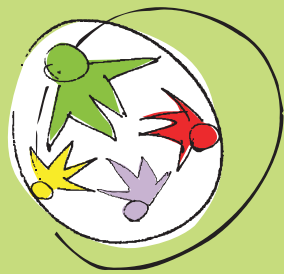


# Social Purchasing Policy



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MUNICIPAL ASSOCIATION OF VICTORIA



# CONTENTS

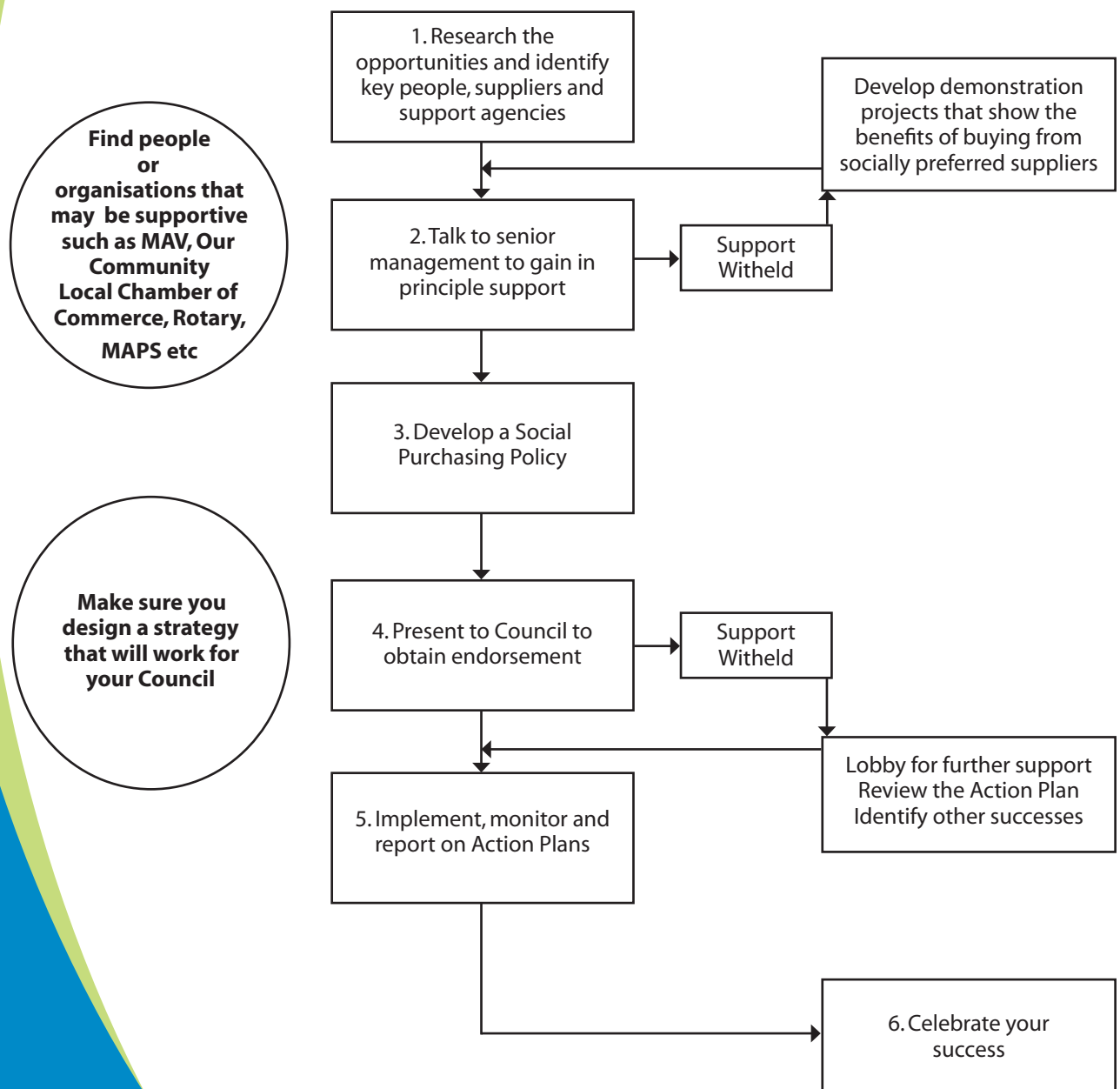
<b>Where to start</b>	<b>2</b>
<b>Social Purchasing - Model Policy</b>	<b>14</b>
<b>Overcoming Barriers to the introduction of Social Purchasing in your council</b>	<b>19</b>
<b>Resources - Media Release</b>	<b>20</b>

## WHERE TO START?

Establishing a social purchasing program provides a great opportunity for your Council to really make a difference to the local community.

The first step in developing a program in your Council is to give consideration to the specific cultural and decision-making framework of your Council. This Social purchasing chart offers a step-by-step guide for establishing a social purchasing program for your Council.

Each of the actions identified in the flow chart are described in detail in the following sections. They are provided to assist you in developing a tailor made approach appropriate for your own Council situation.



## Explore the scene

There are numerous ways to investigate options for local social purchasing but looking at case studies, other councils, other similar policies such as environmental and buy local preferences will help you to tailor these for use in your location.

Use your own networks, but also consider the following suggestions.

- Contact the MAV for assistance Ph: 9667 5555.
- Talk to your Council and Regional Education Officers to find out about success stories in your region
- Stay in touch with Our Community's activities and events through the Our Community Matters newsletter or web site [www.ourcommunity.com.au](http://www.ourcommunity.com.au)
- Get a copy of the WA Buy Local Policy <http://www.ssc.wa.gov.au/files/publications/Buy%20Local%20Policy%20Web%20version.pdf>
- Review the Myths and Barriers section of this Resource Kit for ideas and issues that will be important for your program.
- There is a growing range of good information on the Internet. Search for key words such as "social purchasing," "social procurement," "purchasing policy" "local content"
- Look at State Government Purchasing Boards web sites to investigate preferential treatments
- Foster partnerships with local organisations such as local chambers of commerce, Rotary to assist in developing policy
- Review existing structures in your Council to understand where purchasing decisions are made.

## Gain in-principle support from key players

Some suggestions are provided here to assist you in obtaining support from key players in your organisation.

- Identify key players and decision-makers in Council and promote the benefits of a Social Purchasing Program at every opportunity
- Prepare a submission outlining the cost benefits for your Council.
- Showcase examples that demonstrate how social purchasing can result in cost effectiveness and efficiency improvements.
- Many successful purchasing programs cite commitment from the top as a key driver. However, others succeed because of an enthusiastic and persistent champion. Perhaps there is already someone like this in your organisation?
- Having high level endorsement avoids the need for constant justification of buying socially preferred activities.

## What if you don't get support straight away?

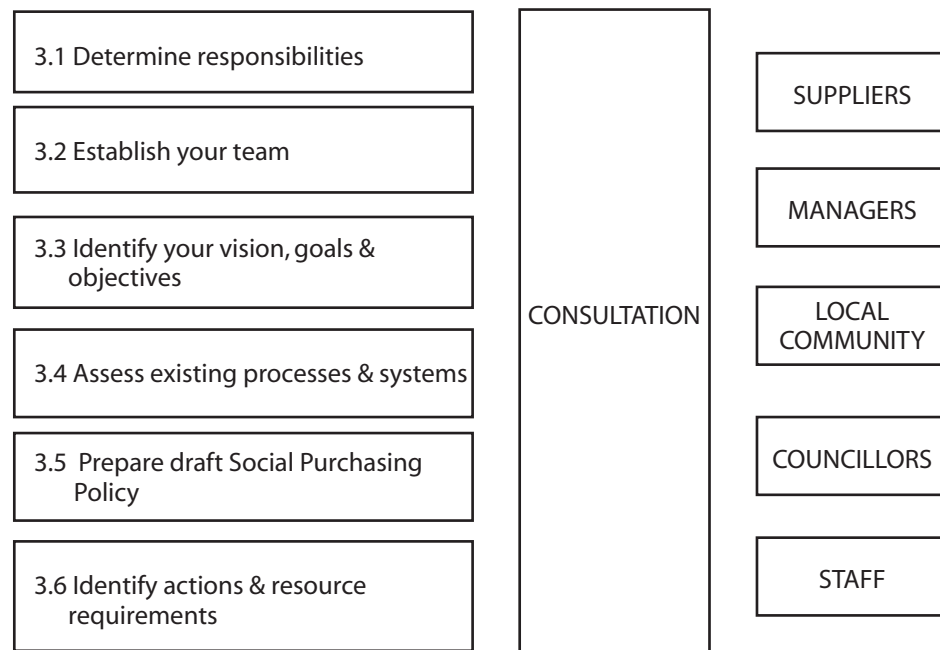
Persistence is important!

If you don't get the support you are seeking on your first attempt:

- find out why and address it directly;
- identify successes elsewhere;
- develop demonstration or pilot programs that show the benefits of social purchasing this could be in one or two departments or focus on one type of supply;
- collect statistics and news on initiatives elsewhere; and
- obtain support from fellow workers or other interested people so you are not the only champion for the program.
- Use this information to educate senior management on the right way to purchase
- Remind managers that this is the right thing to be doing and that it may complement existing purchasing policies

## Develop the policy, action plan & identify resource requirements

There are a number of steps involved in preparing your policy and plan of action. You might consider the following as a guide in developing your own approach. These steps are considered in more detail in the following sections.



### 3.1 Determine responsibilities Determine responsibilities

It is important to determine who will be the responsible people in your organisation.

- Appoint a coordinator who can champion the development of the program, an enthusiastic person in this role will make all the difference.
- Talk with departments to determine what role they should play in the process.
- Have Council endorse a lead department to take responsibility for the program and for ensuring that the systems developed are effective and consistent with other Council Purchasing Policies.
- Define responsibilities for all departments so that everyone is aware of the program, their role and how they can contribute to it.
- Consider using compliance with overall purchasing policy as a criteria in staff performance assessments and bonuses.

### 3.2 Establish your team

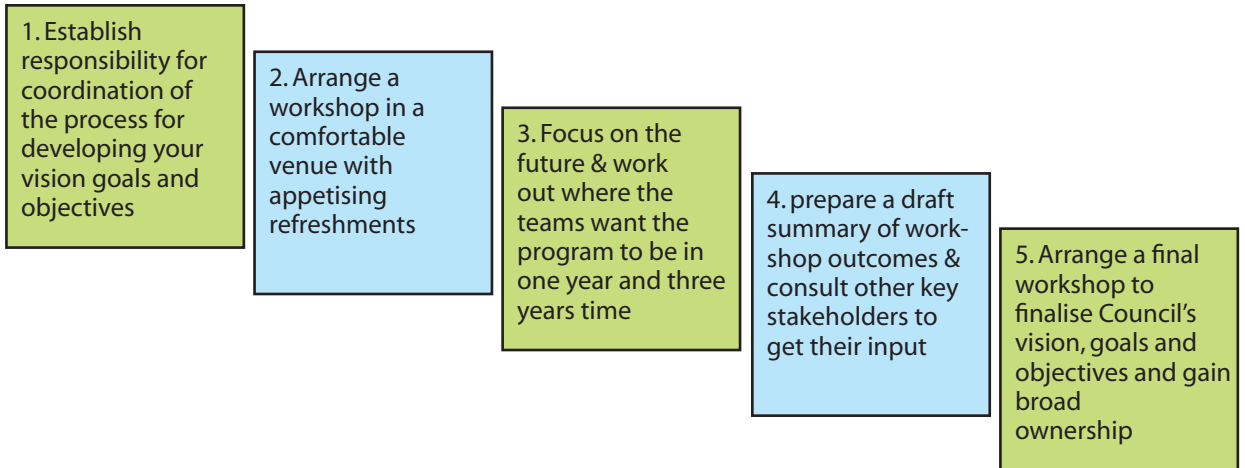
In establishing your Social Purchasing Team, you will need to identify who needs to be represented on the team. The following items provide guidance for you in this process.

- The most effective team will be well represented from each Council Department and include:
  - o management;
  - o purchasing officers;
  - o supply end users, such as engineers, landscapers and office workers;
  - o Community Development Staff;
  - o engineers; and suppliers, contractors and service providers.
- Consult with other departments to find interested and appropriate staff.

- Members of the team will need to be properly resourced so that they can contribute effectively to the team activities.
- It may be useful to put performance measures in team personal assessment plans.

### 3.3. Identify your vision, goals & objectives

Possible process for identifying your vision, goals and objectives

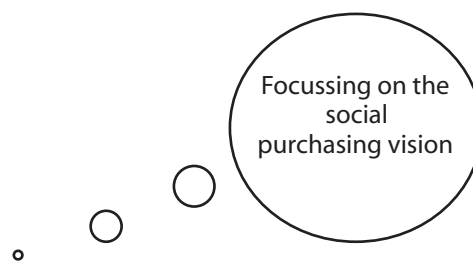


### Establish the team vision

A vision can provide a powerful tool for creating change and introducing new ideas and systems. By developing a shared vision for social purchasing, you will create a framework to guide the choices and commitments for team action. A vision will also provide:

- a snapshot of a sustainable future that you want to achieve;
- a statement of the long term purpose of your project or team (look at the purpose in the model policy for an example);
- a focus for the passion and commitment of the team; and
- inspiration for the daily challenges of your program and maintaining momentum.

### Issues to consider when developing your Social Purchasing vision



### Develop your goals

Establish a set of goals that describe what your team wants to achieve for specific aspects of your vision. The model policy contained in this kit includes two broad goals that provide direction for a purchasing program. In setting your own goals, keep in mind that they should:

- stretch the bounds of possible achievements;

- be broad statements;
- provide a breakdown of the values and outcomes of your vision;
- provide clear, quantifiable targets for what you want to do such as describing purchases as a dollar value or a proportion of overall purchases; and
- provide a focus for directing your efforts.

### **Set your Objectives**

The objectives of your project will provide specific direction for how you will achieve your vision and goals. Again, the model policy provides an example of what these might be. It is very important that these are appropriate and meaningful for your Social Purchasing Team and your Council. The objectives you choose should:

- clearly define what you want to achieve in relation to each goal;
- realistically consider the existing objectives of various parts of your Council and ensure that your social objectives are compatible;
- clarify and simplify the process; and
- be limited to a manageable number.

### **3.4 Assess existing processes & systems**

#### **Take stock of existing systems and processes**

It is important to develop your social purchasing program so that it integrates with existing systems as much as possible. In particular, it will be important to review current purchasing as well as quality and other management systems. By integrating your program with these systems it will be easier to track your success, both in terms of actual purchases and also the level of participation by staff. It may well be that you incorporate social purchasing within any triple bottom line focus your council currently is implementing encompassing both environmental and social requirements.

#### **Purchasing systems**

When reviewing your purchasing systems, consider implementing the following actions.

- Assess existing purchasing systems and criteria to identify how you can integrate social criteria. (use the evaluation criteria attached to assist In this task)
- Assess the amount and nature of contracted work undertaken.
- Review the range of goods and services purchased by your organisation and how a social component can be added to any purchasing process.
- Identify any barriers or biases that may inhibit purchasing such as authorities to purchase
- Identify any existing contracts and suppliers that may already deliver on a range of socially responsible criteria. use the evaluation criteria attached to assist In this task)

### **3.5 Prepare draft Social Purchasing Policy**

#### **Prepare your draft Social Purchasing Policy**

In order to prepare your draft policy, consider implementing the following activities.

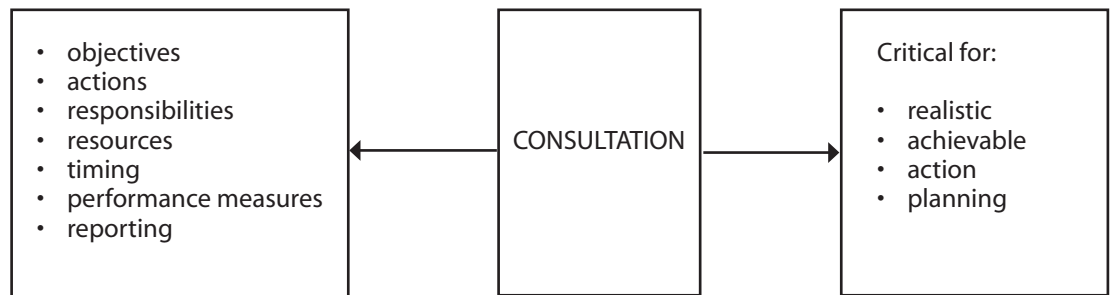
- Research other policies. Check out the MAV or Our Community web site or talk to other councils who have developed policies.
- Invite the Executive Officer to your first meeting.
- Use the Model Social Purchasing Policy contained in this Resource Kit as a guide to developing a policy to meet your Council's standard format.
- Involve as many key people as possible in its development. Inform everyone about how and why these Socially preferred initiatives should be implemented so they can make suggestions to enhance the policy.
- Discuss the draft at your Social Purchasing Team meeting and make sure everyone has a chance to contribute to its content.
- Submit the policy to your Council for adoption as part of your overall purchasing strategy or program.

- Encourage all staff to own the policy and promote initiatives taken to implement it so successes are shared and built on.

### 3.6 Identify actions & resource requirements

#### Develop the Social Purchasing Action Plan

All the information you have gathered so far will form the basis of your Social Purchasing Action Plan. This plan gets down to the nuts and bolts of who will do what, when and how. The plan will outline your vision and goals, and also include:



The sample actions provided on the next page are included only as a guide to the type of activities and information that could be included in the Action Plan. Careful attention should be paid to the development of a plan that will achieve effective implementation of the Social Purchasing Policy in your specific Council environment.

#### The best performance measures are ones that:

- have been developed by the Social Purchasing Team;
- will measure performance against desired outcome;
- include quantifiable information such as volumes, money spent, dates, number of staff involved;
- give consideration to the existing measurement culture of Council;
- allow for easy collection and collation of data;
- are linked to existing purchasing or quality systems;
- are linked to existing corporate planning processes;
- includes a framework for evaluation that can be easily monitored and reported upon; and
- recognise prior and ongoing contributions to community
- keep it simple (as much as possible)



## Sample actions for inclusion in your council's action plan

**Model policy Objective: A. Review quality and purchasing criteria and develop integrated check lists to support the application of this policy within one year**

Actions	Responsibility	Resources	Timing	Performance Measures	Report To
Review current purchasing to <b>assess the potential for social purchasing</b>	A. Atom & Social Purchasing Team	# Hours \$#	30/6/04	Summary presented to management by [Date]	Purchasing Mgr & CEO
Assess existing quality control criteria & systems to determine how social purchasing is or could be incorporated	A. Atom & Social Purchasing Team	# Hours \$#	30/5/04	Summary presented to management by [Date]	Quality Mgr & CEO
Assess existing purchasing criteria & systems to determine how social purchasing is or could be incorporated	A. Atom & Social Purchasing	# Hours \$#	30/5/04	Summary presented to management by [Date]	Purchasing Mgr

**Model policy Objective: B review purchasing specifications, tender documentation, consultants briefs and contracts for compliance with this policy within one year**

Actions	Responsibility	Resources	Timing	Performance Measures	Report To
Review of the process currently used to develop purchasing specifications, tender documents, consultants briefs and contracts	B. Blair & Social Purchasing Team	# Hours \$#	30/8/04	Summary of example specifications, tender documentation and contracts by [Date]	Management Team & Staff
Consider external Social purchasing specifications, tender documents, consultants briefs and contracts	C. Clone & Social Purchasing Team	# Hours \$#	30/8/04	Draft Clause(s) submitted to management for endorsement by [Date]	Management Team & Staff
Identify generic clauses for specifications, tender documents, consultants briefs and contracts	D. Done & E. Sharp	# Hours \$#	30/8/04	Summary presented to management by [Date]	Purchasing Mgr
Revise guidelines for purchasing specifications, tender documents, consultants briefs and contracts	A. Atom & Social Purchasing Team	# Hours \$#	30/9/04	Submission of revised guidelines to management for endorsement by [Date]	Management Team, Staff and suppliers

**Model policy Objective: C require contractors and consultants to comply with this policy**

Actions	Responsibility	Resources	Timing	Performance Measures	Report To
Establish a Supplier survey for the assessment of compliance with the Social Purchasing Policy	E. Sharp & Social Purchasing Team	# Hours \$#	30/8/04	<ul style="list-style-type: none"> <li>Supplier survey approved by [date]</li> <li>Test Supplier survey completed by sample of I suppliers by [Date]</li> </ul>	Management Staff Suppliers
Review and amend tender documentation and project briefs to exclude barriers to preferential treatment for social purchasing based on value for money	C. Clone & Social Purchasing Team	# Hours \$#	30/8/04	<p>Summary resented to management by [Date]</p> <p>Tender documentation and project briefs amended by [Date]</p>	Management Team & Purchasing Mgr

**Model policy Objective: D establish a staff education program for the implementation of this policy**

Actions	Responsibility	Resources	Timing	Performance Measures	Report To
Develop an education plan for purchasing staff	T.Training & Social Purchasing Team	# Hours \$#	30/9/04	Education plan approved by Council by [Date]	Management Team
Prepare training materials for purchasing staff	T.Training & Social Purchasing Team	# Hours \$#	30/9/04	Training materials produced by [Date]	Management Team
Implement training/ seminar program for purchasing staff	D.Done & E. Sharp	# Hours \$#	30/8/04	Summary presented to management by [Date]	Purchasing Mgr
Prepare and deliver a Staff Briefing to advise on social purchasing initiate	P.Pryor & Social Purchasing Team	# Hours \$#	30/9/04	Deliver Staff Briefing by [Date]	Management Team

**Model policy Objective: E establish a list of socially preferred suppliers within [number] years. And review this annually**

Actions	Responsibility	Resources	Timing	Performance Measures	Report To
Identify Local Suppliers and evaluate against draft criteria	P. Purchase & Social Purchasing Team	# Hours \$#	30/9/04	Education plan approved by Council by [Date]	Management Team
Develop a Preferred suppliers List	P. Purchase & Social Purchasing Team	# Hours \$#	30/9/04	Training materials produced by [Date]	Management Team
All Staff advised of Preferred Suppliers	D. Done & E. Sharp	# Hours \$#	30/8/04	Summary presented to management by [Date]	Purchasing Mgr
Develop a Process to ensure that preferred suppliers list is reviewed annually	P. Purchase and q. Quality &	# Hours \$#	30/9/04	Deliver Staff Briefing by [Date]	Management Team

**Model policy Objective: F establish a system to monitor and report on the outcomes of this policy**

Actions	Responsibility	Resources	Timing	Performance Measures	Report To
Review of the process currently used to monitor & report on purchasing activities	P. Purchase & Social Purchasing Team	# Hours \$#	30/9/04	Summary presented to management by [Date]	Management Team
Develop minimum standards for social purchasing using previous developed supplier surveys as a key input	P. Purchase & Social Purchasing Team	# Hours \$#	30/9/04	Socially preferred content standards approved by Council by [Date]	Management Council Executive
Develop monitoring and reporting procedures to measure the level of compliance with the policy	D. Done & E. Sharp	# Hours \$#	30/10/04	Procedures approved by [Date] Procedures implemented by [Date]	Staff, Management Council Executive
Amend existing reporting systems to incorporate purchasing activities REFER TO PROFORMA P5 FOR AN EXAMPLE	P. Purchase and Q. Quality & Social Purchasing Team	# Hours \$#	30/10/04	Systems integrated by [Date] Findings included in Annual Report	Staff Management Council Executive
Incorporate Social purchasing performance measures in staff personal development plans and assessments	H. Human and Social Purchasing Team	# Hours \$#	30/11/04	Performance measures achieved and documented Summary of outcomes provided to management	Management Social Purchasing

**Model policy Objective: C require contractors and consultants to comply with this policy**

Actions	Responsibility	Resources	Timing	Performance Measures	Report To
Prepare and implement a social purchasing marketing plan for the community and suppliers	M. Market & Social Purchasing Team	# Hours \$#	30/9/04	Marketing Plan approved by Council by [Date] Marketing Plan implementation by [Date]	Staff Management Council Executive

## 4. Present to Council to obtain endorsement

### Gain Council endorsement

Once you have consulted widely and are satisfied that your plan has support from stakeholders, then it is time to get the program endorsed by Council.

Approval should be sought for the following:

- the strategic direction outlined in the proposed policy;
- the Action Plan including a commitment of funds required to meet the objectives and implementation of the plan; and
- a process of monitoring and reporting on performance measures.

Prepare a submission to support your plan that clearly shows the implications of approving the program. If no Council standard format exists, give consideration to:

- summary of proposal;
- background;
- how your purchasing decisions connect to the aspirational role of your council as it relates to community
- proposal;
- resourcing implications;
- Corporate Plan implications;
- The Benefits – for council, community, local business
- Local community implications;
- consultation; and
- recommendations.

### What if you don't get Council support straight away?

Persistence is important! If you don't get support on the first attempt:

- obtain feedback on why support was not given;
- review your approach and consult with stakeholders;
- maintain the momentum with staff and encourage demonstration or pilot programs that show the benefits of social purchasing - this could be in one or two departments or focus on one type of supply;
- build and document a track record of social purchasing;
- continue to collect and promote success stories from elsewhere;
- don't lose sight of your vision. Change takes time!

## 5. Implement Action Plans, Review and Report

### Implement action plans, review and report

Implementing, reviewing and reporting are all part of the process of making Social Purchasing a reality in your Council. By implementing these three tasks in parallel, you will ensure that the plan is flexible enough to respond to changes and at the same time provide an opportunity to promote the plan's achievements as they occur.

### Reviewing your action plan

It is important that you review your action plan at regular intervals. Keeping track of your program will help to make sure you are achieving your vision in a productive way. Monitoring programs can be done formally with the development of reporting procedures and checklists. You might also consider other ways of monitoring your success, such as:

- number of staff completing checklists; and
- number of demonstration projects.

It is important to keep the program moving and maintain your Council's leadership role. Holding regular activities with local manufacturers, suppliers and Council staff will help keep the momentum going.

Measuring your success will also be important, but keep it simple!

There are numerous ways of doing this and the right method for you will depend on your existing systems and auditing process.

Avoid establishing a whole new system to monitor the program. Councils have enough work without adding new systems. It is much better to integrate monitoring with existing purchasing or auditing programs.

### Reporting

Reporting is a very important success factor in any social purchasing program. As you develop news and achievements to share, consider who might be the target audiences for this information.

When you are trying to send a message, it helps to keep in mind the target audience and to consider what the hook might be for attracting their attention. In preparing written or verbal presentations, consider whether your audience is:

- management;
- staff;
- suppliers;
- the public; and
- the media.

You may find it useful to establish a file of Social Purchasing promotional materials and articles published by others to help develop your own material.

### Reporting to management

Keeping management informed and up-to-date on the progress of the project will be an important part of ensuring the program has ongoing support.

Effective reporting mechanisms include:

- presentations to branch and departmental meetings about achievements and case studies;
- presentations at State-wide or National forums
- regular memos or emails outlining achievements;
- articles in your Council internal newsletters;
- informal discussions;
- articles in council publications or external newsletters
- community publications
- articles in local newspapers

### Communicating with staff

Without the involvement and support of staff, the social purchasing program will not succeed. It is critical that staff are made aware of the program, know what their role is in its implementation, and have access to the necessary resources to allow them to comply. To meet these requirements, consider the following.

- Help employees learn about the impacts of the social purchasing program and any preferred suppliers so they know who to purchase from at work (and at home).
- Ensure that someone is resourced and available to answer questions, and
- Produce and distribute promotional posters and brochures to explain the program.
- Report your progress in social purchasing and publicly lead by example to encourage others to join in.
- Publicise staff achievements in a Social Purchasing Newsletter – promoting contributions of suppliers to the local community gives suppliers another reason to comply.
- Ask staff for suggestions on improvements to your social purchasing program.
- Develop training materials to explain how to develop specifications that comply with your policy.
- Develop standard purchasing criteria to assist in developing tenders, simple revisions of your current specifications may be all that is required.
- Reward staff who successfully implement the program.
- Ensure staff and purchasers have access to clear information.
- Develop easy checklists/evaluation criteria for people to consider when making purchases

### Talk to your suppliers and contractors

Communicate your program to suppliers so they can meet the challenge and pro-actively respond to your needs. Consider the following activities.

- Hold seminars with suppliers to build good relationships and encourage innovation and compliance with your social purchasing policy.
- Find out if suppliers have existing corporate social programs or and require your suppliers to complete a questionnaire (see the evaluation criteria)
- Develop wide specifications so that suppliers can provide alternative ways of complying with your social purchasing policy.
- Avoid 'all or nothing' requirements – making allowance for partial bids may increase a suppliers' ability to respond positively. The evaluation criteria provides a broad range of ways in which business can make a social contribution
- Remember that some social contribution is better than none. It would be great for business to aspire to supplier providing 1% of pre tax profits but this is difficult to measure or report. Initially practical ways of contributing to community should be encouraged also.

### Public reporting

Integrate reporting on Buy Socially preferred outcomes into existing public reporting such as:

- Council's corporate plan and annual reports;
- community newsletters; and
- local newspapers.

As well as promoting program outcomes, reporting could also highlight:

- smaller local contributions – highlighting that it is just as valuable for small business to engage with the local community;
- unique supplier engagement with the community;
- any commitments from major suppliers to meet a target
- any best practice innovation from council

# SOCIAL PURCHASING - MODEL POLICY

## 1. Purpose

The purpose of this policy is to provide a purchasing framework that will advance the development of businesses support for the local community. [Council] will demonstrate to the community that the purchasing decisions of council and its employees can lead suppliers to develop strategies to improve their commitments to the local community. We will give preference to suppliers who can demonstrate that they have or will implement practices to support the local community and meet all other supply conditions.

A successful company needs to operate in a healthy, thriving community - the kind of community employees will want to live in, with the kind of schools they will want to send their kids to and a local area that provides community services to support and encourage a vibrant society. Businesses cannot operate in isolation if we are to live in an effective community.

For businesses to be successful increasingly they need to be seen as a good "neighbour" or contributor to those communities – whether that is on a global, national or local level. If a business wants to operate well, and to be able to expand or change when the time is right, they need the goodwill that comes with being an active supporter of the community.

- What are the impacts upon the local community of business processes?
- Is the business the kind of firm you yourself would want to live next to? If not, how does that affect the business "licence to operate" with the community that does?
- Do employees see the business as caring about the communities in which they live?
- Does the business involve them in taking an approach to investing in those communities? If not, just how much could the business benefit by getting employees on side to improve the situation?

While there can be no denying that many businesses and governments throughout the world are making a substantial effort to align behind this philosophy the impact has been most successful on an environmental level. It is with the environmental movement that we have seen changes to legislation, standards and even international protocols. It is important to remember that the groundswells from these changes were led by community activists and eventually supported by government and business.

## 2. Definitions

**(a) Local Community** means City of [Council]

**(b) Practicable** means satisfactory in performance and available at a reasonable cost.

**(c) Value for money** is the identification and inclusion of all direct and indirect costs and benefits associated with a particular product, material or service. This includes the initial cost of purchase, length of warranty, product efficiency, anticipated maintenance and repair, and the direct and indirect costs and benefits.

**(d) Social Contribution** can include either direct or indirect contributions.

**(e) Global Contribution** means a total dollar value attributed to all contributions and may be indexed to level of profit

**(f) Direct Contribution** is where a business:

- Monetary Donations (one off, regular, ongoing, matched)
- In-Kind Donations (provision of discounted or free services or equipment)
- Pro-bono services
- Sponsorship
- Scholarships and Awards
- Business as a collection point
- Staff and Management Volunteering
- Skills and Knowledge sharing/ secondment
- Mentoring
- Sharing/Donation of Premises and other infrastructure

- Community Involvement Programs
- Employment/Work Experience

**(g) Indirect Contribution** may occur through trusts, foundations, bequests or legacies of businesses or related to the business includes:

- Grants (one off, ongoing)
- Donations (one off, regular)
- Disbursements
- Scholarships and Awards
- Indirect contribution may also include any direct contributions made nationally that would have an impact within the City of [COUNCIL]  
e.g. A business may make a profit and return a proportion of this profit to shareholders who may decide to disburse some funding via a foundation or trust.

**Consider this model policy as a toolkit from which you can design a policy to suit the needs of your Council and community**

### 3. Purchasing Goals

Wherever possible, [Council] employees and contractors will pursue the following goals and adhere to the specified principles when purchasing products, materials and services.

#### A. Social Contribution

- Purchases shall be only made from suppliers once it has been determined that the product or service is necessary.
- The social contribution of a supplier will be assessed against an established criteria that is transparent to suppliers prior to purchase
- Social contribution will not be the sole criteria for purchasing decisions and final decision will be based on value for money principles outlined above but should include social contributions suppliers make

#### B. Enhanced Community Image

- By following a social purchasing model [Council] will be seen to be acting in a fair and equitable manner for all citizens.
- Leadership shown by [Council] by implementing a social purchasing policy also has the goal of providing suppliers with an incentive to act locally when considering doing business with [Council].

### 4. Value for money

Purchasing decisions will be made on the basis of value for money, rather than just the cheapest up-front purchase price. Where choices are made on the basis of cost, the employee must detail the reasons why preference was not provided to a supplier who has provided evidence of local social contribution.

It is recognised that in some cases the selection of socially preferable products, services and materials may be less competitive. [Council] departments shall implement a price preference of 15% to encourage the purchase of socially preferable products.

### 5. Objectives

[Council] shall:

- A.** review quality and purchasing criteria and develop integrated checklists to support the application of this policy within [number] years;



- B.** review purchasing specifications, tender documentation, consultants briefs and contracts for compliance with this policy within [number] years;
- C.** require its suppliers and contractors and consultants to comply with this policy;
- D.** establish a staff education program for the implementation of this policy;
- E.** establish a list of socially preferred suppliers within [number] years. And review this annually;
- F.** establish a system to monitor and report on the outcomes of this policy; and
- G.** actively promote social purchasing to the community and local producers.

### **6. Responsibility of Lead Agent**

The [Council] department shall be responsible for coordinating and supporting implementation of this policy. The [department name] department shall:

- A.** establish and coordinate a Social Purchasing Team with inter-departmental representation and suppliers to develop systems and training that support the effective implementation of this policy;
- B.** prepare a timetable for the development and implementation of the Social Purchasing Programs outlined in section 7;
- C.** develop and maintain information about socially preferred suppliers and review this annually;
- D.** develop minimum and preferred standards for social purchasing programs within six months;
- E.** inform departments of their responsibilities under this policy and provide departments with information about socially preferable suppliers and specifications; and
- F.** develop in consultation with the Social Purchasing Team, monitoring and reporting procedures that measure the level of compliance with this policy and investment in socially preferable suppliers within one year.

### **7. Buy Social Purchasing Programs**

[Council] shall establish specific social purchasing programs for:

- A.** the purchase of any infrastructure projects;
- B.** projects where the expected value of supply will exceed \$50,000 in any one year;
- C.** projects where the expected value of supply is below \$50,000 in any one year.

### **8. Good Corporate Citizenship**

Products, services and materials should be preferentially sourced from organisations or individuals that demonstrate commitment to the local community. For example, preference will be given to a supplier who:

- A.** employs local staff;
- B.** has a local presence or uses local content in production;
- C.** delivers an annual triple bottom line statement or report;
- D.** has a good track record for quality and environmental performance; and/or
- E.** has made a significant contribution to the local community via corporate social relationships/ donations

## 9. Acknowledgments

This policy has been adapted from a number of existing policies and documents. Thanks and recognition is given to:

Municipal Association of Victoria  
EcoRecycle Victoria  
Western Australia State Supply Commission

## ABOUT THE MODEL POLICY

Experience has shown that most Councils adopt a comprehensive approach to purchasing at the policy level. As a result, the model policy has been called the Social Purchasing Policy and has been designed to encompass the broad agenda of social purchasing of which this policy is only a part.

The following sections correspond to the elements provided in the model policy and outline the background or issues of importance in developing a successful policy for your Council.

### *Define the purpose*

It is important that your policy clearly defines its purpose. The model policy provided in this Resource Kit includes a short statement that could easily be adapted to your Council's requirements. The purpose statement is most useful if it summarises your Council's aims and preferences for buying socially preferable products.

### *Definitions*

Good policy is easy to understand and provide the reader with definitions of words not commonly used in day-to-day language. Where possible, the definitions contained in the model policy provided have been derived from relevant standards or similar policies.

### *Goals and principles*

The use of goals for zero injuries, illnesses and incidents for occupational health and safety and environment has been growing over recent years. These are referred to as "zero goals".

A number of global companies such as Du Pont have recognised that zero goals are fundamental to its core operating values and maintaining competitive advantage. The outcomes for Du Pont have included a 50 percent reduction in injuries, illnesses, incidents, emissions and waste during a period when sales volume increased by 20 percent and shareholder value more than doubled.

This is very much a stretch goal for DuPont: they're not anywhere near achieving it yet, but the company has set concrete targets to get there. As a result, four company-wide goals have been adopted for 2010: (1) Using 1990 as a base year, a 65 percent reduction in greenhouse gas emissions from global operations; (2) flat total energy use; (3) the sourcing of 10 percent of global energy needs from renewable energy sources, at a cost competitive with the best fossil fuel alternative; and (4) achieving 25 percent of revenues from non-depletable resources. By setting longer term goals with interim targets you can adopt gradual improvement process in a series of steps.

### *Setting "Zero Goals"*

Examples for setting zero goals abound particularly in regard to the setting of environmental goals. The Environment movement has been highly successful in leading change through purchasing priorities. As such examples from the environment movement provide a very good exemplar for social purchasing:

Manningham City Council has adopted this approach in its Greenprint for a Sustainable City in which it states that:

"Based on our vision of becoming a sustainable community, we have set our goals very high. These "stretch" goals are for zero climate damage, zero extinction, zero waste, zero soil degradation and zero pollution. While these goals may seem unrealistic, much of the technology to attain such goals is currently available!"

Price preferences have been used by a number of organisations to overcome the perception that recycled products do not provide value for money. A price preference allows recycled products to be purchased so long as the cost does not exceed a specified percentage over that of competing products.

In some cases the price preference can be exceeded if justification is provided to show that the purchase still represents value for money.

A minimum 15% price preference is recommended by the model policy on the basis that it will:

- achieve a higher investment by socially responsible suppliers
- be in line with other similar State and local government preferential treatments
- have a greater impact on the perceptions of staff
- You can set this to be achieved in the first year or within three years

Price preferences have been successfully used by a number of agencies in Australia and overseas.

The South Australian State Government has a Supply Board Purchasing Policy that states that purchasing preference will be extended to recycled products whose prices are up to 5% higher than their new material alternative.

In Western Australia the State Government applies a Buy Local Policy where *Government agencies must include "local content" as a weighted selection criterion for all tenders with an estimated cost of \$750,000 and above. The "local content" selection criterion must have a minimum weighting of 20%.* The intent is to select contractors that make commitments to supporting local Western Australian businesses in the delivery of the contract outcomes and whose offer also represents a value for money outcome for government.

A minimum 15% price preference may be more appropriate for Councils that aim to be particularly pro-active in encouraging social purchasing. Review the facts and decide what is the appropriate percentage for a price preference in your Council. It may be that you set the initial level at 10% and then aim for 15-20% within two years.

### **Good corporate citizenship**

Good corporate citizenship provides your Council with an important mechanism for ensuring it invests in products and services that are supplied by the best corporate citizens. By asking suppliers to answer a questionnaire, (such as the example provided in Evaluation Criteria), your Council can ensure that a socially responsible approach is taken to the investment of ratepayers' funds. This questionnaire provides a detailed analysis of ways in which businesses can make a social contribution and can be used by suppliers to self assess their contribution.

### **Objectives**

The inclusion of clear objectives will provide an important guide on how the policy will be implemented. The objectives should be limited to an achievable number and be developed with consideration for implementation, monitoring and reporting.

### **Responsibility of Lead Agent**

The difference between a policy that works and one that fails is often that of accountability. By including a section in the policy identifying a lead agent, you will greatly increase the likelihood of achieving successful implementation of your Council's policy.

## Overcoming Barriers to the introduction of Social Purchasing in your council

Whenever anyone takes a leadership position there are always negative challenges for not adopting the leadership position. – how you can deal with these reasons may lead to successful implementation. If you avoid or fail to address these negative sentiments or fail to overcome any barriers presented you are destined to fail. It is critical that social purchasing be considered in the same or even higher light as any buy local policy or environmental purchasing. Social Infrastructure and support is critical to local communities and can be enhanced greatly by the implementation and leadership of local councils and shires.

Here are some of the issues you may confront and some ideas of working through them:

### **Barrier: Policy commitments to free trade and competitive tendering**

Competitive tendering is a fundamental purchasing principle so it is important to:

- provide clear guidance on policy commitments and tender requirements;
- investigate the timing of contract reviews and tendering to incorporate social purchasing
- ensure an open tendering process exists;
- ensure that value for money is the key criteria and that any preferences continue to meet this objective

### **Barrier: Fragmented purchasing systems**

Operating decentralised purchasing systems makes it more difficult to implement Social Purchasing initiatives. This fragmentation can be overcome by:

- provision of information such as standard criteria, product specifications and checklists;
- providing existing and potential suppliers with the Suppliers Guide to Social Purchasing
- talk to centralised purchasing organisations to harness their increased buying power;
- development of a list of preferred suppliers and their social contributions;
- provision of easy to use systems that are integrated with existing purchasing procedures;
- identifying the range and level of product purchasing, and targeting larger value suppliers where the best results can be achieved;
- establishing strategic higher profile demonstration projects; and
- establishing purchasing cooperatives with other organisations.

### **Barrier: Existing supplier relationships**

Working with suppliers is a critical part of your Social Purchasing program. You may be surprised to find that they already make significant social contributions and may even report on these so:

- discuss your intentions with existing suppliers and raise their awareness of the issues;
- undertake supplier workshops to involve them in the process; and
- develop your own Suppliers Guide to Social Purchasing detailing the purpose, criteria to be used and how assessment will occur (use the sample provided in this kit as a guide)

### **Barrier: Existing preferential treatments in supply**

Some councils may already have existing preferential arrangements in place – for recycled products, Australian and NZ content, local supply arrangements etc. How do we add in another preference?:

- discuss with your supply professionals your intentions and how you can best integrate the intent of social purchasing
- look at and talk to others who have managed to incorporate more than one preference (e.g. many State and Federal Government departments have more than one preference)
- modify your evaluation criteria to suit your needs – one size does not fit all and only you can best identify what priorities you should place on factors

## Resources - Media Release Template

[Name] Council provides incentives for business to make a local community contribution  
[Name] Council is working with suppliers to introduce a social purchasing policy. The program gives priority to suppliers who contribute to the local community through corporate social initiatives. Mayor [Name] said "We have seen in the past how councils can act as leaders in the community by providing incentives for businesses. If governments globally had not acted to give incentives for environmental or green products through our specifications it is likely that we would still be supplied with environmentally wasteful products. What we are aiming to achieve by adopting a social purchasing policy is to give businesses and incentive to contribute in meaningful ways to our local community."

Many businesses are recognising the benefits of good corporate social responsibility as this can lead to:

- enhanced brand image and sales
- enable your business to attract and retain a quality workforce
- improve business decision-making on critical issues
- help you manage risks more efficiently and reduce long-term costs

"Not only do these kinds of activities raise your profile, they also start to build a positive association in the public's mind, effectively branding your business as one that thinks about more than just profit. And in these socially responsible times, a socially-responsible outlook is an excellent way to connect with potential customers" said Mayor [name]"While we all acknowledge the valuable contributions that some businesses make to national causes we expect that businesses who want to work in local communities should contribute locally – this is more so if they wish to do business with council."

Council CEO Ms. XXXX XXXXX stated "our council also wants to see businesses start to think about what they can do for our community whether the business is the local newsagent or the local electricity company – everyone has a stake in our community. Through our new social purchasing policy local businesses will have a greater opportunity to our total purchasing outlay expected to be in the order of \$XX million this budget. For major supply contracts we want to know how a business will not only provide the best price and conditions but also what they will do to support our community – whether this is through support of the local hospital, by providing a venue for groups to meet regularly or by employing local staff for the project. There are numerous ways that businesses can contribute and now be recognised meaningfully for this contribution."

A Guide to Social Purchasing has been prepared by [Name] council to assist business better understand and implement the social purchasing program. This guide may be downloaded from the council website on [www.councilxxx.vic.gov.au](http://www.councilxxx.vic.gov.au) or by contacting [Name] on (03) 9123 4567 or via email [xyz@council.vic.gov.au](mailto:xyz@council.vic.gov.au).

For media enquiries please contact : NAME, Phone, mobile, email