	Encouraged Seek opportunities where available to directly or indirectly procure from social enterprises, ADEs or Aboriginal businesses	Proportionate Use evaluation criteria (5 to 10 per cent weighting) to favour businesses whose practices support social and sustainable procurement objectives	Targeted Include performance standards and contract requirements that pursue social and sustainable procurement objectives	Strategic Include targets and contract requirements that pursue social and sustainable procurement objectives
Recommended actions for government buyers				
<i>Social Enterprises, ADEs and Aboriginal businesses</i>	Seek opportunities to directly or indirectly procure from social enterprises, ADEs or Aboriginal businesses	Consider whether part of the procurement can be unbundled for delivery from social enterprises, ADEs or Aboriginal businesses	Set targets for supplier expenditure with social enterprises, ADEs or Aboriginal businesses and ask suppliers to demonstrate how they will meet targets	
<i>Priority jobseekers and jobseekers in regions experiencing entrenched disadvantage</i>			Set supplier targets for employment and training for Victorian priority jobseekers and jobseekers in regions with entrenched disadvantage	
<i>Gender*</i>		Ask suppliers to demonstrate gender equitable employment practices in weighted	Include performance standards on labour hours performed by women	Include industry-appropriate targets for labour hours to be

		framework criteria		performed by women
<i>Disability</i>		Ask suppliers to demonstrate inclusive employment practices for Victorians with disability in weighted framework criteria	Include performance standards on labour hours performed by Victorians with disability	Include targets for labour hours to be performed by Victorians with disability
<i>Fair and safe workplaces[†]</i>		Ask suppliers to demonstrate compliance with industrial relations laws		
<i>Environmental sustainability</i>		Ask suppliers to demonstrate environmentally sustainable business practices in weighted framework criteria	Include requirements as relevant on recycled content, waste management and energy consumption.	
<i>Climate change</i>		Where procurement includes a design component, include requirements on greenhouse gas emissions and climate change resilience		

Buyers are advised to consider whether use of this objective is appropriate. See [Safe and fair workplaces: social procurement guide](#).

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*Under the [National Employment Standards](#), all employees can access 10 days of paid family and domestic violence leave each year. Therefore, the 'Adoption of family violence leave by Victorian Government suppliers' outcome no longer applies for this objective.

Table 4: Government department and agency planning requirements

Victoria’s Social Procurement Framework department and agency planning requirement	
Social Procurement Strategy	Each department and agency is to prepare a Social Procurement Strategy, which includes consideration of the following areas:
Planning	<ul style="list-style-type: none"> • Leadership and governance <ul style="list-style-type: none"> ○ Key priorities and objectives. ○ Roles and responsibilities. ○ Consideration of department or agency targets, such as: <ul style="list-style-type: none"> a. expenditure with Aboriginal business target (percentage or amount); b. social enterprise expenditure target (percentage or amount); c. targets for gender equality and employment of Victorians with disability; d. targets for job creation for Victorian priority jobseekers and in regions facing entrenched disadvantage; and e. target for proportion of suppliers with environmentally sustainable business practices. • Policy and process <ul style="list-style-type: none"> ○ Integration into policy, processes, documentation, tools, and templates. • Planning and opportunity analysis <ul style="list-style-type: none"> ○ Integration into forward procurement planning. ○ Completion of an opportunity and risk analysis. ○ Prioritisation of activities. • Action plan <ul style="list-style-type: none"> ○ Key actions, timeframes, and owners.
Staff and stakeholder communication and education	<ul style="list-style-type: none"> • Communication and education for staff and key stakeholders in delivering against the framework, including: <ul style="list-style-type: none"> ○ targeted awareness and training programs (e.g. procurement teams, project managers, buyers); and ○ provision of access to expertise.

Supplier communication, education, and development	<ul style="list-style-type: none"> • Supplier development and education, including: <ul style="list-style-type: none"> ○ targeted communication to suppliers on expectations and opportunities under the framework; ○ targeted awareness sessions for key suppliers and access to training programs as required; and ○ proposed supplier development activities, including engagement with social enterprises, ADEs and Aboriginal businesses.
Measurement and reporting	<ul style="list-style-type: none"> • Development of a reporting and management framework that includes: <ul style="list-style-type: none"> ○ a data collection model to track against government requirements and the targets and measures outlined in the Social Procurement Strategy; ○ tools and methods for data collection and analysis; and ○ reporting on achievements against the strategy and organisational targets.

5. Embedding social procurement

5.1 State purchase contracts and pre-qualification registers

A substantial proportion of Victorian Government procurement is undertaken under State Purchase Contracts (SPCs) and through supplier pre-qualification registers. SPCs and registers are being adapted to embed the framework's objectives. Some opportunities exist under existing contracts. Others are considered when contracts are renewed.

While opportunities vary for each SPC and register, actions include:

- increasing the number of targeted suppliers on panels and registers, and making it easy for buyers to identify them;
- incorporating questions into panel rules and response templates that incentivise gender-balanced and regionally located teams on individual engagements; and
- working with suppliers on workforce development and environmental sustainability.

5.2 Supplier code of conduct

The Victorian Government is committed to ethical, sustainable and socially responsible procurement, and expects the same high standards from Suppliers.

From 1 April 2025, the Supplier Code of Conduct sets mandatory minimum standards that Suppliers must meet when doing business with the Government.

The Code sets standards in the areas of:

- integrity, ethics and conduct
- conflict of interest; gifts, benefits and hospitality
- corporate governance
- labour and human rights
- health and safety
- environmental management

The Supplier Code of Conduct and this framework are complementary policies. The Supplier Code of Conduct sets minimum standards aimed at strengthening the Government's commitment to ethical procurement, whereas this framework encourages inclusive practices aimed at value creation.

The Supplier Code of Conduct is available at <https://www.buyingfor.vic.gov.au/supplier-code-conduct>

6. Social procurement planning and tactics

This framework establishes a requirement for departments and agencies to develop organisation-wide Social Procurement Strategies. These need to support policy, practice and capability development for staff, suppliers and supply chains. The flexible application of this framework within existing procurement practice seeks to ensure that social procurement is embedded in ordinary government business, with minimal burden on buyers or suppliers.

The framework also promotes the use of best practice sourcing tactics to drive social procurement. Depending on the size, expenditure category, and level of opportunity and risk, there are several tactics that can be applied. Some of the more common approaches are highlighted in Table 5.

Table 5: Social procurement sourcing tactics

Social procurement sourcing tactics	Description
Bundle	Increasing the size and scope of a procurement to enable a social or sustainable solution.
Unbundle	Decreasing the size and scope of a project/contract where social enterprises, ADEs or Aboriginal businesses in the supply market do not have the capacity to meet scope.
Evaluation criteria or targets for delivering social value	Asking all businesses to demonstrate impact, while communicating to the market the importance placed on social value.
Evaluation criteria or targets for subcontracting	Higher value contracts can require or encourage suppliers to incorporate social enterprises, ADEs or Aboriginal businesses in their supply chain.
Expressions of interest	When there is limited knowledge of how social impact could be addressed or there is a desire to encourage innovation from the supply market.

Partnerships	Creates long-term opportunities for innovation around shared social and sustainable objectives, including partnering with private sector and support organisations or strategic matching of social enterprise, ADE or Aboriginal business supplier capability with a pipeline of work.
Supplier relationship management (SRM)	Relationships and structured SRM processes enabling engagement with existing long-term suppliers to explore opportunities to strengthen the delivery of social objectives.
Targeted panels	Using panels as an opportunity to encourage and enable market participation by social enterprises, ADEs and Aboriginal businesses.
Targeted sourcing	Allowing direct sourcing from known social enterprises, ADEs and Aboriginal businesses with demonstrated capability. Initially, this might apply to lower value procurements as sector capability develops.

6.1 Partners and support agencies

The Victorian Government works collaboratively with partners and supporting agencies to:

- develop buyer and supplier capability;
- support suppliers with recruiting, pre-employment, on-the-job training and mentoring; and
- connect buyers to certified social enterprises and certified Aboriginal businesses.

The Victorian Government's current social procurement partnerships include:

- Kinaway – the Victorian Aboriginal Chamber of Commerce supports 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. In doing so, it aims to have a positive and direct influence in increasing economic participation by the Aboriginal community and its contribution to the Victorian economy. Kinaway is developing and will maintain a directory of Victorian Aboriginal businesses to further support and promote the sector.

- Social Traders – Australia’s leading organisation that connects social enterprise with social procurement opportunities. Through certification and an annual buyer membership, Social Traders links business and government buyers with social enterprise and aims to create 1,500 jobs for disadvantaged Australians by 2021.
- Supply Nation – the Australian leader in Indigenous supplier diversity, established in 2009 to connect its membership of Australia’s leading government agencies and corporates with 1450 Indigenous businesses across the country. Supply Nation’s rigorous registration and certification processes ensure members can be confident of Indigenous ownership. Supply Nation has a team of specialist consultants across Australia working intensively with Government and Corporate organisations to embed supplier diversity into their supply chains.

6.2 Support and development for Victorian priority jobseekers

The Government’s existing employment, inclusion and training programs will help support suppliers to find, employ and train Victorian priority jobseekers.

The Government established Jobs Victoria to provide a comprehensive approach to supporting job seekers at risk of being left behind. Jobs Victoria is supported by arrangements with leading organisations in the community sector and private sector employers.

Social enterprises, TAFEs and other training providers play a significant role in offering Victorians who need the most support the skills they need to be job-ready now and in the future. The Government will seek to ensure that training and skills gaps are identified and addressed on an ongoing basis and the training and TAFE system’s role to deliver government and community benefits are acknowledged.

The Government recognises the distinct role that TAFEs have, as public providers who partner with industry and Government on key economic priorities, in leading the training system in excellence and innovation, providing essential life skills and support services, and helping disadvantaged students and communities.

7. Implementation and reporting

7.1 Measurement and reporting

It is important that processes exist to measure the costs and benefits of social procurement to ensure value for money is achieved and substantiated. Sound measurement and reporting will enable evaluation of the framework over time, and inform future consideration as to the framework objectives and recommended approaches.

Government departments and agencies subject to the Standing Directions are required to report on their social procurement activities in their annual reports under this framework.

Reporting against the framework and delivery against the outcome priorities is required against individual contracts and at the department or agency level.

Table 6: Department and agency measurement for reporting

Level	Measures
Contract	Measuring supplier performance, such as: <ul style="list-style-type: none">• employment and training opportunities for Victorian priority jobseekers;• the proportion of supplier personnel by gender and people with disability.
Department or agency	Aggregated outputs, such as: <ul style="list-style-type: none">• the number of social enterprises, ADEs and Aboriginal businesses engaged and total spend;• the proportion of suppliers with environmentally sustainable practices.



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