

SOCIAL PROCUREMENT IN THE WEST

Transforming Spend into Community Prosperity

Part A: Headline Report



ACKNOWLEDGEMENT OF COUNTRY

We acknowledge the Ancestors, Elders and families of the Woiwurrung (Wurundjeri), Boonwurrung, Taungurong, Dja Dja Wurrung and the Wathaurung groups who form the Kulin Nation as the traditional owners of the land.

We pay respect to the deep knowledge embedded within the Aboriginal community and their ownership of Country. We acknowledge that the land on which we meet is a place of age old ceremonies of celebration, initiation and renewal and that the Kulin people's living culture has a unique role in the life of this region.





WHAT IS SOCIAL PROCUREMENT IN THE WEST?

Social Procurement in the West is about changing the lives of residents from across Melbourne's western region for the better.

All levels of government are investing heavily in major projects in the West of Melbourne, from major road and rail projects including the planned Airport Rail Link, to new hospitals in Footscray and Melton, and on-going investment in housing growth and social infrastructure.

Social Procurement in the West proposes practical ways to harness this investment in projects together with billions of dollars of on-going recurrent expenditure, by developing and implementing a collaborative regional approach to social procurement to increase prosperity for all in the west.

Social Procurement in the West will develop a regional ecosystem that connects policy, investment and services already in place and provides support in areas where there are gaps, such as developing the capacity of local businesses to meet the opportunities that can be leveraged through local and social procurement.

Social Procurement in the West will also work with organisations to help them make the systemic changes required to become more inclusive employers, critical to ensuring that not just jobs, but genuine sustainable employment pathways are enabled for residents of the West.

BACKGROUND

The challenges of Melbourne's Western suburbs are well documented.

While the ever-growing community is diverse and dynamic, the Western region has a vast mismatch between employment opportunities and the growing population, with a lack of local jobs, a higher rate of low-skilled jobs, lower incomes, and a decline in established industries.

There are areas of entrenched socio-economic disadvantage and young people, First Nations people, women and people from culturally and linguistically diverse (CALD) backgrounds are facing the most significant barriers to work.

Prior to the COVID-19 pandemic, the West of Melbourne Economic Development Alliance (WoMEDA) predicted that 138,000 new jobs were needed by 2030 to meet the population's needs. COVID-19 has presented additional challenges that have amplified existing economic and employment issues, especially for those already in a vulnerable situation.

Strong partnerships and advocacy have attracted significant investment in Melbourne's West. Billions of dollars are being poured into major transport, social and community infrastructure projects over the next 10 years, creating thousands of new jobs. Equally, there is an opportunity for organisations in the West to further harness their own spending to create additional jobs and community wealth for local residents.

Despite the scale of investment, there is no coordinated model in place in Western Melbourne to help ensure that the positive local and social impact of this investment is maximised.

Place-based regional programs in both Australia and internationally have demonstrated the value of a collaborative model based on local leadership from 'anchor' organisations in delivering sustainable positive economic and employment growth.

Developed through extensive engagement and co-design workshops, Social Procurement in the West presents a proposed model and practical short, medium and long term actions to maximise the impact of investment in the region, creating more opportunities for local suppliers, more jobs for local people and more job pathways for those experiencing barriers to employment.

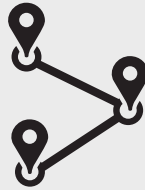
Supporting existing initiatives including the Commonwealth Local Jobs Program, Victorian Government's Local Jobs First policy and Social Procurement Framework. Social Procurement in the West proposes a coordinated place-based approach to respond to and maximise these opportunities.

The Social Procurement in the West report comprises three sections:



PART A

**Headline Report
(this document)**



PART B

**Roadmap to
Implementation**



PART C

Research Insights Report

SOCIAL PROCUREMENT FOR WESTERN MELBOURNE

Social Procurement is when organisations redirect their spend towards businesses that can create social outcomes as well as deliver the goods and services required.

For Melbourne's Western Metropolitan region, social outcomes means more jobs for local people, particularly those who experience barriers to work.

Data compiled by Regional Development Victoria reveals that **young people**, people from **culturally and linguistically diverse** (CALD) backgrounds and **First Nations people** are most likely to experience barriers to work in the West. Recent Australian Bureau of Statistics data also shows that women and young people have been disproportionately affected by unemployment or a reduction in hours as a result of the COVID-19 pandemic.

For Western Melbourne these social outcomes can be created by redirecting spend in two ways:





REGIONAL SNAPSHOT

West region has a population of almost

1m

that's approximately one fifth of metropolitan Melbourne's total population.



The region is one of the fastest and largest growing in Australia.



There is a high level of cultural and linguistic diversity –

more than one quarter of residents are born overseas with the majority coming from Vietnam, India, the Philippines and China.

There is a high rate of refugee and asylum seeker settlement

almost one fifth of all Victorian refugees and asylum seekers settled in the West region in 2018/19.



12%

of Victoria's First Nations peoples
call the region home.



KEY CHALLENGES

1

High levels of socio-economic disadvantage and high unemployment are reported – **the region's unemployment rate is over 8%, 2% more than the metropolitan Melbourne average**

2

The **average unemployment rate of First Nations peoples in the region is 13.7%** is **marginally lower than the Victorian rate** yet still unacceptably high

3

The **pre COVID-19 unemployment rate for young people in the region was more than 15% over 10,000 young people are disengaged from work or education**

4

English proficiency is a significant **barrier to opportunity for up to 13%** of the residents in the region

AS A RESULT OF COVID-19:



Approximately 90% of local business are considered to be highly vulnerable



Almost 50% of the businesses have lost more than 25% of revenue compared to the same period last year



Young people and women have been disproportionately affected by job losses

THE OPPORTUNITY






Infrastructure Investment

Billions of dollars are being invested into infrastructure in Western Melbourne, from social housing to hospitals to roads and rail. The table below shows examples of these major investments and indicates the expected jobs that these projects will generate.

While government policies and frameworks require local and social procurement, they do not specify that opportunities are prioritised for people in the Western region.

The six Western region local councils' capital works pipelines indicates a total local government investment of approximately \$450 million across more than 500 projects. Fifty of these projects have a forecast budget of \$2 million or more.

A coordinated approach in the West, that makes available procurement-ready local and social suppliers and a ready workforce that can help contractors meet their contractual requirements will ensure significant employment outcomes for local residents.

PROPONENT	PROJECT	TIMING	INVESTMENT	JOBS
 Victorian Health and Human Services BUILDING AUTHORITY	New Footscray Hospital	2021	\$1.5bn	2,000
 MELBOURNE AIRPORT RAIL	Airport Rail Link	2022	\$10bn	8,000
 Victorian Health and Human Services BUILDING AUTHORITY	Melton Hospital	~2022	TBC	4,000
 VICTORIA State Government Health and Human Services	Social Housing Blitz	2021	\$5.3bn	10,000
 SUBURBAN RAIL LOOP	Suburban Rail Loop	2021	\$50bn	20,000
 REGIONAL RAIL REVIVAL	Fast Rail to Geelong	2023	\$4bn	~5,000

EVERY

\$100m

**SPENT ON CONSTRUCTION
PROJECTS WITH LOCAL
BUSINESSES CREATES:**



**\$237m
ECONOMIC IMPACT**



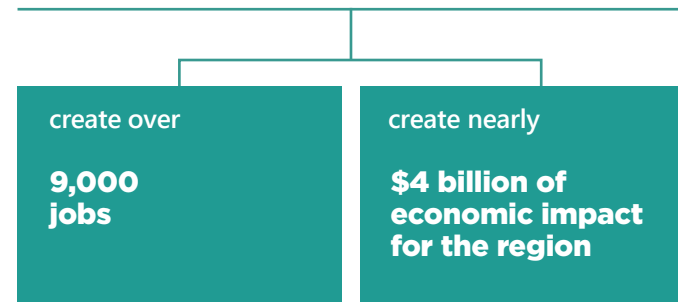
**580
LOCAL JOBS**

THE LOCAL SPEND OPPORTUNITY

Organisations in the West collectively spent \$53 billion in 2019. Even a small shift in the way the region spends would have a significant impact on local jobs and provide an injection of wealth into the economy.

More than 45% of this expenditure goes out of the Region. Economic modelling shows that if:

10% non-local spend was redirected to local suppliers



Councils can create significant impact

Data collected from the 5 of the 6 Western Melbourne councils participating in the MAV LEAP program shows that an average of 30% of the collective \$660m spent annually is through local suppliers. A further 10% redirection of spend to local suppliers could equate to \$110m in economic impact and 250 new jobs for the region.

CURRENT RESEARCH HIGHLIGHTS













In developing the Social Procurement in the West recommendations and proposed model, ArcBlue completed extensive research, (compiled in Part C, Insights Research Report), including a review of existing regional, state, national and international programs, and interviews with key regional stakeholders from government, industry, social benefits suppliers, employment services and advocacy groups.

Following are summaries of challenges and success factors for implementation explored further in the Research Insights Report.

- 1 There are plenty of services to support people into employment but a real lack of jobs and a lack of connection between opportunities and jobseekers;
- 2 There is support for a shared social procurement framework across the western region based on a joint commitment and agreed targets;
- 3 Understanding of social procurement is low amongst all stakeholders, including what it means, what is possible and what the value is for all involved;
- 4 There are hot spots of innovation in the region including Flemington Works, Project BrIMPACT, The Wyndham Employment Trial, and Brimbank Learning Futures, however there is a lack of collaboration to share learning and maximise the benefits across the region;
- 5 Local and social benefit supplier visibility is low and there is not enough focus on building capability and capacity and connecting local suppliers to opportunity;
- 6 The social enterprise and Aboriginal Business sectors in the west are still small and they need significant support to grow to meet increasing demand driven by targets under the Social Procurement Framework;
- 7 There is limited visibility of future supplier and skills requirements, making it difficult to prepare the workforce and local suppliers to be ready to respond to opportunities;
- 8 There is a mismatch between social procurement outcomes committed to in bids and outcomes delivered, and;
- 9 Industry lacks support when bidding for or delivering contracts to identify what the priority local and social outcomes are that should be addressed, who can assist in addressing them, and how they can achieve and demonstrate outcomes.

CURRENT CHALLENGES

Research shows best practice models, both locally and internationally, demonstrate:

Clear, locally owned models with shared objectives, outcomes and a visible commitment from stakeholders 	Ongoing engagement with community to ensure alignment with local needs 	Collaboration with a broad range of cross-sector stakeholders built around 'anchor' organisations 
Valuing and building off local projects underway to inspire regional action 	Leveraging existing regional governance and collaboration structures 	Use of technology to enable information coordination, visibility, and access to opportunity 
Enabling and building capability across all parties through education, tools and guidance 	Use of both direct and indirect social procurement approaches 	Providing effective brokerage to link demand, supply & employment 
Flexible and adaptable approaches – regional models with local application 	Clear and specific impact measurement 	Change management and continuous improvement 

CASE STUDIES:

GROW is a place-based collaborative model that leverages social and local procurement to strengthen social and local economic outcomes.

The GROW model uses neutral brokers and is holistic - working with buyers, suppliers, employers and education institutions and job services to create impact. GROW is currently implemented in 5 regions across Victoria. In 2020, more than 130 organisations are participating in G21 GROW, the longest running program, providing 190 employment pathways to job seekers from GROW target communities.

The Preston Model (UK) is a Community Wealth building model led by two local councils and a Think Tank partnership. The partnership engaged key 'anchor' organisations to shift their spend by 5% to redirect money back into their local economy.

The focus is on cultural shift amongst local procurement officers, building supplier capacity and directing spend towards local worker cooperatives.

Project BrIMPACT was initiated to tackle the significant challenge of youth unemployment in the West of Melbourne. By understanding young people's needs and creating strong collaboration with key stakeholders, BrIMPACT aimed to create the best opportunity for increased sustainable and inclusive employment.

A pilot program funded by the Australian government, project partners Brimbank City Council, ArcBlue, YLab and Job Prospects worked collaboratively with young people and local businesses to co-design and trial new procurement, recruitment and employment practices more suited to local young people.

During the 8 month pilot, the program successfully engaged with 6 local employers and delivered 24 employment outcomes for the program participants.

1

2

3

RECOMMENDATIONS

The following recommendations have been identified as critical components to developing a collaborative regional approach to social procurement in the West of Melbourne:

1

Engage a **leading group of 'anchor' organisations to develop a shared commitment** to local and social procurement and inspire action in the West of Melbourne.



2

Establish a dedicated team and regional digital hub to **build and facilitate a connected ecosystem** of community industry, government and employment and training providers to catalyse local resources and leverage new investments.



3

Implement a program to **educate and train regional stakeholders in social procurement**, including the benefits and opportunities and processes and practices.



4

Provide **tailored support to social and local suppliers to build capability**, increase visibility and become social procurement ready.



5

Offer **trusted brokerage and expertise to employment services and industry** to enable sustainable inclusive employment pathways.



6

Provide **specialist social procurement support to buyers operating in the region**, including the development of shared social procurement processes and practices.



7

Use a developmental evaluation approach to **continuously learn what works, improve the approach and celebrate outcomes** achieved.



ENABLING MODEL

The Social Procurement in the West Model goes beyond the significant social procurement levers of creating demand.

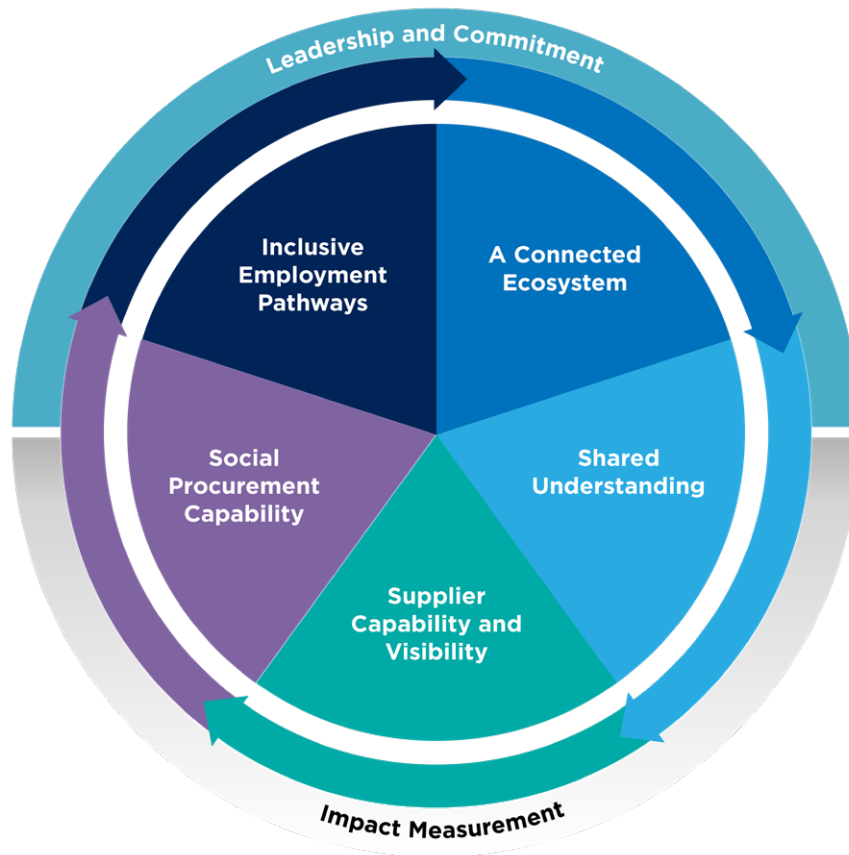


Figure 1.0 Social Procurement in the West collaborative regional model

To deliver upon the recommendations, Social Procurement in the West proposes a collaborative regional Model (Figure 1.0). The Model recognises the work, policies, investment and on the ground services that are already in place and seeks to build a place-based ecosystem around them to maximise outcomes for the residents of Western Melbourne.

The Model also focuses on driving leadership and collaboration, connecting and building on current services and work, creating clear and shared understanding of the value and impact of social procurement, skilling the community for relevant work opportunities, supporting organisations to be more inclusive employers and building the capacity of local and social suppliers in Melbourne's West.

The Model is supported by the Roadmap to Implementation (Part B), which establishes a pathway to developing and implementing a regional program over a three-year period, with specific tangible actions co-designed with regional stakeholders and a structured project plan to effectively deliver upon program objectives.

A cost benefit analysis, prepared by Think Impact, indicates that the Social Procurement in the West Model has the potential to contribute:

450 jobs
for people from target
cohorts (over 3 years).



**12 to 1 return
on investment**

based on a break-even jobs total of
38 and a 3 year budget of \$2.8 million.



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