

FREQUENTLY ASKED SOCIAL PROCUREMENT QUESTIONS

1. INTRODUCTION

Perceived risks and barriers to social procurement are frequently cited as arguments against implementing procurement initiatives with social outcomes. The most common are debunked below.

Question 1: Are there any legal impediments to implementing social procurement?

Response: There appears to be no Commonwealth or Victorian legislation, or common law cases, that prevent governments and councils from including social procurement requirements in procurement documents or contracts as long as they are not discriminatory. Some legislative requirements actively support the inclusion of social procurement provisions. For example, Section 208B of the *Victorian Local Government Act 1989* specifies the Best Value Principle requirement that all services provided by a council must be responsive to the needs of its community.

Question 2: Are social procurement objectives consistent with the *Local Government Act's* requirements:

- sound financial management (s. 136(1))
- competitive process to test the market (s. 186)
- best value principles (Division 3 of Part 9)?

Response: Under the *Local Government Act 1989*, Victorian councils have a responsibility to properly manage public goods, resources, and/or facilities in a way that supports sustainable development objectives and promotes the public interest. Social procurement can achieve the best overall cost-benefit outcome if the benefits and costs are assessed in more than monetary terms.

Question 3: Are there special disclosure requirements for social procurement?

Response: No. Like all contractual requirements, social procurement must be disclosed:

- procurement documentation should clearly state the purpose of the social procurement
- all suppliers should be advised of the social procurement objectives and requirements at the same time and in the same way
- no supplier should receive information that is not provided to other suppliers
- if applicable, a probity auditor or advisor should be engaged to oversee the procurement.

Question 4: Are social outcomes difficult to measure?

Response: No, but some effort is required. There have been well established methodologies developed that are internationally recognised. This is further disclosed in the 'cost-benefit analysis' paper of the social procurement implementation toolkit.

Question 5: Does social procurement require a compromise on the quality of goods and services?

Response: No. Social procurement need never compromise on quality.

To ensure that the quality of the goods and/or services meet a project's needs, the quality requirements must be stipulated in the procurement specifications and contractual provisions.

Suppliers which fail to meet the quality requirements or other specifications in the procurement documentation may not be awarded the project.

Question 6: Is social procurement an additional burden for procurement officers?

Response: No. Organisations do not need to make significant structural or organisational changes to their procurement policies and processes in order to include social outcomes. Rather than represent an additional "burden", social procurement can:

- reduce project costs
- achieve benefits in the community
- assist the organisation meet its annual corporate social responsibilities
- be readily integrated into procurement policies and practices.

Numerous guidelines, including the *Social Procurement: A Guide for Victorian Local Government*, can assist organisations in easily integrating social procurement initiative.

Question 7: Is the marketplace geared to delivering social outcomes?

Response: Yes. Markets are embracing corporate social responsibility (CSR). While many organisations undertake CSR to provide community benefits, still more do so because it is simply good business. As sustainability is increasingly becoming a requirement for businesses in response to their triple bottom line objectives, the incorporation of environmental and social sustainability initiatives into their policies and practices is becoming more common.

Question 8: Can social outcomes only be delivered through social enterprises?

Response: No. Social enterprises are by no means the only way in which social procurement outcomes can be delivered. Many social procurement outcomes have been realised through the inclusion of social benefit clauses in contracts.

**CASE STUDY
COMMUNITY AND ECONOMIC CLAUSE
VICURBAN**

VicUrban has developed and is trailing a **Community Benefits and Economic Vitality Clause** in tenders for its flagship urban renewal projects, with the inclusion of social clauses in contracts.

These clauses encourage suppliers and contractors to support the communities in which they operate with more than just infrastructure.

Local outcomes have improved over time with each contract.