

# Existing Commonwealth Contractor

## What does the Indigenous Procurement Policy mean for existing Commonwealth contractors?

The Indigenous Procurement Policy commenced 1 July 2015. It is designed to use the Commonwealth's billion dollar procurement spend to drive demand for Indigenous businesses and employees in three ways. It requires:

- Commonwealth agencies to meet annual purchasing targets from Indigenous businesses. By 2020, three per cent of new domestic Commonwealth government contracts will be awarded to Indigenous businesses.
  - that Indigenous businesses who can show value for money are considered first for all Commonwealth government contracts delivered in remote Australia and for all contracts valued between \$80,000 and \$200,000. This is called the mandatory set aside process.
  - that contracts valued at \$7.5 million and above where the majority of the goods and services will be delivered in one of the following sectors, require that contractors meet minimum Indigenous employment and/or supplier use targets.
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

A detailed list of services that fall within each of these sectors can be found at the [department's](http://www.dpmc.gov.au/ipp) website [www.dpmc.gov.au/ipp](http://www.dpmc.gov.au/ipp)

## Under the policy, what is an Indigenous business?

An Indigenous business is any business that is 50 per cent or more Indigenous owned. [Supply Nation](http://www.supplynation.org.au) maintains a free register of Indigenous businesses at: [www.supplynation.org.au](http://www.supplynation.org.au)

## My business is committed to Indigenous economic development through Indigenous employment and supplier use. Does the policy recognise this?

Yes. The Commonwealth recognises that the gap in Indigenous economic outcomes can only be closed if the public and private sectors work together.

## What are the minimum requirements that businesses will need to meet?

If the mandatory minimum requirements apply to a contract, then the contractor will need to meet one of the following minimum requirements:

- **Contract-based requirement:** achieve at least 4 per cent Indigenous employment and/or supplier use on average over the term of the contract; OR
- **Organisation-based requirement:** achieve 3 per cent Indigenous employment and/or supplier use across the organisation on average over the term of the contract.

In addition, if part of the contract will be delivered in a Remote Area, the government agency and the contractor will agree to significant Indigenous employment or supplier use requirements in that area.

From 1 July 2015, tenderers for these contracts will need to describe their past performance in employing Indigenous Australians and using Indigenous suppliers. Performance against the minimum requirements will be taken into account in future tender assessments.

## What steps should my business take in response to the policy?

- **Attend events that increase your exposure to Indigenous businesses**  
The Commonwealth Government has a schedule of events that provide non- Indigenous businesses and Commonwealth

procurement officers with the opportunity to connect with Indigenous businesses. For more information go to the [department's website www.dpmc.gov.au](http://www.dpmc.gov.au)

- **Build Indigenous businesses into your supply chain -** Commonwealth agencies can count subcontracts with Indigenous businesses in their performance against the target. Your business may be more competitive if it can demonstrate a strong Indigenous supply chain.
- **Consider forming a joint venture with an Indigenous business** – this can lead to corporate skills transfer and capability development for both partners.
- **Make a public commitment to achieving the mandatory minimum participation requirements in your business,** some examples include developing: a Supplier Diversity Plan or a Strategic Indigenous Recruitment and Retention Strategy or a Reconciliation Action Plan. [Reconciliation Australia](http://www.reconciliation.org.au) can assist your organisation to develop a plan see [www.reconciliation.org.au](http://www.reconciliation.org.au)
- **For more information** Questions about the Indigenous Procurement Policy can be sent to [IndigenousProcurement@pmc.gov.au](mailto:IndigenousProcurement@pmc.gov.au)

For more information: [www.dpmc.gov.au/ipp](http://www.dpmc.gov.au/ipp) or email [IndigenousProcurement@pmc.gov.au](mailto:IndigenousProcurement@pmc.gov.au)