



Australian Government



# COMMONWEALTH INDIGENOUS PROCUREMENT POLICY

1 July 2015

# Joint message from the Minister for Indigenous Affairs and Minister for Finance

Getting Indigenous adults into work is a critical priority in Indigenous Affairs. With employment, people have financial independence, control over their own lives and the ability to provide for their families' future.

Indigenous businesses are key to creating jobs and employing more Indigenous Australians. Indigenous businesses are around 100 times more likely to employ an Indigenous person than other businesses.

This policy is about creating opportunities for these Indigenous businesses to grow and employ more people. It is also about stimulating private investment in new Indigenous businesses.

A strong Indigenous business sector will help drive financial independence, and create wealth and opportunities for Indigenous Australians. It will also provide the basis for Indigenous economic development in regional and remote Australia.

Each year, the Commonwealth Government purchases billions of dollars of goods and services. This policy seeks to harness that purchasing power to achieve real change for Indigenous Australians.

For the first time, the Commonwealth Government has committed to a procurement target for goods and services from Indigenous businesses. The target - three per cent of Commonwealth contracts awarded to Indigenous businesses by 2020 - is ambitious and will be achieved. The Government is committed to ensuring that every government portfolio meets its target.

The policy will put Indigenous businesses at the front and centre of the way the Commonwealth Government does business. Whether through direct contracts, or as part of the supply chain of some of Australia's biggest companies, the policy will ensure that Indigenous businesses have the chance to compete and showcase the products they have to offer.

Our vision is for a vibrant and diverse Indigenous business sector. We commend this policy to you.



Senator the Hon Nigel Scullion  
Minister for Indigenous Affairs  
May 2015



Senator the Hon Mathias Cormann  
Minister for Finance  
May 2015

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# Section 1:

## Introduction



## Section One: Introduction

This document outlines the key components of, and the principles underpinning, the Commonwealth Government's Indigenous Procurement Policy and provides guidance to assist Commonwealth entities to implement the policy.

### 1.1 Purpose of the Policy

The primary purpose of the policy is to stimulate Indigenous entrepreneurship and business development, providing Indigenous Australians with more opportunities to participate in the economy.

As the Indigenous business sector is dominated by small to medium sized enterprises (SMEs), the new policy focuses effort on these enterprises to drive improvements in Indigenous economic development and Indigenous employment.

Indigenous enterprises are around 100 times more likely to employ Indigenous people than non-Indigenous enterprises and strengthening the Indigenous business sector will also have a significant flow-on impact on Indigenous employment.

Prior to the implementation of the policy, Indigenous enterprises secured only limited Commonwealth business. The policy is intended to significantly increase the rate of purchasing from Indigenous enterprises, helping to drive Indigenous economic development and strengthen the Indigenous business sector.

### 1.2 Overview of the policy

The policy has three key components:

1. A target for purchasing from Indigenous enterprises
2. A mandatory set-aside to direct some Commonwealth contracts to Indigenous enterprises
3. Minimum Indigenous participation requirements for certain Commonwealth contracts

Exemption 17 of Appendix A to the Commonwealth Procurement Rules was introduced in 2011 and it continues to apply. This Exemption enables Commonwealth entities to procure goods and services directly from SMEs that are at least 50 per cent Indigenous owned regardless of the value of the procurement. This exemption only applies to the

additional rules set out in Division 2 of the Commonwealth Procurement Rules, and refers predominantly to the requirement to approach the open market for goods and services valued above the relevant threshold (currently \$80,000 for general goods and services, and \$7.5 million for construction services). The rules in Division 1 still apply to the procurement, including the requirement to achieve value for money.

This Exemption supports easier and more streamlined purchasing from Indigenous SMEs and can be used by Commonwealth entities as a tool to assist them to meet the requirements of the policy.

### 1.3 Commencement

The policy will commence on 1 July 2015, replacing the Indigenous Opportunities Policy. It will be phased in, in accordance with the timing specified in sections 2, 3 and 4 of this document.

### 1.4 Application

The policy is a Procurement Connected Policy<sup>1</sup>.

Non-corporate Commonwealth entities that are required to comply with the Commonwealth Procurement Rules **must** comply with the policy.

Prescribed corporate Commonwealth entities listed in section 30 of the *Public Governance, Performance and Accountability Rule 2014* and Commonwealth entities that are not required to comply with the Commonwealth Procurement Rules are encouraged to use best endeavours to apply this policy.

The policy does not apply to grants that are subject to the Commonwealth Grant Rules and Guidelines.

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<sup>1</sup> Procurement by non-corporate Commonwealth entities must not be inconsistent with the policies of the Commonwealth in accordance with sections 15 and 21 of the *Public Governance, Performance and Accountability Act 2013*. The Department of Finance maintains a list of Procurement Connected Policies which is available at <http://www.finance.gov.au/procurement/procurement-policy-and-guidance/buying/policy-framework/procurement-policies/principles.html>

## 1.5 Accountability and transparency

The Commonwealth Government will publicly hold itself to account for performance under the policy.

Performance against the target will be published on the Indigenous Procurement website, for the Commonwealth as a whole and at a portfolio level.

Data will be publicly available on the number and value of contracts awarded to Indigenous enterprises which are registered with Supply Nation. Where possible, data will also be published on the number and value of contracts awarded to Indigenous enterprises that are not registered with Supply Nation.

The success of the policy will be assessed on two key performance indicators:

1. An increase in the number of Indigenous enterprises contracted to the Commonwealth Government; and
2. An increase in the number and value of contracts awarded to Indigenous enterprises.

A table setting out the reporting requirements under the policy is at [Attachment A](#).

## 1.6 What is an Indigenous enterprise?

For the purposes of the policy, an Indigenous enterprise is a business that is 50 per cent or more owned by Indigenous Australians.

Supply Nation maintains a list of Indigenous enterprises that meet this definition that can be accessed <http://www.supplynation.org.au>.

If an enterprise states that it is an Indigenous enterprise and it is not listed with Supply Nation, the procuring officer must take steps to assure themselves that the enterprise is 50 per cent or more Indigenous owned. If the procuring officer is seeking to rely on Exemption 17 to direct source from the Indigenous enterprise, she or he must also ensure that the enterprise meets the definition of an SME, as set out in the Commonwealth Procurement Rules.

## 1.7 Resources

Further Information on the policy including Guidance material can be found on the Indigenous Procurement website.



Supply Nation - <http://www.supplynation.org.au/>

Indigenous Business Australia - <http://www.iba.gov.au/>

AusTender - <https://www.tenders.gov.au/>

## 1.8 Contacts

For more information, please contact the Indigenous Procurement mailbox at [IndigenousProcurement@pmc.gov.au](mailto:IndigenousProcurement@pmc.gov.au)

### 1.8.1 TIP: How to check if an enterprise is 50 per cent or more Indigenous owned

While registration with Supply Nation is encouraged under the policy, for a variety of reasons some Indigenous enterprises may not be registered with Supply Nation.

If an Indigenous enterprise is not registered with Supply Nation, the procuring officer could consider taking one or more of the following steps to be satisfied that the enterprise is 50 per cent or more Indigenous owned:

- Requesting that the owners of the business provide evidence of Indigeneity. This could take the form of:
  - A statutory declaration, declaring that the enterprise is 50 per cent or more Indigenous owned; or
  - Certificates or letters of Indigeneity of the Indigenous owners (this is not a document that every Indigenous Australian holds) provided by a recognised Indigenous organisation such as a land council.
- Checking whether the enterprise is listed with an Indigenous Chamber of Commerce or another business list.
- Checking whether the enterprise is listed with the Office of the Registrar of Indigenous Corporations available at <http://www.oric.gov.au/>.

## 1.9 Definitions

The following defined terms are used in this document:

**AusTender** has the same meaning as in the Commonwealth Procurement Rules.

**Approach to Market (ATM)** has the same meaning as in the Commonwealth Procurement Rules.

**Commonwealth (also known as the Australian Government or federal government)** is the Commonwealth of Australia.

**Commonwealth entity** has the same meaning as set out in the *Public Governance, Performance and Accountability Act 2013*.

**Commonwealth Procurement Rules** mean the rules issued by the Minister for Finance under section 105B(1) of the *Public Governance, Performance and Accountability Act 2013*, as amended from time to time.

**Domestic contract** means a contract that results from a procurement exercise conducted in Australia, even if some or all of the goods or services that are purchased may be used or delivered overseas.

**Domestic procurement** means a procurement exercise that is conducted in Australia, even if some or all of the goods or services that are purchased may be used or delivered overseas.

**Department of Finance (Finance)** means the Commonwealth department with responsibility for administering the Commonwealth Procurement Rules.

**Department of the Prime Minister and Cabinet (PM&C)** means the Commonwealth department with responsibility for administering the policy.

**Exemption 17** means the exemption set out at item 17 of Appendix A to the Commonwealth Procurement Rules which allows Commonwealth entities to purchase from Indigenous SMEs without complying with the rules set out in division two of the Commonwealth Procurement Rules.

**High Value Contract** means a contract that meets the definition set out in paragraph 4.2.1 of this document.

**Indigenous enterprise** means an organisation that is 50 per cent or more Indigenous owned that is operating a business. It may take the form of a company, incorporated association or trust. For clarity, a social enterprise or registered charity may also be an Indigenous enterprise if it is operating a business.

**Indigenous Procurement Policy** means the policy described in this document.

**Indigenous Procurement website** means the website at

<http://www.dpmc.gov.au/indigenous-affairs>

**Indigenous Small or Medium Enterprise (Indigenous SME)** means an Indigenous enterprise that meets the definition of SME in the Commonwealth Procurement Rules.

**Portfolio** means the portfolios identified in the Australian Government Organisations Register available at <http://www.finance.gov.au/resource-management/governance/agor/>. For clarity, the Department of Human Services and the Department of Veterans' Affairs are treated as individual portfolios for the purposes of the policy.

**Procuring officer** means a Commonwealth officer that has responsibility for purchasing a good or service on behalf of a Commonwealth entity.

**Procurement threshold** has the same meaning as in the Commonwealth Procurement Rules.

**Remote Area** means the areas identified in the map on the Indigenous Procurement Website, as updated from time to time.

**Remote Contract** means a contract where the majority (by value) of the goods or services will be delivered in a Remote Area.

**Remote Procurement** means a procurement exercise for a Remote Contract.

**Small and Medium Sized Enterprise (SME)** has the same meaning as in the Commonwealth Procurement Rules.

**Supply Nation** means the business to business membership body dedicated to growing diversity in supply chains. More information is available at [www.supplynation.org.au](http://www.supplynation.org.au)

## Section 2:

A target for purchasing from Indigenous enterprises



## 2 Section Two: A target for purchasing from Indigenous enterprises

### 2.1 Commonwealth target

The Commonwealth will award three per cent of its domestic contracts to Indigenous enterprises each financial year, from 2019-20.

In addition, the following interim targets will apply:

Financial Year	Target (by number)
<b>2015-16</b>	0.5 per cent of domestic contracts
<b>2016-17</b>	1.5 per cent of domestic contracts
<b>2017-18</b>	2 per cent of domestic contracts
<b>2018-19</b>	2.5 per cent of domestic contracts

The target for the upcoming financial year will be calculated based on the average number of domestic contracts entered into over the previous three financial years that data is available for. This method has been adopted because the total number of domestic contracts for a financial year will not be known in advance, and to manage fluctuations in the number of contracts from year to year. For example, the target for 2015-16 is set using the average of the number of domestic contracts entered into in 2011-12, 2012-13 and 2013-14.

The total number of domestic contracts will be calculated by PM&C, in consultation with Finance, based on AusTender data with adjustments to ensure that the total reflects the number of domestic contracting opportunities.

The table on the following page shows the target for 2015-16, using this methodology.

Year	Total number of new domestic Commonwealth contracts
2011-12	58,219
2012-13	48,640
2013-14	46,940
Average	<b>51,266</b>
Commonwealth Target for 2015-16	<b>256</b>

## 2.2 Portfolio targets

The Commonwealth target will be allocated across portfolios to strengthen accountability.

Each Commonwealth portfolio<sup>2</sup> is required to meet its allocated target each year. PM&C, in consultation with Finance, will calculate each portfolio's target for the coming financial year, using the following formula.

$$TNC = CT \times \frac{(PC_{Y1} + PC_{Y2} + PC_{Y3})}{3}$$

3

Where:

**TNC** is the target number of contracts that the portfolio must award to meet its target for the next financial year

**CT** is the Commonwealth target for the next financial year (expressed as a percentage)

**PC<sub>Y1</sub>** is the number of domestic contracts awarded by the portfolio four financial years prior to the year to which the target applies

**PC<sub>Y2</sub>** is the number of new domestic contracts awarded by the portfolio three financial years prior to the year to which the target applies

**PC<sub>Y3</sub>** is the number of new domestic contracts awarded by the portfolio two financial years prior to the year to which the target applies

<sup>2</sup> As at the time of publication, two departments (the Department of Human Services and the Department of Veterans' Affairs) sat within other portfolios. For the purposes of this policy, these departments are treated as portfolios, with separate targets allocated to them.

In calculating the portfolio targets, PM&C will use information from AusTender. The AusTender data may be adjusted in consultation with Finance and the relevant portfolio to remove contracts reported on AusTender that do not represent a new contracting opportunity (for example, because it is a contract extension).

Portfolio targets for the upcoming financial year will be announced in April each year on the Indigenous Procurement Website.

The table below sets out the portfolio target allocations for 2015-16.

Portfolio	Average number of contracts over previous 3 financial years	2015-16 Target
<b>Education</b>	711	<b>4</b>
<b>Veterans' Affairs</b>	827	<b>4</b>
<b>Parliamentary Departments</b>	843	<b>4</b>
<b>Communications</b>	933	<b>5</b>
<b>Agriculture</b>	1,037	<b>5</b>
<b>PM&amp;C</b>	1,255	<b>6</b>
<b>Social Services</b>	1,281	<b>6</b>
<b>Employment</b>	1,474	<b>7</b>
<b>Infrastructure and Regional Development</b>	1,597	<b>8</b>
<b>Finance</b>	1,616	<b>8</b>
<b>Health</b>	2,440	<b>12</b>
<b>Foreign Affairs and Trade</b>	2,595	<b>13</b>
<b>Environment</b>	2,804	<b>14</b>
<b>Industry and Science</b>	2,987	<b>15</b>
<b>Human Services</b>	3,521	<b>18</b>
<b>Immigration and Border Protection</b>	3,715	<b>19</b>
<b>Treasury</b>	3,806	<b>19</b>
<b>Attorney-General's</b>	3,817	<b>19</b>
<b>Defence</b>	14,005	<b>70</b>
<b>Total</b>	<b>51,264</b>	<b>256</b>



Indicative information on annual portfolio targets to 2019-20 is at [Attachment B](#). This information will be recalculated each year as new information on the actual number of new domestic contracts becomes available.

After the first year of the policy's operation, PM&C and Finance will review the operation of the target to identify any implementation issues. This may result in a variation to the policy.

### **2.3 Converting the target to a dollar value target**

Portfolios may choose to convert the target into a dollar value target. This is intended to give portfolios flexibility and enable contracts to be managed efficiently and according to business need.

The conversion rate that will be used is the average value of all Commonwealth contracts under \$1 million over the previous three financial years that data is available for. Contracts within this range represent typical SME contracts.

For 2015-16, the conversion rate is \$91,931 (GST inclusive).

To provide portfolios with additional flexibility, portfolios may also elect to meet their overall target through a combination of the numerical target and value target.

### 2.3.1 Examples – Converting the target

1. A Commonwealth portfolio converts all of its target to a value target. Assume the Commonwealth portfolio has a target of 12 contracts for 2015-16. If it seeks to convert all its target to a dollar value target, then its value target for 2015-16 is \$1,103,172 (12 x \$91,931 (current conversion rate)).

The Commonwealth portfolio would then be expected to award one or more contracts, adding up to at least this value in 2015-16. Its performance against the target will publicly be reported by number and value.

2. A Commonwealth portfolio converts a proportion of its target to a value target. Assume the Commonwealth portfolio has a target of 12 contracts for 2015-16. If it seeks to convert 50 per cent of this target to a dollar value target, then to meet its target for 2015-16, it needs to:
  - Award at least \$551,586 (6 x \$91,931 (current conversion rate)) worth of contracts to one or more Indigenous enterprises; and
  - Award at least 6 other contracts of any value to Indigenous enterprises.

### 2.4 Contracts that may be counted towards the target

Portfolios may include the following types of contracts in their performance against the target, regardless of the value of the contract:

1. Direct contracts with an Indigenous enterprise.
2. Subcontracts with an Indigenous enterprise, where the subcontract directly relates to the goods and services being contracted by the Commonwealth entity.
3. Direct contracts with an incorporated joint venture, where the joint venture is at least 25 per cent Indigenous owned.

Recognising subcontracts in this way is intended to increase the uptake of Indigenous enterprises into supply chains. Subcontracts are a good way for smaller and less experienced Indigenous enterprises to enter the Commonwealth's supply chains.

To encourage Commonwealth entities to enter into higher value, longer term contracts with Indigenous enterprises, multi-year contracts can be counted towards the portfolio's

performance against the target for each year that the Indigenous enterprise receives revenue under the contract.

For multi-year contracts for those portfolios that have converted their targets to a dollar value, only the value expended in that year can be counted towards the target. See paragraph 2.4.2 for examples.

#### **2.4.1 How can contracts and subcontracts count towards the procurement target?**

Incentivising the inclusion of Indigenous enterprises at all levels of the supply chain will help to maximise the development of the Indigenous business sector. For this reason, subcontracts can be counted in a portfolios performance towards the target. The examples below show how these can be counted.

1. A contract with a non-Indigenous enterprise which then subcontracts part of the goods and services to an Indigenous enterprise: counts as 1 contract towards the target.
2. A contract with an Indigenous enterprise: counts as 1 contract towards the target.
3. A contract with an Indigenous enterprise which then subcontracts part of the goods and services to another Indigenous enterprise: counts as 2 contracts towards the target.
4. A contract with an incorporated joint venture, where the joint venture is at least 25 per cent Indigenous owned: counts as 1 contract towards the target.

Note 1: For all contracts and subcontracts not recorded in AusTender, entities will need to manually report these contracts to PM&C in order to have these contracts count towards the target.

## **2.4.2 Other examples of contracts which may be counted**

### **Contracts awarded from whole of government or cross-agency supplier panel arrangements**

Where an Indigenous enterprise is contracted from a whole of government procurement panel arrangement or from a panel hosted by another portfolio, the government entity issuing the official order for the goods and services may count the contract towards their target. Portfolios will need to manually report these contracts if they are not required to be reported on AusTender.

### **Contracts valued at less than \$10,000 and purchases outside a contract.**

Smaller value contracts are expected to provide immediate opportunities for small Indigenous enterprises seeking to gain experience in government contracting, and are therefore recognised under the policy. These contracts may be counted towards the target. However as they are not required to be reported in AusTender, portfolios will need to manually report these to PM&C. This also applies to purchases made using a government credit card.

### **Contracts with joint ventures, where the Indigenous partner has at least 25 per cent equity**

Contracts with joint ventures where the Indigenous enterprise has at least 25 per cent equity in the joint venture can be counted towards the target (although such joint ventures are not eligible for Exemption 17). To count such contracts towards the target, procuring officers must confirm the equity arrangements to ensure the joint venture meets the 25 per cent equity threshold and manually report them to PM&C.

### **Multi-year contracts**

A contract awarded to an Indigenous enterprise which operates in successive years may be counted towards an agency's annual Indigenous procurement target for each year that the Indigenous enterprise receives revenue under the contract. Where the Commonwealth entity has converted its target to a dollar value, that value could likewise be included in the portfolio's performance against the target for each year that the Indigenous enterprise receives revenue under the contract.

**Examples for multi-year contracts under a contract number target:**

- A 3 year contract with an Indigenous enterprise will be able to be counted as 1 contract towards the Indigenous procurement target in each year of the contract's operation.
- If that same contract had 2 subcontracts with Indigenous enterprises in each year of the contract's operation it would count as 3 contracts towards the target (Indigenous head contract and 2 Indigenous enterprise sub-contracts) in each year of the contract's operation.

**Worked example for multi-year converted value target:**

- A contract with an Indigenous enterprise with a value of \$1 million over three years with expenditure of \$250,000 in first year, \$500,000 in second year and \$250,000 in the third year. The contracting entity can count \$250,000 towards their converted value target in the first year, \$500,000 in the second year and \$250,000 in the third year.

**Contracts awarded by government entities which are not subject to the Commonwealth Procurement Rules:**

- A contract awarded to an Indigenous enterprise by a government entity to which the policy does not apply (that is, an entity not subject to the Commonwealth Procurement Rules), may be counted towards its portfolio target. For example, a contract awarded to an Indigenous enterprise by Indigenous Business Australia may be included in the PM&C portfolio's performance against the target.

**Shared services contracts**

- Where multiple agencies purchase goods and services through a single contract with an Indigenous enterprise (for example through a shared services arrangement), each agency that purchases through the contract can count the contract in their performance against the target. This is because, in the interests of reducing red tape for suppliers, the Commonwealth encourages agencies to enter into larger contracts where that is practical.

### **2.4.3 TIP: To achieve best practice – the target**

The Indigenous procurement target is being phased in to ensure that the Commonwealth, the Indigenous business sector and the non-Indigenous business sector have time to establish a new way of working together.

#### **Set a higher target**

Some Commonwealth portfolios have already taken steps to engage Indigenous enterprises and will easily reach their allocated portfolio target for 2015-16. These portfolios should treat their allocated portfolio target as a minimum target and should consider publicly committing to a higher target.

#### **Develop an Indigenous procurement strategy**

Each portfolio has different purchasing requirements and different purchasing arrangements. For example, some portfolios have centralised procurement, while others have devolved it to business areas. In addition, some Commonwealth entities within a portfolio may be better placed to purchase from Indigenous enterprises than others. It is up to the portfolio to determine how each Commonwealth entity within the portfolio will contribute to achieving the target.

Portfolios should develop and communicate an Indigenous procurement strategy. The strategy could cover matters such as:

- Allocating the portfolio target across Commonwealth entities and/or business areas within the portfolio;
- Setting a higher target for the portfolio;
- Ensuring Indigenous enterprises are considered when panels/standing offer arrangements are being established or refreshed;
- Maximising awareness among Commonwealth officers of the policy, Exemption 17 of the Commonwealth Procurement Rules and the Indigenous business sector;
- Engaging with Indigenous enterprises early on potential contracting opportunities; and
- Engaging with Indigenous Business Australia, Indigenous chambers of commerce, Supply Nation and other representatives of the Indigenous business sector.

## **2.5 Recording and reporting requirements**

Commonwealth entities are required to report contracts on AusTender in accordance with the Commonwealth Procurement Rules. Contracts in AusTender will be cross-matched with Indigenous enterprises registered in the Supply Nation Indigenous business database to track the number of contracts awarded to Supply Nation registered Indigenous enterprises across the government.

Portfolios are encouraged to report eligible contracts towards their target which are not required to be reported in AusTender. These will need to be manually reported to PM&C by each portfolio on a six monthly basis. As outlined above contracts that would need to be manually reported include:

- Subcontracts with Indigenous enterprises;
- Contracts with Indigenous enterprises valued at less than \$10,000;
- Purchases from Indigenous enterprises using a credit card;
- Contracts with Indigenous enterprises which are not registered with Supply Nation; and
- Multi-year contracts with Indigenous enterprises for second and subsequent years (the contract will be reported through AusTender for the first year only).

## Section 3:

Mandatory set-aside of certain Commonwealth contracts





### **3 Introduction Section Three – mandatory set-aside of certain Commonwealth contracts**

#### **3.1 Introduction**

The mandatory set-aside will give Indigenous SMEs greater access to the most relevant Commonwealth contracting opportunities. The mandatory set-aside gives Indigenous SMEs the chance to demonstrate value for money first, before the procuring officer makes a general approach to the market.

The contracts that the mandatory set-aside applies to will be reviewed each year to ensure that the targeted group of procurements are achieving the intended outcome.

#### **3.2 Which procurements does the mandatory set-aside apply to?**

The mandatory set-aside applies to:

- (a) all Remote Procurements<sup>3</sup>; and
- (b) all other new domestic procurements where the estimated value of the procurement is from \$80,000 to \$200,000<sup>4</sup> (GST inclusive),

other than:

- (c) procurements to which paragraph 2.6<sup>5</sup> or 10.3<sup>6</sup> of the Commonwealth Procurement Rules apply; and
- (d) procurements where the purchase is made through a mandatory whole of government procurement arrangement or through a departmental panel arrangement that is specified as an exclusive purchasing arrangement; and
- (e) procurements where the purchase is made using an exemption to Appendix A of the Commonwealth Procurement Rules other than exemption 17.

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<sup>3</sup> This does not apply to transactions paid for by credit card.

<sup>4</sup> Rules for estimating the value of a procurement are set out in the Commonwealth Procurement Rules.

<sup>5</sup> Paragraph 2.6 deals with measures for international peace and security, human health, essential security interests and national treasures - removing the requirement to comply with the Commonwealth Procurement Rules.

<sup>6</sup> Paragraph 10.3 deals with the conditions for limited tender.

### 3.2.1 TIP: Determining whether a procurement is a Remote Procurement

A Remote Procurement is a procurement exercise for a Remote Contract. A Remote Contract is a contract where the majority (by value) of the goods and services will be delivered in a Remote Area.

Detailed maps of the Remote Areas, including detailed lists of towns and places, are available on the Indigenous Procurement website.

To determine whether a procurement is a Remote Procurement and hence, whether the mandatory set-aside applies, the procuring officer will need to:

- 1) Identify the delivery point for the majority (by value) of the goods and services;
- 2) Identify whether that delivery point(s) is in a Remote Area.

#### Goods

For a good, the delivery point is the point where the Commonwealth buyer assumes control of the good.

Example 1: The Commonwealth purchases uniforms for its network of staff in Western Australia and those uniforms are delivered by the contractor to Perth, for further distribution on an as needs basis around Western Australia. The delivery point is considered to be Perth.

#### Services

For a service, the delivery point is the point where the Commonwealth buyer receives the service, even if the end user of the service is located elsewhere.

Example 2: The Commonwealth purchases cleaning services for an immigration detention facility. The delivery point is the immigration detention facility, where the cleaning is done.

Example 3: The Commonwealth purchases a call centre service, and the call centre is located in Adelaide, with callers dialling in from around Australia. The delivery point is considered to be Adelaide, because that is where the Commonwealth is receiving the service, even though the end user (callers) may be located elsewhere.

### 3.2.2 TIP: To achieve best practice – mandatory set-aside

Entities may consider establishing an internal policy of applying the mandatory set-aside process to a wider group of contracts than those required under this policy.

For example, procuring officers could be encouraged to first consider whether an

### **3.2.2 TIP: To achieve best practice – mandatory set-aside**

Entities may consider establishing an internal policy of applying the mandatory set-aside process to a wider group of contacts than those required under this policy.

For example procuring officers could be encouraged to first consider whether an Indigenous enterprise can provide the good or service for every procurement regardless of whether it falls within the mandatory value threshold. Where an Indigenous enterprise can provide the good or service for every procurement regardless of whether it falls within the mandatory value threshold. Where an Indigenous enterprise can provide a good or service on a value for money basis, this enterprise could be contracted, using Exemption 17.

Entities might also consider ways to streamline their implementation of the mandatory set-aside, for example, an entity might centralise the checking of the Supply Nation database for certain types of procurements on a periodic basis.

Entities could also consider establishing a panel of Indigenous suppliers for some of the entity's more common procurement needs to streamline the mandatory set-aside process.

### **3.3 Commencement**

Commonwealth entities are required to apply the mandatory set-aside to all new approaches to market that commence after 1 July 2015.

### **3.4 Applying the mandatory set-aside**

Where the mandatory set-aside applies, the procuring officer must first determine whether an Indigenous SME could deliver the required good or service on a value for money basis, before following ordinary procurement processes.

To satisfy the mandatory set-aside requirement, the procuring officer must:

1. Conduct a search for a suitable Indigenous SME on Supply Nation's directory of Indigenous enterprises; and
2. Document the outcomes of that search.

**One Indigenous SME is identified through the initial Supply Nation search**

If based on this initial search a suitable Indigenous SME is identified, the procuring officer must take steps to determine whether the Indigenous SME could deliver the required good or service on a value for money basis.

If the procuring officer is satisfied that the Indigenous SME could deliver the required good or service on a value for money basis, then the entity must purchase the required good or service from that Indigenous SME. The entity may use Exemption 17 for this purpose.

**More than one Indigenous SME is identified through the initial Supply Nation search**

If, based on the initial search a number of suitable Indigenous SMEs are identified which could potentially deliver the good or service on a value for money basis, the procuring officer must assess these in a manner commensurate to the scale, scope and risk of the procurement, and award the contract to the Indigenous SME that represents best value for money. The entity may use Exemption 17 for this purpose.

If the Indigenous SME that represents best value for money declines the contract, the entity should offer the contract to each subsequent Indigenous SME that met value for money requirements.

**3.4.1 TIP: To achieve best practice – determining value for money**

Where more than one Indigenous SME is identified as able to deliver the good or service on a value for money basis, an entity will need to assess these in a manner commensurate with the scale, scope and risk of the procurement.

One way it may do this is approaching a number of potential suppliers. Participation in procurement imposes costs on relevant entities and potential suppliers. Entities should ensure they act reasonably in requesting quotes from multiple Indigenous SMEs, having regard to the fact that Indigenous SMEs are often small enterprises with limited resources.

### **No Indigenous SME is identified through the initial Supply Nation search**

If, based on the search of Supply Nation's database no suitable Indigenous SME is identified, the procuring officer may follow the entity's ordinary procurement practices to award the contract.

### **Indigenous SME is identified and it is not listed with Supply Nation**

An entity may use Exemption 17 to contract with an Indigenous SME, regardless of whether the enterprise is registered with Supply Nation. In these instances, the procuring officer must satisfy themselves that the enterprise is at least 50 per cent Indigenous owned.

#### **3.4.2 TIP: How to achieve best practice – identifying an Indigenous enterprise**

The procuring officer may elect to conduct additional searches for Indigenous SMEs, beyond the mandatory search of the Supply Nation register.

In particular, where the procurement is likely to offer local Indigenous employment opportunities in a Remote Area, the procuring officer could consider contacting PM&C's Regional Network staff for advice on Indigenous SMEs.

The procuring officer may also wish to consult other lists of Indigenous suppliers that are maintained by organisations, such as Indigenous Chambers of Commerce.

### **3.5 Recording and reporting requirements**

For each procurement that the mandatory set-aside applies to, the procuring officer must record:

1. Whether the mandatory set-aside process was applied, and if not, the reason why not;
2. If the mandatory set-aside process was applied, whether the resulting contract was awarded to an Indigenous SME.

### **Contracts valued between \$80,000 and \$200,000**

On a six monthly basis, PM&C will collate information from AusTender on the total number of domestic contracts awarded that are valued from \$80,000 to \$200,000 and the total number of these contracts that are awarded to Indigenous enterprises that are registered with Supply Nation. This information will provide a proxy to show how frequently the mandatory set-aside and 17 are used to award contracts to Indigenous SMEs within the \$80,000 to \$200,000 range.

### **Remote Procurements**

Information on delivery location is not collected through AusTender. On a six monthly basis, portfolios must manually report to PM&C:

1. the number of Remote Procurements conducted by the portfolio; and
2. the number of Remote Contracts that were awarded to Indigenous SMEs.

## Section 4:

Minimum requirements for certain Commonwealth contracts



## **4 Section Four – minimum requirements for certain Commonwealth contracts**

### **4.1 Introduction**

For certain Commonwealth contracts, Commonwealth entities are required to include minimum requirements for employing Indigenous Australians and using Indigenous enterprises in the contractor's supply chain. These minimum requirements are referred to as the 'mandatory minimum requirements for Indigenous participation'.

The minimum requirements will ensure that Indigenous Australians gain skills and economic benefit from some of the larger pieces of work that the Commonwealth outsources, including in Remote Areas. The contracts that the mandatory minimum requirements apply to are those that present the strongest opportunities for Indigenous participation.

The contracts that the mandatory minimum requirements apply to will be reviewed each year to ensure that the targeted group of contracts are achieving the intended outcome.

### **4.2 Which contracts do the mandatory minimum requirements apply to?**

#### **4.2.1 High Value Contracts**

The mandatory minimum requirements for Indigenous participation apply to all new contracts delivered in Australia that are valued at \$7.5 million (GST inclusive) or more, where more than half of the value of the contract is being spent in one or more of the following industry sectors:

1. Building, construction and maintenance services
2. Transportation, storage and mail services
3. Education and training services
4. Industrial cleaning services
5. Farming and fishing and forestry and wildlife contracting services
6. Editorial and design and graphic and fine art services
7. Travel and food and lodging and entertainment services
8. Politics and civic affairs services



There is one exception to this:

- a) the mandatory minimum requirements do not apply to contracts that are subject to paragraph 2.6<sup>7</sup> of the Commonwealth Procurement Rules.

#### **4.2.2 TIP: Identifying whether a good or service falls within one of the identified industry sectors**

The industry sectors listed in paragraph 4.2.1 are based on the United Nations Standard Products and Services Code (UNSPSC). The UNSPSC classifies all products and services and each of the industry sectors identified above corresponds to a UNSPSC segment.

A detailed list of goods and services that fall within each of the identified sectors is available on the Indigenous Procurement website.

#### **4.3 Commencement**

Commonwealth entities are required to include mandatory minimum requirements in all contracts that fall within the definition set out in paragraph 4.2 where the Approach to Market commences after 1 July 2015.

To allow for a transition period, the mandatory minimum requirements will not become binding on contractors until 1 July 2016.

#### **4.4 What are the mandatory minimum requirements?**

The contractor, in consultation with the purchasing Commonwealth entity, can opt to apply either the contract-based requirements or the organisation-based requirements specified on the following page.

Under each option, the contractor, in consultation with the purchasing Commonwealth entity, can further opt to apply either the employment requirement or the supplier-use requirement, or a combination of both requirements.

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<sup>7</sup> Paragraph 2.6 deals with measures for international peace and security, human health, essential security interests and national treasures.

**1. Contract-based requirements:**

- a) By the end of the initial term of the contract, at least 4 per cent of the full time equivalent Australian-based workforce deployed on the contracted project must be Indigenous Australians, on average over the initial term of the contract; or
- b) By the end of the initial term of the contract, at least 4 per cent of the value of the goods and services provided under the contract must be subcontracted to Indigenous enterprises, on average over the initial term of the contract; or
- c) By the end of the initial term of the contract, a minimum percentage of the full time equivalent Australian-based workforce deployed on the contracted project must be Indigenous Australians, and a minimum percentage of the value of the goods and services provided under the contract must be subcontracted to Indigenous enterprises, so that both minimum percentages add up to 4 per cent, on average over the initial term of the contract.

**2. Organisation-based requirements:**

- a) By the end of the initial term of the contract, at least 3 per cent of the full time equivalent Australian-based workforce of the contractor must be Indigenous Australians, on average over the initial term of the contract; or
- b) By the end of the initial term of the contract, at least 3 per cent of the value of the contractor's Australian supply chain must be subcontracted to Indigenous enterprises, on average over the initial term of the contract; or
- c) By the end of the initial term of the contract, a minimum percentage of the full time equivalent Australian-based workforce must be Indigenous Australians, and a minimum percentage of the value of the contractor's supply chain must be subcontracted to Indigenous enterprises, such that both minimum percentages add up to 3 per cent on average over the initial term of the contract.

The contractor may elect to meet the mandatory minimum requirements directly or through subcontracts.

#### **4.4.1 Remote Area Contracts**

Where a component of a High Value Contract will be delivered in a Remote Area, the purchasing Commonwealth entity and the contractor must ensure there is a contractual requirement that ensures the contract delivers significant Indigenous employment or supplier use outcomes in that area.

This could include:

- a) subcontracting an Indigenous enterprise(s) to assist with the delivery of the contracted goods and services in the Remote Area; and/or
- b) specifying a minimum Indigenous employment requirement for the proportion of the contracted goods and services that will be delivered in the Remote Area, for example 20 per cent.

In determining what requirement would deliver a 'significant' Indigenous employment or supplier use outcome, the purchasing Commonwealth entity and the contractor should have regard to the size of the local Indigenous population relative to the non-Indigenous population and the nature of the contracted goods and services.

For clarity, if the Commonwealth entity and contractor agree a Remote Area supplier use or employment contractual requirement under this paragraph 4.4.1, that supplier use/employment outcome can count towards the contractor's overall performance against the mandatory minimum requirement required under paragraph 4.4.

#### **4.4.2 TIP: Choosing organisation based, employment and supplier use requirements**

In consultation with the procuring entity, a contractor has opted for organisation-based minimum requirements and has further opted for a combination of employment and supplier use requirements, stating that it will achieve 2 per cent Indigenous employment and award 1 per cent of its supply chain to Indigenous suppliers on average over the term of the initial contract. The organisation has 250 full-time Australian based staff and currently is contracted to deliver goods and services to the value of \$10 million each year.

In order to meet the mandatory minimum requirements, the contractor must employ at least 5 Indigenous Australian employees on a full time basis and procure at least \$100,000 worth of goods and services from Indigenous enterprises for each year of the term of the initial contract.

#### **4.5 How will the mandatory minimum requirements be enforced?**

Commonwealth entities must take the following steps to ensure compliance with the mandatory minimum requirements. These steps are also shown in the diagram at [Attachment C](#).

##### **1. Approach to Market Phase:**

- a) Where the mandatory minimum requirements apply to a procurement, the Commonwealth entity must include the mandatory minimum requirements in the Approach to Market documentation, including:
  - i. A requirement for tenderers to submit an Indigenous Participation Plan setting out how the tenderer intends on meeting the mandatory minimum requirements; and
  - ii. A requirement for tenderers to declare whether they have been (or are currently) party to a Commonwealth contract that includes mandatory minimum requirements, and if yes, to state their level of compliance with those requirements.

Tenderers should also be asked in their response to state their current rate of Indigenous employment and supplier use and demonstrate their commitment to Indigenous participation.

- b) The Commonwealth entity must evaluate any past performance in relation to increasing Indigenous participation and tenderers' proposed Indigenous Participation Plan, as part of the evaluation of the approach to market.
- c) If the tenderer has been subject to mandatory minimum participation requirements before, the Commonwealth entity must consider the tenderer's past compliance with the requirements, including by checking the central database referred to in paragraph 4.5(2)(e) below.

## **2. Contract phase**

- a) Once a preferred tenderer has been selected, the Commonwealth entity must include the Indigenous Participation Plan in the resultant contract.
- b) The contract manager is responsible for ensuring compliance with the Indigenous Participation Plan during the contract term.
- c) The contract must include a requirement for the contractor to report on compliance with the Indigenous Participation Plan at least quarterly. The contract must include such other reporting, documentation, review and auditing rights and requirements as the Commonwealth entity considers necessary for it to determine whether the contractor is compliant with the Indigenous Participation Plan.
- d) At the end of the contract term, the contractor must submit a final report against the Indigenous Participation Plan, in which it identifies whether the mandatory minimum requirements were met and whether the Indigenous Participation Plan was complied with.
- e) The contract manager will record the contractor's performance in a central database that can be accessed by other procuring officers from around the Commonwealth.

#### 4.6 Reporting requirements

Portfolios must report the following information to PM&C every six months:

- For each new contract that has mandatory minimum requirements that a Commonwealth entity within the portfolio has entered into since the last report:
  - Contracting entities (Commonwealth and contractor)
  - Value of the contract
  - Term of the contract
  - Good/service type being purchased
  - Minimum requirement that the contractor elected to apply in the contract
- For each contract where the mandatory minimum requirements apply, whether the contractor is compliant with the agreed Indigenous Participation Plan.

#### 4.7 What requirements apply to contracts that do not have mandatory minimum requirements?

From 1 July 2015, all domestic Commonwealth contracts should include a requirement for the contractor to use reasonable endeavours to increase their employment of Indigenous Australians and their use of Indigenous suppliers in their supply chains in the delivery of the contract. A template clause will be available for these contracts.

Note: This paragraph only applies in situations where a formal contract is used.

#### **4.7.1 TIP: Best practice – how to implement and assess ‘Reasonable Endeavours’**

Commonwealth entities should consider specifying the types of actions that it considers could assist a tenderer or contractor to meet a reasonable endeavours requirement for Indigenous participation. These could include a commitment from the contractor:

- To have a Reconciliation Action Plan with targets for Indigenous employment and the use of Indigenous suppliers and a strategy to meet those targets;
- To be a member of Supply Nation and/or engaged with other Indigenous business networks such as the Indigenous Chambers of Commerce;
- For their CEO and other leaders to champion and promote Indigenous employment and the use of Indigenous suppliers;
- To have a Diversity Plan;
- To report on the recruitment and career progression of Indigenous employees (eg. including staff surveys);
- To report on training and development of Indigenous employees; and
- In relation to local Indigenous employment, supplier use opportunities and economic development.

In assessing what actions might meet the reasonable endeavours requirement, the Commonwealth entity should have regard to the nature, capacity, qualifications and responsibilities of the parties under the contract.

If a tenderer makes a specific commitment to one or more activities in its tender, the Commonwealth entity should consider making this commitment a contractually binding requirement in the resultant contract.

# Section 5: Miscellaneous





## 5 Section Five: Miscellaneous

### 5.1 Transitioning out the Indigenous Opportunities Policy (IOP)

From the date of publication of this policy, Commonwealth entities will no longer need to include IOP obligations in new Approaches to Market or contracts. Arrangements to transition from the IOP to the Indigenous Procurement Policy are outlined below.

On 1 July 2015, each Commonwealth entity that has an existing contract that includes IOP obligations will assume responsibility for managing compliance with these existing IOP obligations.

From 1 July 2015, IOP Plans and Reports will no longer be submitted through the centralised My Plan system that was used in the past to manage IOP reporting requirements. The submission and notifications functions in My Plan will be disabled and have 'read only' functionality. Contractors that have upcoming obligations to submit IOP plans or reports should discuss those obligations with their contract manager.

#### 5.1.1 TIP: Best Practice – managing the transition from the IOP

Commonwealth entities work with their contractors that have existing IOP obligations to agree a transition approach to move the contractor from the IOP to the Indigenous Procurement Policy.

Options include an agreement to continue to comply with the existing IOP obligations or a new obligation that is similar to what is required under the Indigenous Procurement Policy.

Factors that may influence the agreed approach include the remaining length of the contract, the Indigenous participation outcomes to date and the nature of the goods and services under contract.

## 5.2 Roles and responsibilities under the Indigenous Procurement Policy

### PM&C

PM&C is responsible for the administration of the policy. This includes:

- Developing and publishing policy and policy implementation guidance documents and reviewing and reissuing these from time to time, as necessary;
- Promoting the policy, including the use of the Exemption 17 in Appendix A of the Commonwealth Procurement Rules;
- Reviewing AusTender data and, in consultation with Finance and portfolios, setting the portfolio targets for the next financial year and updating the target conversion rate referred to in paragraph 2.3;
- Monitoring portfolio performance towards meeting the target;
- Publishing the whole of government and portfolio performance information;
- Ensuring there is a central list of Indigenous enterprises; and
- Monitoring and reviewing the effectiveness of the policy.

### Finance

Finance is responsible for the administration of the Commonwealth Procurement Rules and for AusTender. Finance will work closely with PM&C to ensure that the policy is aligned with the Commonwealth Procurement Rules and other Commonwealth procurement initiatives. Finance will also draw on AusTender data to produce performance information on the policy.

### Commonwealth portfolios

Portfolios are responsible for compliance with the policy, including ensuring the portfolio's procurement target is met. This includes ensuring that Commonwealth entities within the portfolio that are required to comply with the policy are aware of the policy. It also includes monitoring and reporting portfolio performance to PM&C at the intervals specified under the policy.

It is recommended that portfolios develop a strategy for implementation of and compliance with the policy. This strategy could set out how individual Commonwealth entities within the portfolio are expected to contribute to achieving the portfolio target.

Portfolios should consider publishing this strategy to assist Indigenous enterprises to understand where contracting opportunities may lie.

A portfolio Minister may also require of their Secretary additional monitoring and reporting under the policy.

Portfolios will be responsible for complying with any direction issued by PM&C and/or Finance in relation to the policy, and communicating any such directions to the Commonwealth entities within the Portfolio that are required to comply with the policy.

### **Commonwealth entities that are required to comply with the Commonwealth Procurement Rules**

Commonwealth entities that are required to comply with the Commonwealth Procurement Rules must comply with the policy. This includes ensuring that procuring officers understand and apply the policy to relevant procurements. It also includes actively managing any contracts that include mandatory minimum requirements to ensure these requirements deliver Indigenous employment and supplier use outcomes.

Commonwealth entities are encouraged to report in their Annual Reports the number and value of contracts for goods and services awarded to Indigenous enterprises that financial year or to refer to the Indigenous Procurement website where this information will be publicly available.

### **5.3 Reporting**

Reporting requirements for each component of the policy are summarised in [Attachment A](#).

Reporting requirements will be reviewed on an annual basis to ensure the data that is collected is sufficient to monitor and evaluate the effectiveness of the policy, while not being overly onerous for Commonwealth portfolios and contractors.

### Attachment A: Reporting Requirements under the Indigenous Procurement Policy

	Timing	Commonwealth reporting obligations (by PM&C)	Portfolio reporting obligations (some of these obligations may be devolved to individual Commonwealth entities within the portfolio)	Contractor reporting obligations
<b>Target for purchasing from Indigenous enterprises</b>	<p>PM&amp;C public reporting – annual</p> <p>Portfolio manual reporting on contracts outside of AusTender – six monthly</p>	<p>Annual publication of the Commonwealth’s target, and individual portfolio targets, for purchasing from Indigenous enterprises.</p> <p>Annual publication of performance by the Commonwealth and portfolios of the number and value of contracts awarded to Indigenous enterprises.</p> <p>Periodic publication of case studies to highlight better practice Indigenous supplier use.</p>	<p>Reporting of contracts on AusTender in accordance with the Commonwealth Procurement Rules.</p> <p>Portfolios are encouraged to also report those contracts with Indigenous enterprises which are not required to be reported on AusTender.</p> <p>If the portfolio chooses to include the following types of contracts in its performance against the target, the portfolio must manually report the number and value of the following types of contracts to PM&amp;C on a six monthly basis:</p> <ul style="list-style-type: none"> <li>• Subcontracts;</li> <li>• Contracts valued at less than \$10,000;</li> <li>• Contracts with Indigenous enterprises that are not registered with Supply Nation.</li> </ul>	<p>Portfolios may require contractors to report on Indigenous supplier use, to allow subcontracts to be counted towards the portfolio’s target.</p>

	Timing	Commonwealth reporting obligations (by PM&C)	Portfolio reporting obligations (some of these obligations may be devolved to individual Commonwealth entities within the portfolio)	Contractor reporting obligations
<b>Mandatory set-aside</b>	Six monthly	<p>Publication every six months of:</p> <ul style="list-style-type: none"> <li>The total number of contracts reported on AusTender in the previous six months that are valued from \$80,000 to \$200,000; and</li> <li>The total number of these contracts that are awarded to Indigenous enterprises that are registered with Supply Nation.</li> <li>The number of Remote Procurements conducted across the Commonwealth and the number of Remote Contracts that are awarded to Indigenous SMEs.</li> </ul>	<p><b>Contracts valued between \$80,000 and \$200,000</b></p> <p>Report contracts on AusTender in accordance with the Commonwealth Procurement Rules.</p> <p><b>Remote Procurements</b></p> <p>On a six monthly basis, portfolios must manually report to PM&amp;C:</p> <ol style="list-style-type: none"> <li>The number of Remote Procurements conducted by the portfolio; and</li> <li>The number of Remote Contracts that were awarded to Indigenous SMEs.</li> </ol>	Nil

	Timing	Commonwealth reporting obligations (by PM&C)	Portfolio reporting obligations (some of these obligations may be devolved to individual Commonwealth entities within the portfolio)	Contractor reporting obligations
<b>Mandatory minimum requirements for Indigenous participation</b>	PM&C publicly report on a six monthly basis	<p>PM&amp;C report on the number of new contracts subject to mandatory minimum requirements, including the:</p> <ul style="list-style-type: none"> <li>• Value of the contract;</li> <li>• Term of the contract;</li> <li>• Good/service type being purchased.</li> </ul>	<p>Report to PM&amp;C every six months:</p> <ul style="list-style-type: none"> <li>• For each new contract subject to mandatory minimum requirements, the following information: <ul style="list-style-type: none"> <li>○ Contracting entities;</li> <li>○ Value of the contract;</li> <li>○ Term of the contract;</li> <li>○ Good/service type; and</li> <li>○ Minimum requirement applied in the contract.</li> </ul> </li> <li>• For each contract subject to mandatory minimum requirements, whether the contractor is compliant with the agreed Indigenous Participation Plan.</li> </ul>	<p>At least quarterly report to the contract manager on the contractor's compliance with its Indigenous Participation Plan.</p> <p>Final report on compliance with the Indigenous Participation Plan and the mandatory minimum requirements.</p>

**Attachment B: Indicative Indigenous procurement targets by portfolio**

Note: Targets for 2016-17 to 2019-20 (shaded) are provided as a guide and are projections only, based on AusTender data for average contracts for 2011-12 to 2013-14. Actual targets set for 2016-17 to 2019-20 will reflect actual contracts for the relevant three preceding years.

Portfolio	Target number of contracts 2015-16 (.5%)	Target number of contracts 2016-17 (1.5%)	Target number of contracts 2017-18 (2.0%)	Target number of contracts 2018-19 (2.5%)	Target number of contracts 2019-20 (3.0%)	Total
<b>Education</b>	<b>4</b>	11	14	18	21	<b>68</b>
<b>Veterans' Affairs</b>	<b>4</b>	12	17	21	25	<b>79</b>
<b>Parliamentary Departments</b>	<b>4</b>	13	17	21	25	<b>80</b>
<b>Communications</b>	<b>5</b>	14	19	23	28	<b>89</b>
<b>Agriculture</b>	<b>5</b>	16	21	26	31	<b>99</b>
<b>PM&amp;C</b>	<b>6</b>	19	25	31	38	<b>119</b>
<b>Social Services</b>	<b>6</b>	19	26	32	38	<b>122</b>
<b>Employment</b>	<b>7</b>	22	29	37	44	<b>140</b>
<b>Infrastructure and Regional Development</b>	<b>8</b>	24	32	40	48	<b>152</b>
<b>Finance</b>	<b>8</b>	24	32	40	48	<b>154</b>

Portfolio	Target number of contracts 2015-16 (.5%)	Target number of contracts 2016-17 (1.5%)	Target number of contracts 2017-18 (2.0%)	Target number of contracts 2018-19 (2.5%)	Target number of contracts 2019-20 (3.0%)	Total
<b>Health</b>	<b>12</b>	<b>37</b>	<b>49</b>	<b>61</b>	<b>73</b>	<b>232</b>
<b>Foreign Affairs and Trade</b>	<b>13</b>	<b>39</b>	<b>52</b>	<b>65</b>	<b>78</b>	<b>246</b>
<b>Environment</b>	<b>14</b>	<b>42</b>	<b>56</b>	<b>70</b>	<b>84</b>	<b>266</b>
<b>Industry and Science</b>	<b>15</b>	<b>45</b>	<b>60</b>	<b>75</b>	<b>90</b>	<b>284</b>
<b>Human Services</b>	<b>18</b>	<b>53</b>	<b>70</b>	<b>88</b>	<b>106</b>	<b>335</b>
<b>Immigration and Border Protection</b>	<b>19</b>	<b>56</b>	<b>74</b>	<b>93</b>	<b>111</b>	<b>353</b>
<b>Treasury</b>	<b>19</b>	<b>57</b>	<b>76</b>	<b>95</b>	<b>114</b>	<b>362</b>
<b>Attorney-General's</b>	<b>19</b>	<b>57</b>	<b>76</b>	<b>95</b>	<b>115</b>	<b>363</b>
<b>Defence</b>	<b>70</b>	<b>210</b>	<b>280</b>	<b>350</b>	<b>420</b>	<b>1,330</b>
Total	<b>256</b>	<b>769</b>	<b>1,025</b>	<b>1,282</b>	<b>1,538</b>	<b>4,870</b>



### Attachment C: Compliance with the mandatory minimum requirements



### About the Artwork

Design by Balarinji adapted from art by Marcus Lee Design.  
Balarinji and Marcus Lee Design are Supply Nation Certified businesses.

ISBN 978-1-925237-57-3 Commonwealth Indigenous Procurement Policy (IPP) 1 July 2015 (PDF)  
ISBN 978-1-925237-58-0 Commonwealth Indigenous Procurement Policy (IPP) 1 July 2015 (Word)

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