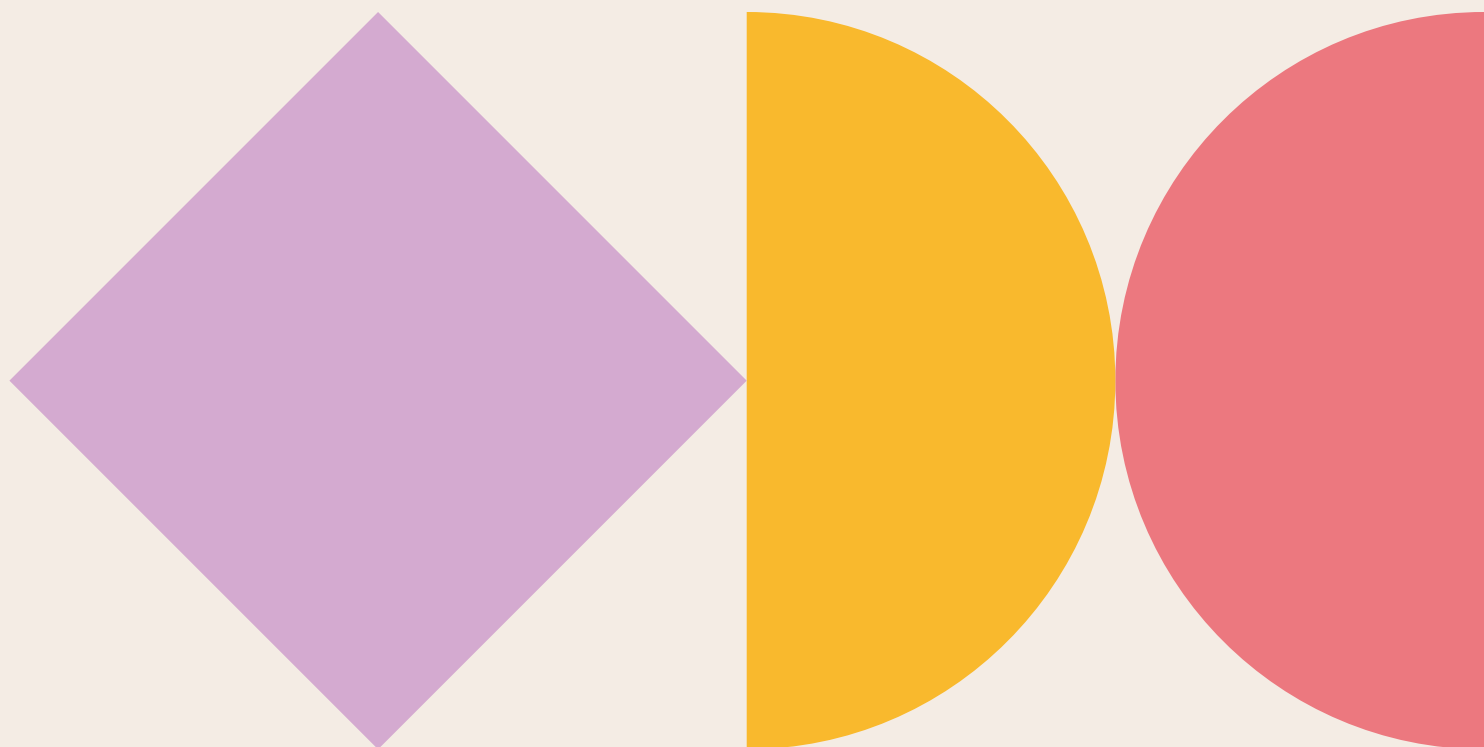




# Social procurement guide

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# Purpose of document

The Homes Victoria Social Procurement Guide aims to help suppliers understand the social procurement priorities and requirements at Homes Victoria, and explains the Victorian Government policies that apply to social procurement.

**Part A** provides an overview of social procurement and the Victorian policy context

**Part B** details Homes Victoria's social procurement requirements

**Part C** outlines implementation support

**Part D** answers frequently asked questions

# Part A: Social procurement in Victoria

## 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.

Since 2018, the Victorian Government has used government purchase power to generate social value through a range of social procurement objectives. Social value refers to the benefits for all Victorians when social and sustainable outcomes are achieved through procurement activities.

In the context of Victorian Government procurement, social procurement can be grouped into two broad approaches:

- 1. Direct social procurement** – Purchasing goods, services or construction (by government) from a social benefit supplier.
- 2. Indirect social procurement** – Using the invitation to supply process and clauses in contracts with the private sector to seek social and sustainable outcomes for Victorians.

## Why social procurement?

Our vision is to integrate strong social procurement practices and support inclusive employment outcomes across all Homes Victoria projects.

As an agency delivering new housing infrastructure across Victoria, it is our responsibility to ensure our projects provide the best job, education and training outcomes for those who are often under-represented in our workforce.

Homes Victoria has a significant assets portfolio – and an extra 10,000 new jobs a year will be created over four years due to the Big Housing Build.

Working with government and industry partners, Homes Victoria will support contractors and jobseekers to achieve effective employment outcomes for Victorian priority jobseekers

All Victorians should have the opportunity to participate and contribute to our State's growing economy. That is why we have set social procurement requirements for all our projects, regardless of size or value.

Leveraging the buying power of Homes Victoria means more jobs for our clients, renters and the communities we serve.

## Policy context

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.

A range of relevant strategy and policy documents have informed the development of Homes Victoria's social procurement requirements.

### Social Procurement Framework

Victoria's [Social Procurement Framework \(SPF\)](#) was launched in 2018 and enables government to use its buying power to generate social value above and beyond the value of the goods, services, or construction by maximising social, economic and environmental benefits for all Victorians and opportunities for Victorian jobs. The SPF puts social and sustainable outcomes at the centre of government procurement.

The SPF requires that government buyers incorporate social procurement into all procurement planning but provides flexibility for Departments and Agencies to choose how it is applied within their contexts. All Victorian Departments and agencies are required to prepare social procurement requirements.

### DFFH Social Procurement Strategy 2023–2025

The [DFFH Social Procurement Strategy 2023–2025](#) applies to all procurement activities of the department, our agencies and portfolio administrative offices we support. It documents the Department's social procurement implementation priorities and processes and is updated periodically.

### Social Enterprise Strategy

The [Social Enterprise Strategy 2021–2025](#) aims to grow the social enterprise sector, strengthen its connectivity, and unlock the potential to create more jobs and deliver improved economic and social value to the Victorian community.

### Local Jobs First Policy

[Local Jobs First policy](#) sets out the requirements of projects for the Victorian Industry Participation Policy (VIPP) and the Major Projects Skills Guarantee (MPSG). The VIPP outlines local content requirements for procurement over \$1 million in regional areas and \$3 million in metro areas. The MPSG requires that major projects valued at or above \$20 million deliver at least 10% of labour hours using apprentices, trainees and cadets. The Local Jobs First policy compliance is monitored and enforced by the Local Jobs First Commissioner.

### Victoria's Building Equality Policy

Victoria's [Building Equality Policy \(BEP\)](#) sets targets and requirements for women<sup>1</sup> on government funded construction projects valued at \$20 million or more. The BEP seeks to disrupt the existing gender stereotypes, norms and roles in the construction sector.

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1. When we say women, that word always includes trans and gender diverse women and sisters. As per *Our Equal State: Victoria's gender equality strategy and action plan 2023-27*, we acknowledge that our approach to gender equality must always be trans and gender diverse inclusive. We celebrate the critical role of trans and gender diverse people in the fight for gender equality. A person's gender is their own concept of who they are and how they interact with other people. Many people understand their gender as being a man or woman. Some people understand their gender as a combination of these or neither. A person's gender may or may not exclusively correspond with their assigned sex at birth

# Part B: Social procurement at Homes Victoria

## The Homes Victoria approach

Homes Victoria is committed to leveraging its significant spend on the existing public housing stock and the delivery of new homes through the [Big Housing Build](#) and [Victoria's Housing Statement](#). Through an effective and consistent social procurement approach, Homes Victoria aims to:

- Generate social value and inclusive change above the value of the goods and services procured, noting the size and scale of the investment.
- Ensure that the jobs created by expenditure are shared equitably among Victoria's jobseekers and community.
- Demonstrate leadership in social procurement and drive inclusive employment outcomes for the communities that we serve.
- Link suppliers to the relevant support systems and programs to build successful and enduring outcomes.

Homes Victoria has applied social procurement to its procurement processes since its inception. We have now refined and consolidated our social procurement requirements and supporting documentation. This new standardised approach provides consistency and clarity for our suppliers and contract managers, and clarifies any overlaps with other government procurement policies (eg. the Local Jobs First Policy).

In Homes Victoria's asset and maintenance portfolio, social procurement is achieved via:

- the supply chain by procuring from Victorian Aboriginal businesses, Victorian social enterprises or Australian Disability Enterprises
- using the invitation to supply process and clauses in contracts with the private sector to seek social and sustainable outcomes for Victorians
- workforce diversity by employing, training or supporting priority jobseekers and people who are underrepresented in the industry.



## Homes Victoria social procurement objectives

Social procurement at Homes Victoria is focussed on four objectives:

Social procurement objectives	Outcomes sought
Opportunities for Victorian Aboriginal people	<ul style="list-style-type: none"> <li>• Purchasing from Victorian Aboriginal businesses</li> <li>• Employment of Victorian Aboriginal people by suppliers to the Victorian Government</li> </ul>
Opportunities for Victorians with disability	<ul style="list-style-type: none"> <li>• Purchasing from Victorian social enterprises and Australian Disability Enterprises</li> <li>• Employment of Victorians with disability by suppliers to the Victorian Government</li> </ul>
Women’s equality and safety	<ul style="list-style-type: none"> <li>• Adoption of family violence leave by Victorian Government suppliers</li> <li>• Gender equality within Victorian Government suppliers</li> </ul>
Opportunities for Victorian priority jobseekers	<ul style="list-style-type: none"> <li>• Purchasing from Victorian social enterprises</li> <li>• Job readiness and employment for:               <ul style="list-style-type: none"> <li>– social housing renters</li> <li>– people on the Victorian Housing Register</li> <li>– people seeking asylum</li> <li>– refugees</li> </ul> </li> </ul>

## Social procurement commitments

Social procurement requires suppliers to deliver on social procurement commitments through individual procurement activity. At Homes Victoria social procurement requirements may be delivered through a combination of the following commitments:

- Inclusive workplace practices**  
 Adoption of employment practices that support the inclusion and safety of people in the workplace. This can include plans and strategies, work flexibility and leave policies, workplace safety and cultural safety practices and employment targets.
- Social benefit spend**  
 Project spend with one or more social benefit suppliers. For example, a Victorian Aboriginal owned business, Social Enterprise or Australian Disability Enterprise.
- Inclusive employment**  
 Project labour hours delivered by priority cohorts (i.e., Victorian Aboriginal people, Victorians with a disability and Victorian priority jobseekers, including social housing renters).
- Women’s equality and safety commitments**  
 Offering family violence leave, flexible working arrangements, targets to increase the number of women on the organisation’s board, etc.

## Homes Victoria social procurement requirements

Contracts below \$1m regional/ \$3m metro/state-wide	For all contracts above \$1m regional, \$3m metro/ state-wide and below \$20m	For all contracts above \$20m
5% weighting	5–10% weighting	10% weighting
<p>At this contract value, the 5% weighting is available to social benefit suppliers only.</p> <p>Additionally, for goods and services procurement below \$150,000 only one quote is required if the supplier is a social benefit supplier.</p>	<p><b>Suppliers must demonstrate:</b></p> <ul style="list-style-type: none"> <li>• their commitments to inclusive workplace practices.</li> </ul> <p><b>Suppliers are encouraged</b> to strengthen their social procurement rating by demonstrating commitments to:</p> <ul style="list-style-type: none"> <li>• inclusive employment</li> <li>• social benefit spend.</li> </ul> <p>Social benefit suppliers automatically attract a 5% social procurement weighting.</p>	<p><b>Suppliers must demonstrate:</b></p> <ul style="list-style-type: none"> <li>• their existing and planned commitments to inclusive employment practices</li> <li>• how priority cohorts will perform a combined minimum of 5% of total project labour hours through direct employment or indirect employment</li> <li>• how social benefit suppliers will deliver minimum 2.5% of total project spend</li> <li>• a commitment towards 50% women on the board and senior management team. At a minimum, the supplier is required to increase women on the Board and senior management by 10 percentage points over four years.</li> </ul> <p><b>For construction contracts on projects valued at \$20 million or more only, the <a href="#">Building Equality Policy</a> also applies.</b></p> <p>This requires the supplier to:</p> <ul style="list-style-type: none"> <li>• provide a project-specific Gender Equality Action Plan</li> <li>• provide an organisational-wide Gender Equality Action Plan</li> <li>• for the project, women must perform:               <ul style="list-style-type: none"> <li>→ 3% of trade labour hours</li> <li>→ 7% of non-trade Construction Award covered labour hours</li> <li>→ 35% of management/supervisory and specialist labour hours</li> <li>→ 4% of total labour hours for women apprentices or trainees.</li> </ul> </li> </ul>

## Reporting and compliance

Homes Victoria social procurement requirements were officially introduced on 1 July 2022. These requirements will not retroactively apply to existing contracts.

Reporting will be completed through the existing social procurement reporting tool on the Victorian Management Centre (VMC), operated by Industry Capability Network (ICN).

For projects subject to the Local Jobs First Policy (LJFP), reporting frequency should be consistent with existing reporting requirements for LJFP where possible.

Homes Victoria will monitor the reporting through VMC and work with contractors in the event of non-compliance. In line with the Building Equality Policy, a transitional compliance period will apply until 30 June 2024, during which there will be a focus on education and awareness of the requirements. From 1 July 2024, contract provisions will provide remedies for non-compliance. Model contract clauses will be developed to reinforce a graduated approach to compliance.





# Part C: Implementation support

## Social benefit suppliers

In the context of Victorian government procurement, a social benefit supplier to a business is:

- a Victorian social enterprise
- a Victorian Aboriginal business, and/or
- an Australian disability enterprise.

## Purchasing from Victorian 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 jobseekers, including people with a disability, as a pathway to employment in mainstream businesses. Social enterprises can also provide ongoing employment options for jobseekers who may not be well placed to sustain mainstream employment over the longer term. In Victoria, social enterprises must be registered with Social Traders to have their social enterprise status recognised (see Part C for more information).

## Purchasing from Aboriginal businesses

Aboriginal businesses provide a diverse range of goods and services that can be used by all areas of government. The Victorian Government defines an Aboriginal business as:

- at least 50 per cent Aboriginal and/or Torres Strait Islander-owned
- undertaking commercial activity
- located in Victoria.

The Victorian Aboriginal business sector is large, diverse and growing. The sector includes for-profit businesses, Traditional Owner corporations, social enterprises and community enterprises in metropolitan and regional areas. Land-based Aboriginal businesses, including Traditional Owner corporations, are active in several fields, including primary production, natural resource management, ecosystem services and cultural tourism. For Victorian government procurement, Aboriginal businesses must be certified by Supply Nation or Kinaway.

## 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.

Homes Victoria can connect contract managers and suppliers with the following social benefit partners:

### 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.

<https://www.socialtraders.com.au>

### 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 maintains a directory of certified Victorian Aboriginal businesses to further support and promote the sector.

<https://kinaway.com.au/>

### Supply Nation

The Australian leader in Indigenous supplier diversity was established in 2009 to connect its membership of Australia's leading government agencies and corporates with thousands of 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.

<https://supplynation.org.au>

### BuyAbility

BuyAbility connects suppliers with Australian Disability Enterprises. Mainstream suppliers can find Australian Disability Enterprises using the BuyAbility Directory.

<https://buyability.org.au/>



## Priority cohort recruitment resources

Jobs Victoria was established in May 2016 to provide targeted support services to jobseekers at risk of being left behind. They provide a suite of support to suppliers, including:

### Receive recruitment support from a Jobs Victoria Partner

[Jobs Victoria \(JV\) Partners](#) can help with recruitment planning and connect you to ready, local candidates. It's a free service. JV Partners can also support your new staff with training and mentoring to ensure they have a smooth transition into your workplace. JV Mentors have access to budgets to support candidates with pre-employment training and equipment (e.g. tools, white card certification, etc). Email [info@jobs.vic.gov.au](mailto:info@jobs.vic.gov.au)

### Apprenticeships Victoria

Apprenticeships Victoria is a division within the Department of Jobs, Skills, Industry and Regions. Apprenticeships Victoria oversees and coordinates the employment and training of apprentices and trainees across all industry sectors and areas of the state. This includes school-based apprenticeships and traineeships, mainstream apprenticeships and traineeships, and Big Build Apprenticeships (BBA), which offer the opportunity to get involved in the biggest and most exciting infrastructure projects in our state.

For more information visit

<https://www.apprenticeships.vic.gov.au/>

## Inclusive workplace practices

Creating and sustaining inclusive workplaces is important to Homes Victoria and an important component of our social procurement. A range of organisations and networks can support a supplier improve their workplace practices.

Resources include:

- Social Procurement Framework suppliers guidance: [Support for suppliers | Buying for Victoria](#)
- Family violence leave [Supporting staff: family violence leave policy considerations | Victorian Government \(www.vic.gov.au\)](#)
- Women's equality and safety [Workplace Equality and Respect Standards – Our Watch](#) and [Tools and resources – Our Watch](#)
- Disability rights Disability [Action plans and action plan guides | Australian Human Rights Commission](#)
- Aboriginal and Torres Strait Islander safety and inclusion [Reconciliation Action Plans – Reconciliation Australia](#) and [Aboriginal Cultural Safety Training – VACCHO](#)
- Safe and respectful workplace training [https://www.weareunion.org.au/ohs\\_training\\_unit](https://www.weareunion.org.au/ohs_training_unit)
- Other workplace resources (various) [Victorian Equal Opportunity and Human Rights Commission | Victorian Equal Opportunity and Human Rights Commission.](#)

# Part D: Frequently Asked Questions (FAQs)

## What is the Public Tenant Employment Program (PTEP) and does it still apply?

The Public Tenant Employee Program is one of the longest running Victorian Government social procurement initiatives. Homes Victoria conducted a review of the PTEP program in December 2021. While PTEP has achieved several positive outcomes over its lifetime, the review found that there are several gaps that limit the program's effectiveness and its alignment with the Victorian Government (and Homes Victoria's) broader social procurement objectives.

PTEP has been integrated into the social procurement requirements and has ended as a standalone program. This will not change any existing PTEP arrangements, which will be fulfilled based on their existing contractual arrangements.

## Do the thresholds refer to the contract value or project spend?

The application of Homes Victoria's Social Procurement requirements relate to the individual contract value. These requirements have been developed in coordination with other government agencies and endorsed for industry consultation by our executive team and advisory board.

The Building Equality Policy (BEP) requirements apply to all construction contracts that are part of construction projects valued at \$20 million or more.

## Can there be an overlap between the required apprentice and project labour hours of the Major Projects Skills Guarantee (MPSG), Building Equality Policy (BEP) and Homes Victoria's social procurement requirements?

If an apprentice is from a social procurement priority cohort, their labour hours can count towards both the MPSG and social procurement labour hours. For example, this could apply to project labour hours undertaken by an apprentice who is also a social housing renter. Labour hours from women in apprenticeships can count towards both the MPSG and the BEP.

## Can there be an overlap between inclusive practices, such as cultural training and social benefit spend?

Yes, if an organisation undergoes training from a social benefit supplier, it can simultaneously count towards inclusive workplace practices, and social benefit spend.

### Are social housing renters included within the social procurement objectives?

Social housing renters (public housing and community housing) are included under the Victorian priority jobseekers objective. This means the direct hire of social housing renters or the engagement of social enterprises that employ social housing renters, contributes towards a supplier's social procurement commitment. Homes Victoria welcomes proposals that include employment pathways for our renters.

### Can existing staff be counted towards priority cohort labour hours?

Yes. Existing or recently hired staff who meet the priority cohort criteria can have their hours counted towards total project labour hour commitments. The focus is on meaningful, supported and ongoing employment outcomes for priority cohorts.

### Does social procurement apply to loans and grants at Homes Victoria?

Homes Victoria supports the development of new social housing in Victoria through various programs within the Social Housing Growth Fund.

Homes Victoria has made the decision to apply social procurement requirements to the grants and loans it offers. This decision was made with the support of the Department of Treasury and Finance.

Information on the requirements applicable are issued on a program-by-program basis.

### Where can I learn more about social procurement?

Further information on Victoria's Social Procurement Framework and supporting documentation can be found at <https://www.buyingfor.vic.gov.au/social-procurement>.



# Appendix 1: definitions

**Direct Employment** means the tenderer provides employment through the direct hire of people from priority cohorts.

**Indirect Employment** means a tenderer subcontracts to suppliers who hire people from priority cohorts.

**Kinaway** means Kinaway Chamber of Commerce Victoria Limited (ACN 600 066 199).

A **person seeking asylum** is a temporary resident seeking protection. If their application for political asylum is granted then they will be classified as a refugee. If their application for political asylum is rejected, they are generally required to leave Australia and will no longer be considered a refugee or asylum seeker. People seeking asylum are at risk of being long-term unemployed (face significant barriers to employment).

**Priority cohorts refers to:**

- Victorian Aboriginal People
- Victorians with disability
- Victorian priority jobseekers:
  - social housing renters
  - people on the Victorian Housing Register
  - people seeking asylum
  - refugees

**Refugees** means a person residing in Victoria who:

- is a migrant under Australia's refugees and humanitarian program. They are permanent residents and continue to be categorised as refugees after they have migrated to Australia
- is at risk of being long-term unemployed (face significant barriers to employment).

**Significant barriers to employment** may include:

- lack of local work experience
- language
- lack of relevant vocational skills
- lack of networks
- lack of understanding of the labour market and job search techniques
- care responsibilities
- housing issues

**Social benefit spend** means project spend with a social benefit supplier.

**Social Benefit Supplier** means a business that meets one or more of the following criteria:

- it is a Victorian social enterprise that has been certified by Social Traders and operates and has business premises in Victoria
- it is a Victorian Aboriginal business certified by Supply Nation or Kinaway to be at least 50 per cent Aboriginal and/or Torres Strait Islander-owned that undertakes commercial activity and has business premises in Victoria
- it provides 'supported employment services' as defined in section 7 of the *Disability Services Act 1986* (Cth) and operates and has a business premises in Victoria.

**Social housing renters** means people who:

- are residents of public housing in Victoria
- are residents of community housing within Victoria.

**Social Traders** means Social Traders Limited (ACN 132 665 804).

**Supply Nation** means Australian Indigenous Minority Supplier Office Limited (trading as Supply Nation) (ACN 134 720 362).

**Social procurement commitment** means a commitment made by a supplier to deliver a social or sustainable outcome through an individual procurement activity.

**Victorian Aboriginal people** means people:

- of Aboriginal and Torres Strait Islander descent who identify as Aboriginal or Torres Strait Islander and are accepted as such by the community in which they live; and
- who reside in Victoria.

**Victorian priority jobseekers** means people who reside in Victoria and are from one of the following cohorts:

- social housing renters
- people on the Victorian Housing Register
- people seeking asylum
- refugees

**Victorians with disability** means people who:

- have long-term (lasting 6 months or more) physical, mental health, intellectual, neurological or sensory impairments which, when combined with other barriers (such as negative attitudes of employers or inaccessible environments), may limit their participation in society on an equal basis with other people
- reside in Victoria.

