



Australian Government

Department of the Prime Minister and Cabinet

Indigenous Procurement Strategy

2019–20



Background

The primary purpose of the Commonwealth Government's Indigenous Procurement Policy (IPP) is to stimulate Indigenous entrepreneurship and business development, providing Indigenous Australians with more opportunities to participate in the economy.

Key elements of the IPP include:

- A portfolio based target for the number of contracts awarded to Indigenous enterprises;
- A portfolio based target for the total value of contracts awarded to Indigenous enterprises;
- a mandatory set-aside to direct some Commonwealth contracts to Indigenous enterprises; and
- minimum Indigenous participation requirements for certain Commonwealth contracts.

The IPP recommends that, as a matter of best practice, portfolios develop and communicate an Indigenous Procurement Strategy (IPS).

Objectives

The objective of the IPS is to:

- influence the supply market such that PM&C's potential and incumbent suppliers adopt business principles and actions consistent with the stated purpose of the IPP; and
- increase PM&C's usage of majority owned Aboriginal and Torres Strait Islander businesses to ensure the achievement of the Commonwealth Government Indigenous procurement targets.

IPS Actions

The following actions will support the integration of the IPS into the PM&C procurement process:

- 1. Ensure staff give due consideration to a potential suppliers' contribution to the IPP objectives when assessing value for money, to the extent that is practical, efficient and effective.**

PM&C can (to the extent practicable):

include in the value for money assessment a process to consider any broader economic benefit to the Australian economy that non-majority Indigenous owned business may be making to the IPP objectives and the wider Indigenous Advancement Strategy through their respective supply chain, subcontracting or employment practices.

2. Inclusion of Special Conditions of Contract to support IPP objectives.

Growth in Indigenous economic participation and development, increased sourcing of goods and services from Indigenous enterprises, and a strengthened and empowered Indigenous business sector can be supported by adopting contract terms and conditions that reflect the IPP principles.

PM&C can (to the extent practicable) develop and incorporate contract terms that:

- encourage the supplier to apply the IPP principles to their own business practices and to any subcontractor arrangements that may be entered into by the contractor; and
- require that the supplier report on any engagement with majority Indigenous owned business within their supply chain.

3. Continue to grow PM&C staff awareness of the IPP and build a common understanding across the department of the broader benefits flowing from IPP based procurement activity.

PM&C will build a stronger awareness and understanding of the purpose of the IPP and embed the objectives into procurement processes by:

- ensuring senior executives and procurement decision makers understand and support the IPP;
- providing quarterly reporting to the Executive Board on divisional performance in relation to procurements subject to the IPP mandatory set aside thresholds (procurements ranging from \$80,000 to \$200,000) and non-compliance;
- developing and delivering training material that ensures staff are aware of the mandatory elements and procurement efficiencies available through the application of the IPP;
- regularly sharing success stories about engagements with Indigenous providers through our internal communications channels, and publishing a bi-annual Indigenous Supplier Newsletter to raise the profile of the Indigenous Procurement Policy; and
- encouraging staff to attend majority Indigenous owned business trade fairs and forums.

Governance

The Chief Finance Officer is the policy owner of the IPS.

The development of this IPS has taken into account the following documents:

- the IPP
- The Commonwealth Procurement Rules