

Catching the Social Procurement Wave

**Making the most of the new
opportunities for employment generation**

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ArcBlue Asia Pacific Procurement and Commercial – Consulting, Training & Analytics




Hi!



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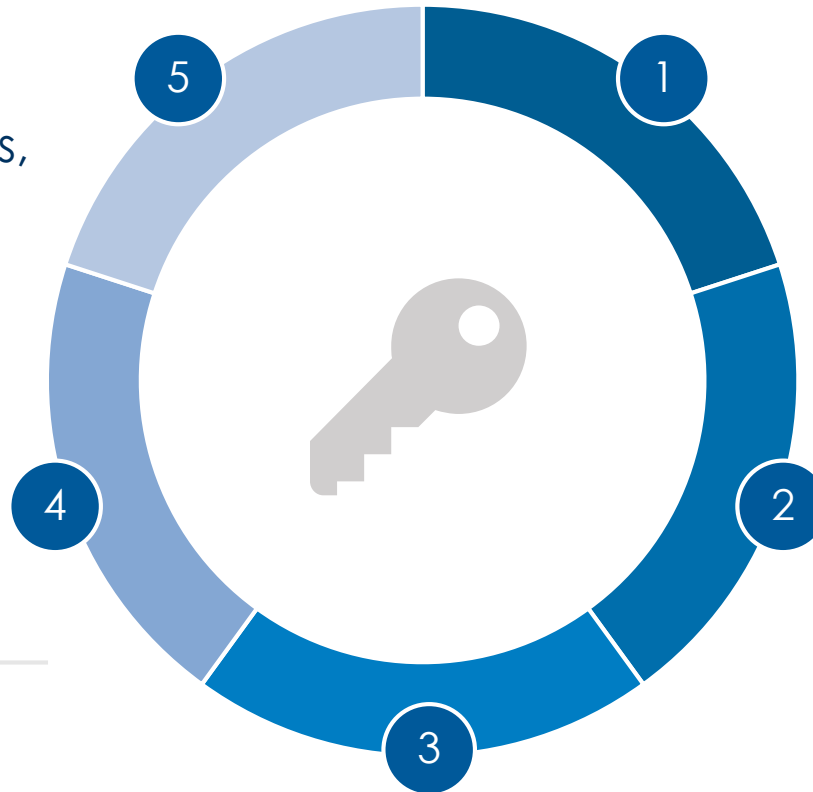
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ArcBlue – Social & Sustainable Procurement

Supporting **organisations** to incorporate **environmental, social, and local** economic outcomes into their **practice** and their **projects**.

Contract Performance Tracking, Workforce Analytics, Impact Measurement, and Visualisation

Training Programs and eLearning for Buyers, Suppliers and Partners



Social and Sustainable Procurement Readiness Assessment & Strategy Development

Opportunity Assessment, Program and Project Planning

Project Development – Bid Documentation, Support and Partnership solutions

ArcBlue – Performance Tracking & Social and Economic Impact Dashboards

Visualisation



Map out detailed data insights with interactive visual tools

Data Collection



Successful data integration through strategy, technology and execution

Economic Modelling



Demonstrate business impact to regional economic targets

Social Impact Modelling



Interfaces dynamic data to help illuminate potential opportunities

Performance Tracking

ArcBlue can assist you to track performance against contracts for key indicators including jobs and expenditure.

Economic, Workforce and Social Impact Modelling

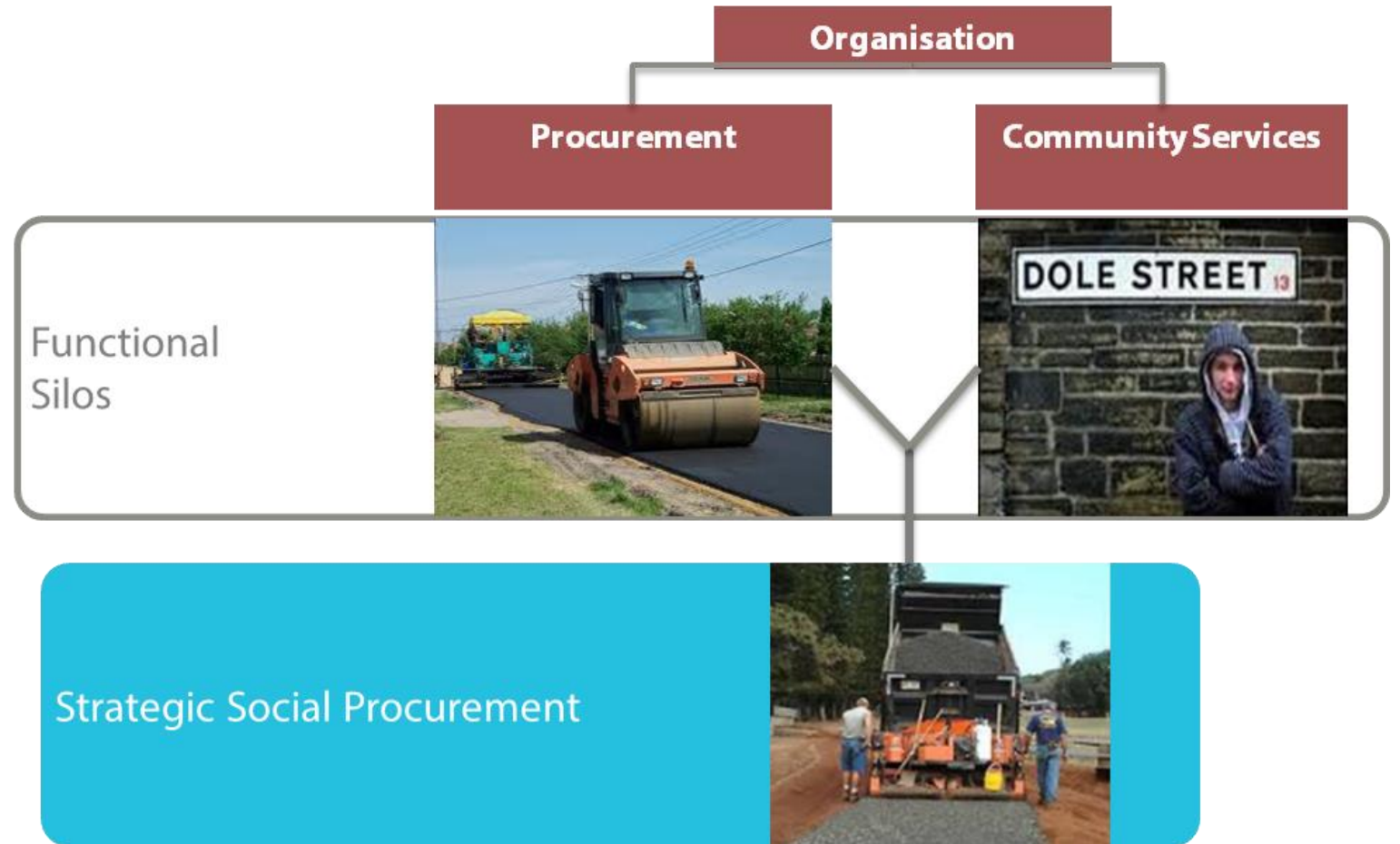
ArcBlue Dashboards can assist you to measure and demonstrate regional economic output, job creation, and other key metrics.



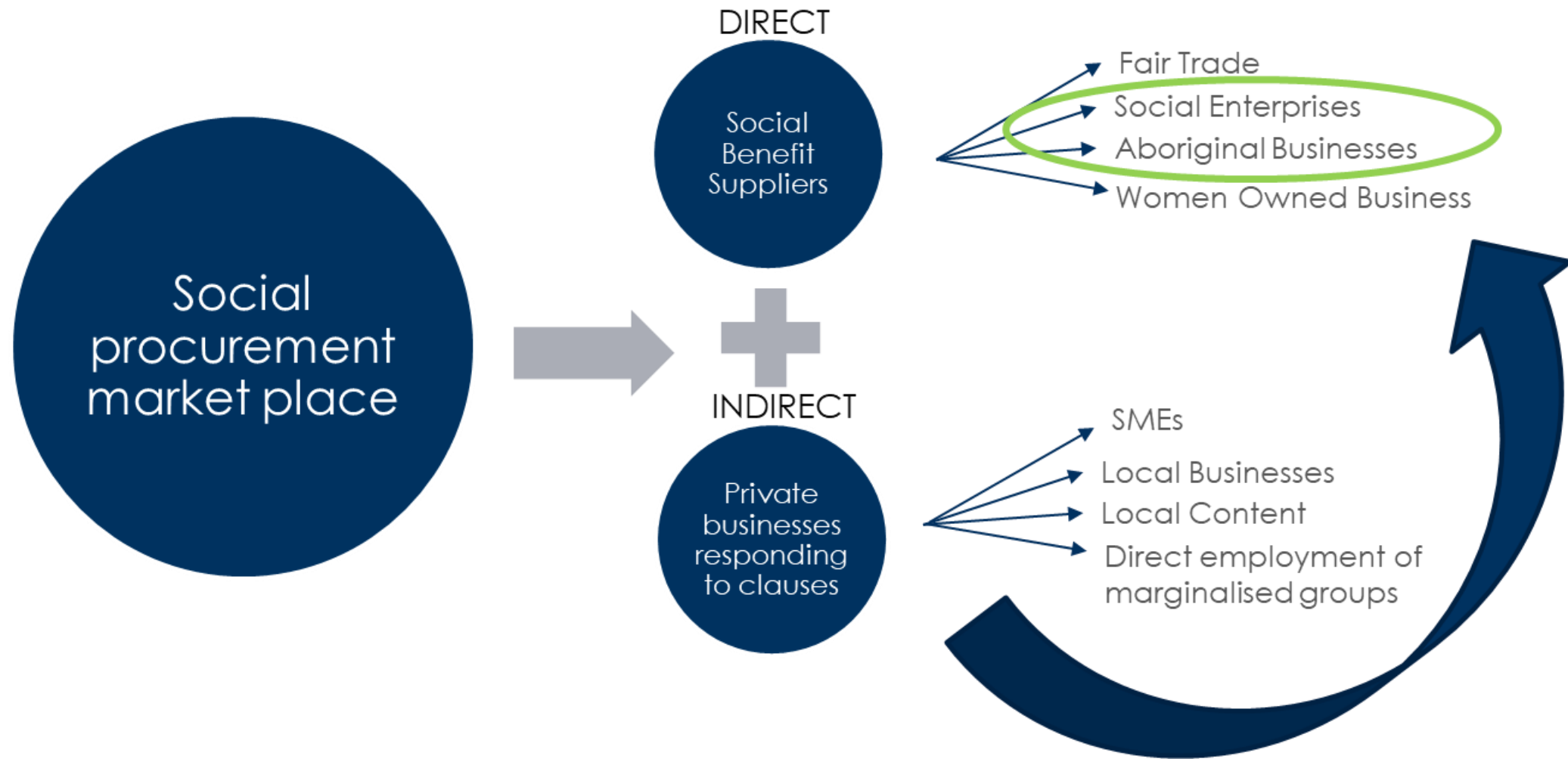
Social Procurement Definition

‘When organisations use their buying power to generate social value above and beyond the value of the goods, services, or construction being procured’

(Vic Gov’t Social Procurement Framework)



Social Procurement Marketplace



POLICY What's Changing – Two Approaches to Policy Objectives

Social Procurement Objectives



Victoria's Social Procurement Framework

Building a fair, inclusive and sustainable Victoria through procurement

- Opportunities for Victorian Aboriginal people
- Opportunities for Victorians with disability
- Women's equality and safety
- Opportunities for disadvantaged Victorians - Job readiness and employment for:
 - long-term unemployed people/ disengaged youth/ single parents/ migrants and refugees/ workers in transition
- Supporting safe and fair workplaces
- Sustainable Victorian social enterprise and Aboriginal business sectors
- Sustainable Victorian regions - Job readiness and employment for people in regions with entrenched disadvantage



Social Procurement Workforce Policy

Integrating Social Procurement and Workforce Development into all Transport Projects

- Maximising employment opportunities for underrepresented groups
- Supporting the communities with whom we live, work and serve
- Building capacity in the workforce by attracting a wider audience to industry
- Developing the skills base of the workforce

PLACE: Place-based Programs, e.g. GROW

GROW is a collaborative regional initiative originally developed between the Give Where You Live Foundation and the Geelong Region Alliance (G21) to address disadvantage in four key postcodes in Geelong and Colac

GROW Programs are now being established across Victoria, to address disadvantage and strengthen regional economies through a focus on job creation in key communities through social procurement, inclusive (demand led) employment, and impact investment.

- GROW Geelong launched 2015
- GROW Gippsland launched 2018
- GROW Ballarat, Bendigo and Shepparton roll-out planned for Aug/ Sept 2018

Growing jobs and the regional economy



Maximising the impact of local and regional spend on economic output and jobs

Growing jobs for target communities



Intentionally focussing on economic and social impacts for key target cohorts, including: young people, transitioning workers, aboriginal, people with a disability and long-term unemployed.

Challenges and Opportunities



Unemployment rates in the Latrobe Valley (May 18)

- 8.9%** overall – (6.9% in Gippsland; 5.2% in Victoria)
- 15.4%** youth (15 – 24 years)
- 16%** in key communities

7% shift of total spend from outside to inside the region creates **\$1bn economic impact and 3,000 jobs**





Every **\$1m** spent in the Gippsland region creates up to **\$2m local economic value** and supports the employment of **5 local people**

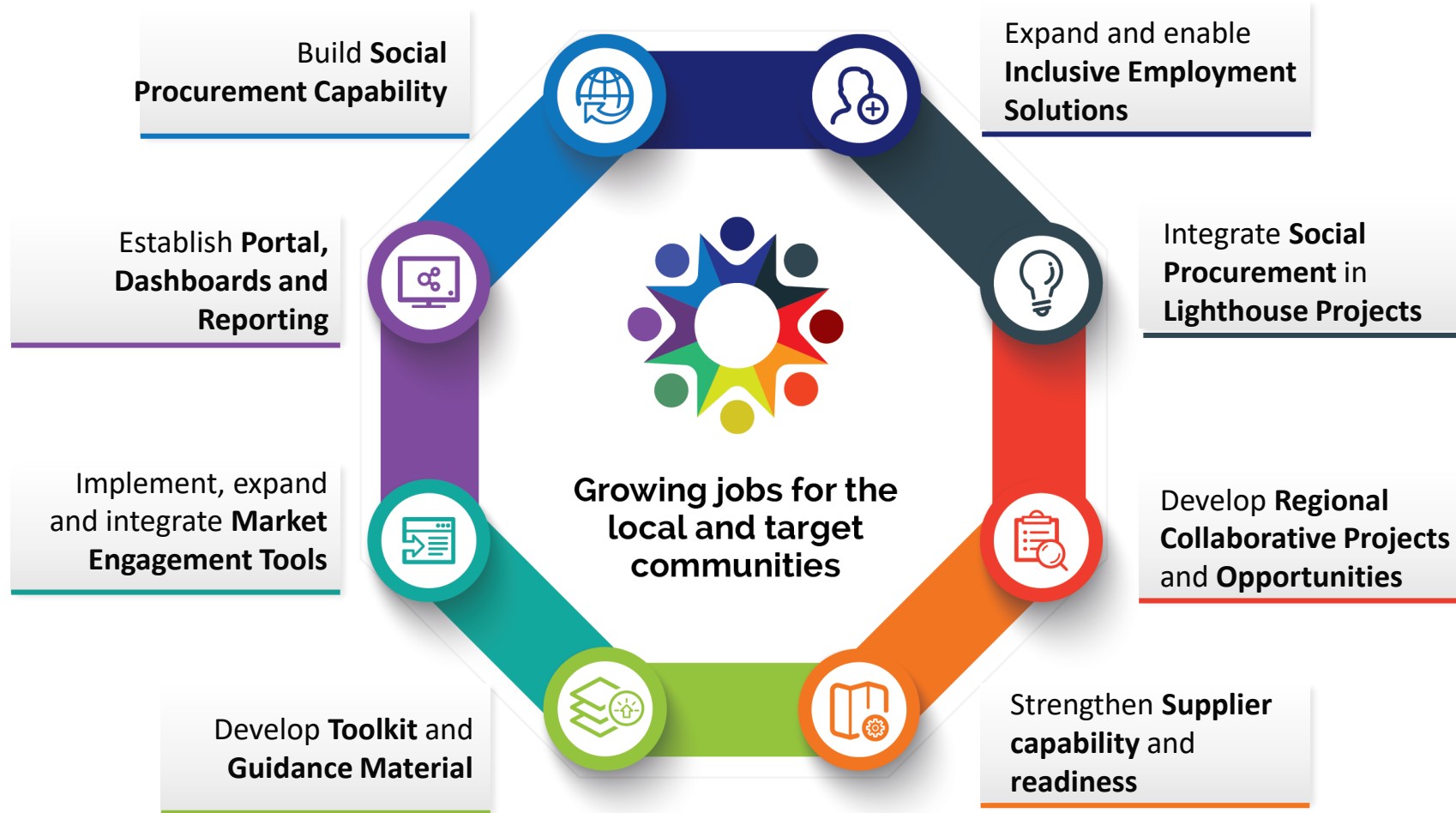


\$1 billion pipeline of major infrastructure projects is planned across the region.

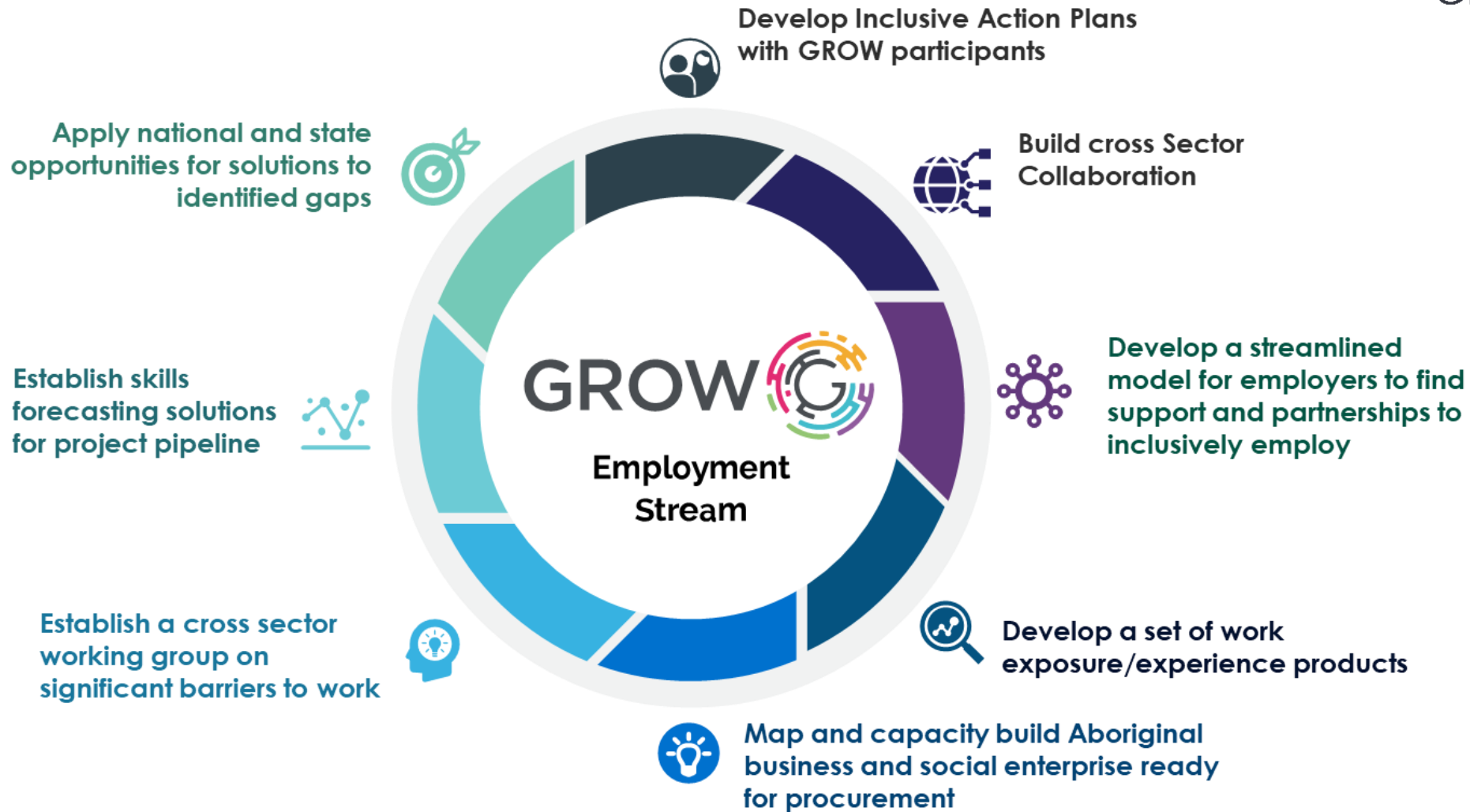
For every additional **10%** supplied locally

-  **\$180m** economic impact
- +** Support more than **400 jobs** 

Local and Social Procurement Ecosystem



Inclusive Employment Ecosystem



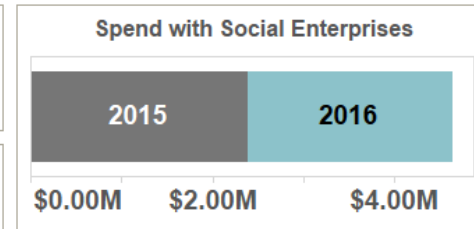
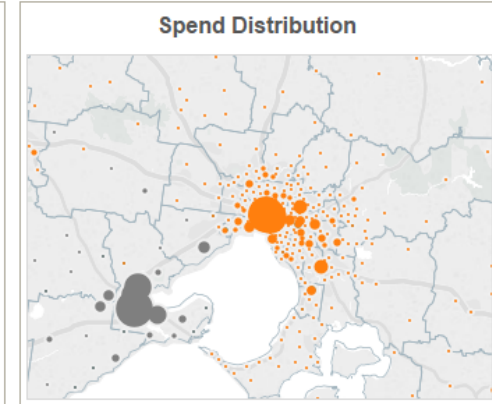
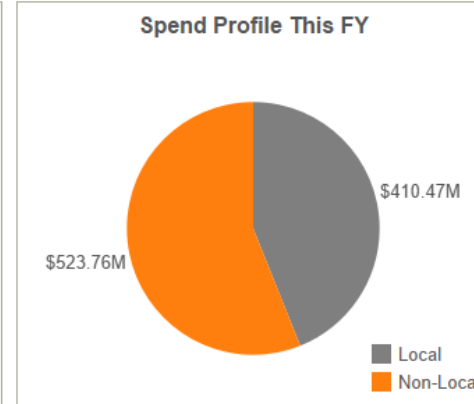
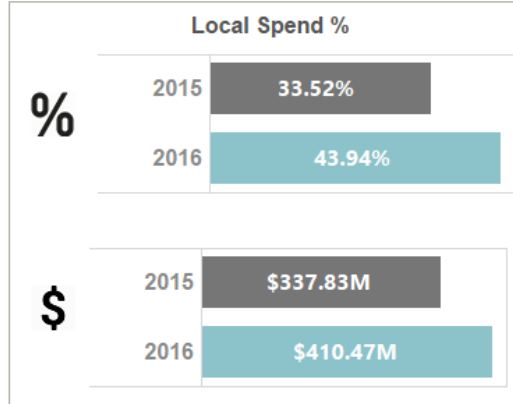
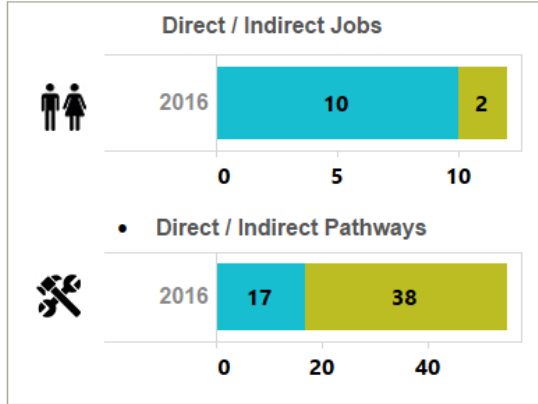
Local and Social Procurement Portal



GROW Participant Dashboard



Regional 2020 Target - 7% shift in local spend



- Baseline local spend: \$337.74M
- The 2020 target of 7% represents an increase in local spend of: \$23.64M
- Actual change in local spend so far: **10.42%** and **\$72.64M**
- Regional economic impact:

Metric	Value
Jobs Total	513.1
Output Total	\$163.36M
Value Added Total	\$94.22M
Wages Total	\$65.42M

Collectively, for every \$1M spent locally

7.06

new jobs can potentially be created.

Online Action Plan Findings

Participants committed to employment or training opportunities for people from target communities	38%
Participants committed to measure and report annually on local and non-local spend	88%
Participants committed to setting target for local spend	38%
Participants including "Localised" in upcoming local market contracts	0%
Participants including GROW local and social objectives in policy	63%
Participants including GROW local and social objectives in tender and quotation documents	75%
Participants responding to survey	16%

PROJECT: Parramatta Light Rail – Social Procurement Workforce Strategy



NSW GOVERNMENT Transport for NSW

Social Procurement Workforce Policy For Capital Projects

The Transport cluster is a major investor in the NSW economy. Transport spends significant capital in procuring new transport assets as well as maintaining existing assets through capital projects. Social Procurement is the use of strategic procurement practice to generate social benefits beyond the delivery of the project.

The Social Procurement Workforce Policy optimises the social benefits Transport delivers through its investments to the community it serves by incentivising industry to build workforce capability and capacity as well as maximising employment opportunities for underrepresented groups.

This Policy applies to:

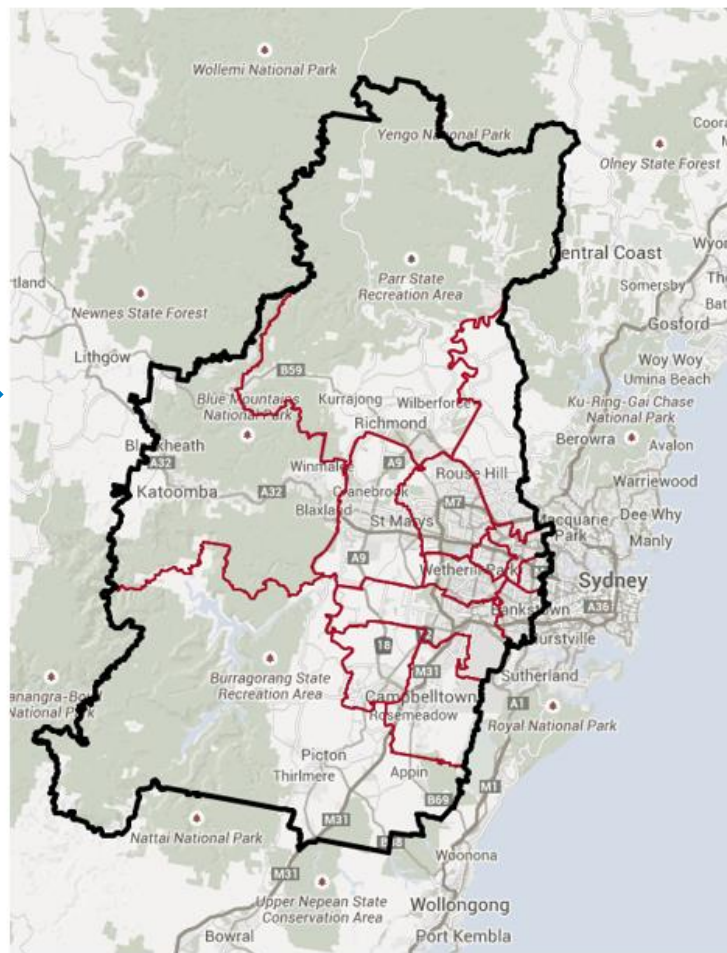
- Transport agency personnel involved in the negotiation of capital projects (over \$10m). Transport agencies include:
 - Transport for NSW
 - Roads and Maritime Services
 - Sydney Trains
 - NSW Trains
 - State Transit Authority

The objectives of this Policy are:

- Maximising employment opportunities for underrepresented groups
- Building capacity in the workforce by attracting a wider audience to industry
- Developing the skills base of the workforce
- Supporting the communities with whom we live, work and serve

To achieve these commitments, Transport will:

- Identify opportunities in upcoming projects with contracts that have the scope to apply this Policy
- Guide project procurement patterns by articulating the requirements for a Social Procurement Workforce Policy in major project procurement
- Engage in contracts that deliver value and social benefits
- Encourage and verify social responsibility and ethical behaviour of the supply chain



Greater Western Sydney Geographic Coverage



Parramatta Light Rail

ArcBlue Asia Pacific

SOCIAL PROCUREMENT AND WORKFORCE DEVELOPMENT STRATEGY

Parramatta Light Rail - Stage 1

Prepared by ArcBlue Consulting
www.arcblue.com.au
 September 2017

Infrastructure Skills Legacy Program (ISLP)

The ISLP was established by Dept. of Industry to capitalise the NSW Government's record levels of infrastructure investment, with aims to:

- Allow existing workers to learn new skills on the job.
- Increase the representation of young people, Aboriginal and women in the construction industry.
- Ensure workers from surrounding areas are targeted for training and employment to help address existing skills shortages across NSW.

Current pilot projects include:

- Lismore Hospital
- Grafton Prison
- Sydney Metro
- WestConnex

PLR Social Procurement targets are aligned to these and the project is being considered as an additional pilot




300,000
extra construction workers
required nationally over
the next decade*


Just 1%
of jobs in building and
construction trades currently
occupied by women


Just 5%
of jobs in building trades
currently occupied by Aboriginal
and Torres Strait Islander people

* Mazer Builders Association, Towards 2020 Policy for Australian Apprenticeship Reform, 2015.



The Infrastructure Skills Legacy Program unlocks the potential of the NSW Government's record \$73.3 billion infrastructure investment to boost the number of skilled construction workers and create fresh pathways to employment across the state.

The NSW Government has worked closely with private industry and other government agencies to establish ambitious and achievable training and employment targets for major infrastructure projects. These targets will allow existing workers to learn new skills on the job and significantly increase the representation of young people, Aboriginal and Torres Strait Islander people and women in the construction industry. They will also ensure workers from the local region are targeted for employment and skill development opportunities, helping address existing skills shortages.

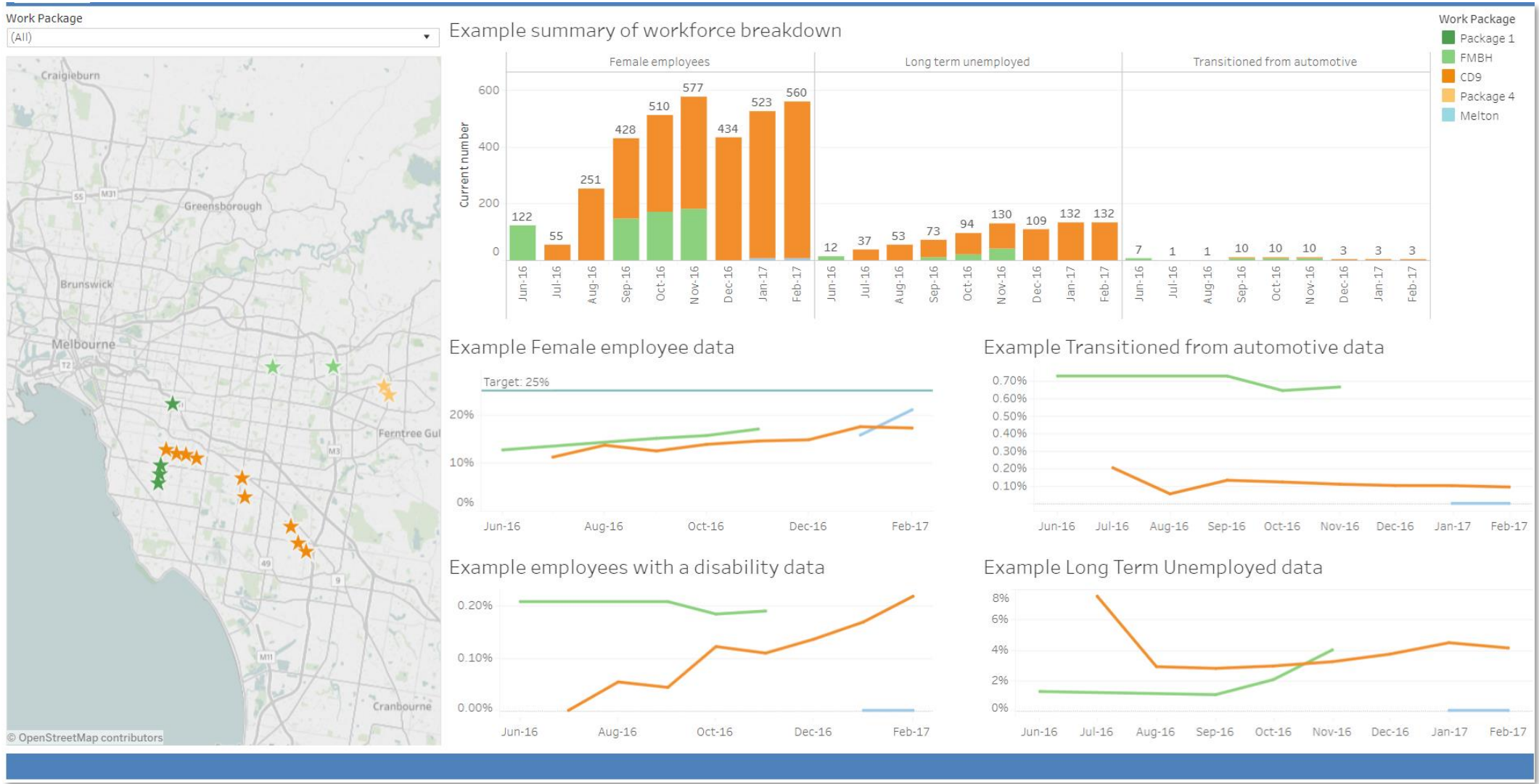
The Infrastructure Skills Legacy Program is consistent with the NSW Government's \$100 million Smart, Skilled and Hired package, a targeted youth employment program to create new work pathways including traineeships and apprenticeships. The initiative will focus on three initial demonstration projects – Sydney Metro (rail), Lismore Base Hospital Stage 3B redevelopment (health) and WestConnex New M4 (roads). Over time, these targets will be assessed and refined before potentially applying to future infrastructure projects.

In total, it is expected around 16,500 workers could learn new skills or enter the construction industry through the three demonstration projects over five years.

For more information visit
training.nsw.gov.au



Measurement and Tracking



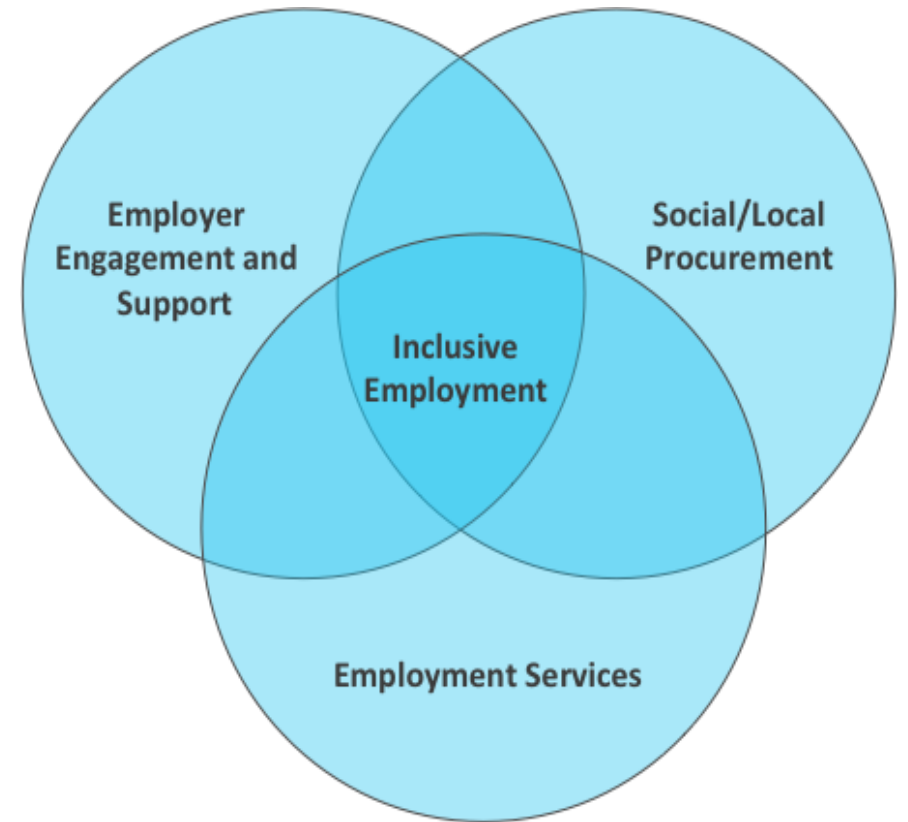
Why Social Procurement?

- **New approaches to addressing issues** - Seeking new ways to address some our most challenging and entrenched issues by changing the 'way' we operate
- **Integration** - Achieving social and economic goals, and addressing community issues as part of the way we do business
- **Innovation** – Encouraging innovation and the development of new forms of partnership and service delivery models
- **Organisational Identity and Reputation** – Building and broadening the organisational identity
- **Competitive Advantage** – Directly demonstrating the capacity to add social, environmental and economic value in delivering on Government funded projects
- **Planning Ahead** - Rather than responding in an ad hoc way as community and Government expectations grow, social procurement can be introduced through a managed, systemic and achievable program

Social Procurement and Employment

Social Procurement can be used to generate employment outcomes.

- Buyer clauses giving weightings to suppliers who can demonstrate the provision of sustainable inclusive employment pathways for people with barriers to work - organisational and project-based
- Buyers can include clauses that give weighting to local employment – e.g. Regional areas and ‘place-based’ initiatives to strengthen local economies.
- E.g. for GROW both are set as targets,
 - Target of a 7% shift of spend from non-local to local could generate 2500 jobs with a specific target of 500 jobs for people from target communities



Case Study

Melton City Council, Citywide and the Brotherhood of St. Laurence (BSL)

Using targets to deliver employment outcomes

Melton City Council recently went to market for provision of open space services. As part of their procurement process, the Council included a 10 per cent target for suppliers to offer employment for local people experiencing unemployment. In responding to this tender, Citywide partnered with the BSL in their successful response. The BSL provided identification of personnel, pre-employment training and mentoring. They also provided training and post-placement support for employers to assist them in integrating new staff who may require additional mentoring.

Twelve months on, more than 10 per cent of the workforce (9 out of 70 employees) is filled by people previously having difficulty gaining employment. Supplier market collaboration with the community sector has helped to deliver an outstanding outcome.

Inclusive Employment

Inclusive Employment

- Social procurement can provide the much needed lever and accountability for organisations to create more opportunities
- However real cross sector collaboration is needed to create genuinely sustainable inclusive employment pathways.
- Many employers are keen to become more inclusive employers but they need more support and guidance including:
 - a business case for inclusive employment,
 - developing the HR policy and practices to support inclusive employment outcomes
 - assisting with workforce planning and identifying opportunities,
 - co-designing pre-employment training with them, and
 - maintaining support long into the placement of the jobseeker.

Where to?

- Best Practices shows that both employees and employers need support to create sustainable employment pathways
- Employer support will be even more critical as employers look to inclusively employ top meet social clauses in contracts

Employee	Employer
<ul style="list-style-type: none">• Willingness to work• Connected non-employment support• Employability skills• Relevant skills and or qualifications for job• Peer support• Post employment support	<ul style="list-style-type: none">• Commitment to inclusive employment• Assistance to workforce plan and identify suitable vacancies• Recruitment and HR guidance and support• Staff training• Post employment support

Challenge?

- Employers will be looking for clear pathways, guidance and support for Inclusive Employment.
- How can Job Services best support employers to make the most of the employment opportunities opened up by Social Procurement?

Opportunities

- Understand social procurement and position your organisation to support the delivery of desired outcomes for:
 - Government, 'Head' Contractors, Tier 2s and 3s
- Understand how your contribution helps meet targets:
 - Local, target communities, employment pathway requirements
 - What roles do you play - who do you need to partner with?
 - Supplier type targets: Are you or could you partner or sub-contract to a social enterprise or an Aboriginal Business?
 - How will you meet labour hire/ temp labour inclusive employment targets?
- Establishing collaborative/ brokered models to enable easy and clear access to 'working' and 'practical' solutions for:
 - Organisations
 - Projects
 - Place-based Programs



ArcBlue Consulting Local Expertise. Global Reach.

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Transformation | SRM | Procurement Bench