

Social Procurement



2020 Vision

Looking forward clearly



Social Procurement

Case studies from the
Victorian Water Industry
presented by Leanne Hill

17 October 2019

Agenda

About Melbourne Water

External drivers

Vic Government's Social Procurement Framework

Benefits of social procurement

Supplier Code of Practice

How can we deliver social procurement

Case studies from the Water industry

Melbourne Water - Who we are

Melbourne Water makes a vital contribution to the famous Melbourne lifestyle by:

- underpinning human health,
- enhancing community well-being,
- supporting economic growth and,
- balancing the natural and manufactured environment.



Melbourne Water - What we do

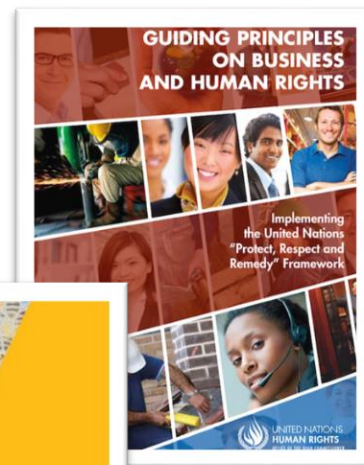
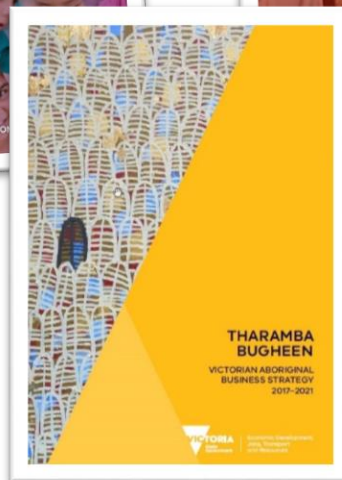
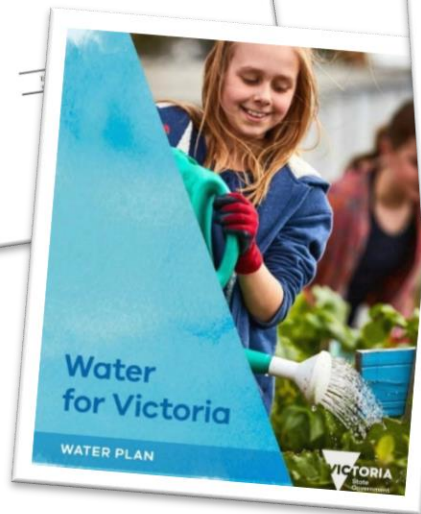
We are responsible for the supply of:

- affordable, high-quality water,
- an outstanding sewerage system,
- healthy waterways, integrated drainage and flood management services.

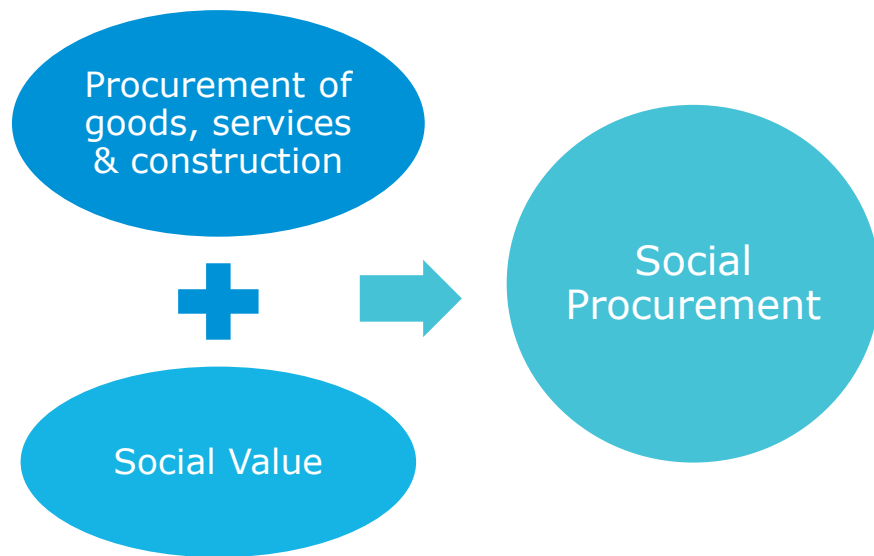
Helping to make greater Melbourne a fantastic place to live.



External drivers for social procurement



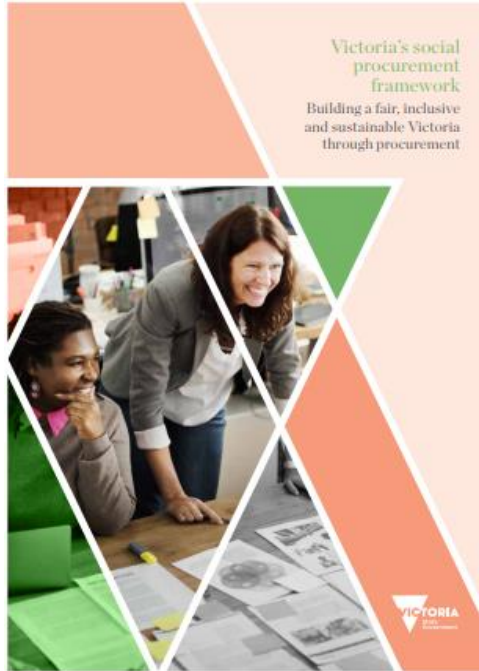
What is social procurement?



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.

At Melbourne Water, a collaborative/value based approach of working with the supply chain encouraging them on this journey

VIC | Social Procurement Framework (SPF)



Applies to all Government departments and agencies that procure goods, services and construction and agencies subject to Standing Directions

Takes effect from 1 September 2018

Implementation phased through 2018-19

The framework contains social procurement objectives AND sustainable procurement objectives

The SPF enables buyers and suppliers to deliver outcomes that benefit the Victorian community

\$**5.2_b**

ECONOMIC IMPACT

Victorian social enterprises contribute \$5.2 billion to the Victorian economy



60,000

JOBS

60,000 jobs created by Victorian Social Enterprises (1.8% of the Victorian workforce)

12,000

JOBS FOR PEOPLE WITH A DISABILITY

12,000 jobs are created for people with a disability

4,000

JOBS FOR LONG-TERM UNEMPLOYED PEOPLE

4,000 jobs are created for long-term unemployed people

985

JOBS FOR INDIGENOUS AUSTRALIANS

985 jobs are created for Indigenous Australians

Social Procurement Framework 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">• Adoption of family violence leave by Victorian Government suppliers• Gender equality within Victorian Government suppliers

Social Procurement Framework objectives

Opportunities for disadvantaged Victorians	<ul style="list-style-type: none">• Purchasing from Victorian social enterprises• Job readiness and employment for:<ul style="list-style-type: none">○ long-term unemployed people○ disengaged youth○ single parents○ migrants and refugees○ workers in transition
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

Social Procurement Framework objectives

Sustainable Procurement Objectives

Outcomes Sought

Environmentally sustainable business outputs

- Project-specific requirements to use sustainable resources and to manage waste and pollution
- Use of recycled content in construction

Environmentally sustainable business practices

- Adoption of sustainable business practices by suppliers to the Victorian Government

Implementation of the Climate Change Policy Objectives

- Project-specific requirements to minimise greenhouse gas emissions
- Procurement of outputs that are resilient against the impacts of climate change

Benefits of Social Procurement

Indigenous owners, employees and communities are proud of indigenous businesses

Employment for marginalised groups

For every dollar of revenue, Indigenous businesses create \$4.41 of economic and social value



Keeping money in local economies



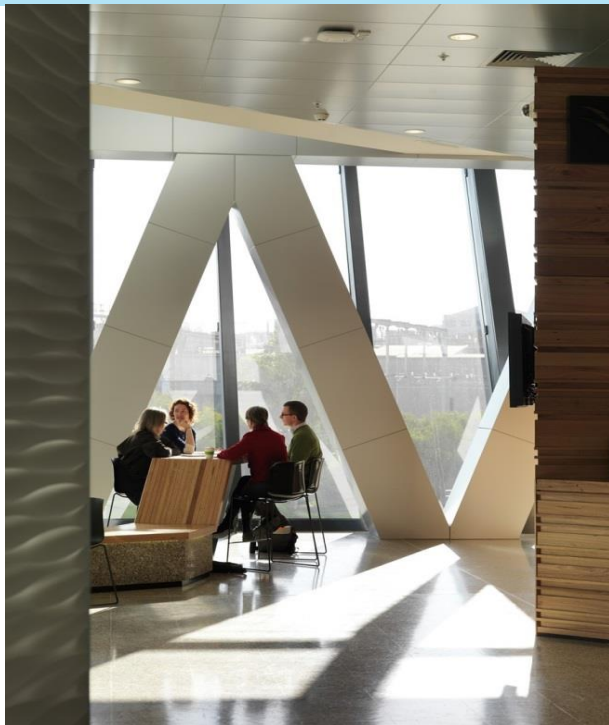
Diverse suppliers bring innovation and value

They redistribute profits to social programs or charitable activities

Economic Empowerment

For every dollar invested in Victoria's social value has resulted in \$3.65 of social return

Supplier Code of Practice (SCoP)



Aligning our values:

Driving conversations with
suppliers;

and

Prioritising these values within
our procurement processes

How can we deliver social procurement?



Construction
Projects

Integration at each
project stage

MPD Joint Ventures



Service
Contracts

Well suited to local
and social
outcomes

Grass Cutting



Purchasing of goods
and day-to-day
requirements

Integrate into the
day-to-day buying
behaviour of our people

WGAC toilet paper

Construction case study

Extract Media release
29 May 2018

Social procurement underpins water and sewer contracts

Melbourne Water Managing Director, Michael Wandmaker, said the process was industry leading for the Victorian water sector.

"The Victorian Government's procurement requirements are already rigorous and include diversity and inclusion, but for these critically important infrastructure projects we wanted to raise that bar even higher," he said.

"Our social procurement process required shortlisted candidates to identify opportunities and targets to support reconciliation, diversity and gender equity through their work for Melbourne Water."

"The requirements even extend beyond the primary service providers. The successful ventures must ensure that all sub-contractor agreements reflect their commitments to diversity and inclusion as closely as possible."

Mr Wandmaker said the critical nature of the projects meant Melbourne Water had a duty to build long term relationships with organisations with shared values.



Toilet paper-case study



The Social Value in Procurement working group had the idea to promote Who Gives a Crap toilet paper, some water corporations were already buying their paper from this social enterprise

Benefits:

- 50% profits go to building toilets in third world countries
- 100% recycled paper
- Social & environmental outcomes
- Employee engagement

Field cutting service– case study



- Marriott Enviro Management Services (EMS), a wholly owned subsidiary of Marriott Support Services (a not for profit organisation working with people with intellectual disabilities and a certified Social Traders supplier),
- Marriot Enviro Management Services provides quality landscaping, grounds and garden maintenance, specialist mowing and weed control services.
- They have delivered grounds maintenance services for the water industry for the last 20 years.
- People with a disability make up to 60% of the total crew.

Catering– case study in the Water Sector



- Tasty Plate is a catering business that provides structured workplace learning for young people with a disability
- On-the job skills development coupled with formal training helps create new opportunities for remarkable young people
- Tasty Plate won the tender for catering services with Wannon Water back in 2011 when they were a new start up social enterprise

Relevance to councils

Section 186 of the Victorian *Local Government Act* 1989 requires local governments to undertake a competitive process to test the market before entering into contracts for:

- the purchase of goods or services with a value of \$150,000 or more
- the carrying out of works with a value of \$200,000 or more, unless specified exceptions apply.
- Councils must award a contract on the basis of quality and cost standards required by Section 208D of the Act.

In developing quality and cost standards for services to the community, councils may take into account factors set out in Section 208C:

- the need to review services against the best on offer in both the public and private sectors
- an assessment of value for money
- community expectations and values
- the balance of affordability and accessibility of services to the community
- opportunities for the growth or retention of local employment
- potential environmental advantages for the council's municipal district

Therefore, the value for money requirement can incorporate how well the suppliers' offerings address the council's objectives in securing social value, sustainability and public benefit

Relevance to local councils- Resources from DELWP

Social Procurement Guidance – ‘Beyond Value for Money: Social Procurement for Victorian Local Government’ is the guidance issued to council on social procurement.

https://www.localgovernment.vic.gov.au/_data/assets/pdf_file/0020/48512/Beyond-Value-for-Money-Social-Procurement-for-Victorian-Local-Government-2nd-edition-update-4-April-2019.pdf

Social Procurement Toolkit - Social procurement toolkit for local government on how to conduct social procurement

<https://www.localgovernment.vic.gov.au/strengthening-councils/procurement/social-procurement>

General procurement rules etc. - For more information on local government procurement pursuant to the Local Government Act, see the link below:

<https://www.localgovernment.vic.gov.au/strengthening-councils/procurement>

Thank you