

### MANDATORY MINIMUM REQUIREMENTS

#### What are the MMR targets?

The mandatory minimum requirements are minimum levels of Indigenous employment and supplier use that must be met over the life of the contract.

MMR targets apply to either the contract awarded (contract-based) or a contractor's Australian-based organisation (organisation-based):

- The MMR contract-based target is 4 per cent.
- The MMR organisation-based target is 3 per cent.

Contract-based and organisation-based MMR targets can be met through Indigenous supplier use (supply chain), Indigenous employment (workforce) or a combination of both (supply chain and workforce).

Supply Chain and Indigenous workforce targets will be higher in remote contracts, relative to the local Indigenous population.

#### Can my MMR targets be higher than 3 or 4 per cent?

Yes, MMR targets can be higher than the minimum 3 or 4 per cent. For example, where part of the contract will be delivered in a remote area, the purchasing Commonwealth agency and the contractor should consider the size of the local Indigenous population relative to the non-Indigenous population.

#### What is the difference between a 'contract-based' and an 'organisation-based' MMR?

A contract-based MMR target relates to the project being delivered under the contract, ensuring Commonwealth spending directly contributes to increased Indigenous economic participation.

However, contractors may request to apply a single 3 per cent 'organisation-based' MMR target across their Australian operations in lieu of one or more contract-based targets.

The organisation target may benefit companies with multiple MMR contracts where it is easier to apply a single minimum Indigenous participation requirement across their Australian operations as a whole, rather than having to consider whether their distribution of Indigenous personnel is consistent with various Commonwealth contractual arrangements. This approach also avoids Indigenous employees being arbitrarily moved to ensure contractual requirements are met.



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The scope of the contractor's 'organisation-based reporting' must be outlined in the contractor's Indigenous Participation Plan and agreed with the awarding Commonwealth Agency, consistent with a good faith application of the Indigenous Procurement Policy.

## Can I meet my MMR target through a combination of workforce and supply chain outcomes?

Yes, MMR targets can be met through a combination of Indigenous workforce and supply chain outcomes, as long as the sum of the combined targets equals or is greater than the relevant MMR target.

The combination approach to meeting supply chain and Indigenous workforce outcomes must be kept within a single MMR assessment method i.e. contract-based or organisation-based. For example, a 1.5 per cent contract-based workforce target and 2.5 per cent contract-based supply chain target would satisfy a contract-based MMR target.

## How is 'workforce' measured?

For a contract-based MMR target, 'workforce' means:

- the workforce deployed on the contracted project. This includes any subcontractor workforce deployed on the project.

For an organisation-based MMR target, 'workforce' means:

- the Australian-based workforce of the contractor organisation.

The unit of measurement for workforce is the number of 'full time equivalent' (FTE) workers according to the definition of FTE relevant to the industry in which the contractor operates. This applies to both contract-based and organisation based MMR targets. Contractors must outline how they define and measure FTE in their Indigenous participation plans.

Contractor reports do not identify individual Indigenous and non-Indigenous employees and only report the number of FTE positions. Contractors must keep internal records in accordance with record management requirements outlined in their contract.

## How is 'supply chain' measured?

For a contract-based MMR target, 'supply chain' means:

- the value of goods and services delivered under the MMR contract that is sub-contracted to Indigenous-owned businesses.



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For an organisation-based MMR target, 'supply chain' means:

- the value of the contractor organisation's Australian supply chain that is subcontracted/purchased from Indigenous-owned businesses.

Contractors must outline how they define and measure the organisation's supply chain in the contract's Indigenous participation plan. The unit of measurement for supply chain is Australian dollars.

## How do I report my progress towards meeting my MMR targets?

Over the term of the contract, the contractor is required to report quarterly to their contracting agency on their supply chain and/or workforce outcomes. Contracting Commonwealth agencies will advise contractors how and when they must complete quarterly progress reports (QPRs). To support efficient and accurate reporting, the Commonwealth has an online reporting solution - the 'IPP Contractor Portal'.

Examples of workforce and/or supply chain performance to date calculations can be found at the end of this document.

## What happens to the information I report?

Information reported by the contractor will be held in a central database. This information, including MMR ratings from completed contracts, will be used by Commonwealth agencies in the assessment process of future tenders subject to MMR requirements.

Contractor data can only be viewed by Commonwealth officers for the purpose of contract management and procurement processes. Contractors may see their own information and reporting history but not that of any other contracting organisation.

## How will my final compliance with my MMR targets be calculated?

MMR compliance is calculated after the contract is complete and the last quarterly report has been submitted and assessed. MMR compliance is based on an average of the workforce and supply chain information the contractor reports over the life of the contract.

For contract-based workforce, organisation-based workforce, and organisation-based supply chain targets, final performance against the MMR target is calculated based on a weighted average over the term of the contract.

For contract-based supply chain targets, final performance against the MMR target is calculated based on the cumulative value of subcontracts to Indigenous businesses over the life of the contract.



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Examples of how final performance of workforce and/or supply chain performance is calculated for compliance can be found at the end of this document.

## What happens if I don't meet my MMR targets at end of my contract?

The contractor's compliance rating for each completed contract is retained on a central database. It can only be viewed by Commonwealth officers for the purpose of contract management, aggregate IPP reporting and future procurement processes.

As part of a response to an approach to market (tender) where the MMR apply to the procurement, all tenderers must declare whether they have been (or are currently) party to a Commonwealth contract that includes a MMR, and state their level of compliance with the MMR. They may also provide evidence of their commitment to Indigenous economic participation in the delivery of contracts where the MMR didn't apply.

The Commonwealth entity must consider the tenderer's past performance in relation to the MMR as part of the tender assessment.

## Who can I talk to about MMR and my tender or contract?

If you are responding to an approach to market (tender), you should refer all questions to the nominated contact/s listed on the tender documentation.

If you have an existing contract with the Commonwealth, you should contact the contracting agency's contract manager.



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## Example 1 - Calculations for a MMR contract-based workforce target

### What type of information do I need to report?

For a contract-based workforce target, you need to report the Australian-based workforce deployed on the contracted project (FTE). This includes the:

- contractor's own workforce deployed on the project and
- any subcontractor workforce deployed on the project.

### How will this information be used to measure my performance against my MMR target?

Final performance against a contract-based workforce target is calculated at the end of the contract and is based on a weighted average over the term of the contract.

#### 1. Example of contractor quarterly data reported over the life of the contract

<i>Quarter (Q)</i>	<i>Total workforce (contractor and subcontractor) deployed on the project (FTE)</i>	<i>Indigenous workforce (contractor and subcontractor) deployed on the project (FTE)</i>
Q1	100	4
Q2	112	10
Q3	150	12
Q4	90	8

#### 2. Example calculation of performance to date towards MMR target

The weighted average of progress to date at the end of Q2 is:

Total Indigenous workforce to date (Q1 + Q2)

Total Workforce to date (Q1 + Q2)

$$= \frac{4 + 10}{100 + 112}$$

$$= \frac{14}{212} \times 100$$

$$= 6.60 \%$$



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## Example 1 - continued

### 3. Example calculation of final compliance with MMR target

The weighted average of all quarters used for final compliance is:

Total Indigenous workforce (Q1 + Q2 + Q3 + Q4)

Total Workforce (Q1 + Q2 + Q3 + Q4)

$$= \frac{4 + 10 + 12 + 8}{100 + 112 + 150 + 90}$$

$$= \frac{34}{452} \times 100$$

$$= 7.52 \%$$

For compliance purposes, the final MMR performance is compliant if it meets or exceeds the MMR target.



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## Example 2 - Calculations for a MMR organisation-based workforce target

### What type of information do I need to report?

For an organisation-based workforce target, each quarter you need to report the total number of your Australian-based workforce and the total number of employees in your organisation who identify as Aboriginal or Torres Strait Islander.

Note this is different to a contract-based workforce assessment, which measures the total number employees deployed on the contracted project, whether they are employed by you or a sub-contractor to the project.

### How will this information be used to measure my performance against my MMR target?

Performance against an organisation-based workforce MMR target is calculated at the end of the contract based on a weighted average over the term of the contract.

#### 1. Example of contractor quarterly data reported over the life of the contract

<i>Quarter (Q)</i>	<i>Total organisation workforce (FTE)</i>	<i>Organisation Indigenous workforce (FTE)</i>
Q1	500	17
Q2	500	14
Q3	499	16
Q4	503	17

#### 2. Example calculation of performance to date towards MMR target

The weighted average of progress to date at the end of Q2 is:

Organisation Indigenous workforce to date (Q1 + Q2)

Total Organisation Workforce to date (Q1 +Q2)

$$= \frac{17 + 14}{500 + 500}$$

$$= \frac{31}{1000} \times 100$$

$$= 3.10 \%$$



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## Example 2 - continued

### 3. Example calculation of final compliance with MMR target

The weighted average of all quarters used for final compliance is:

Total Indigenous workforce (Q1 + Q2 + Q3 + Q4)

Total Workforce (Q1 + Q2 + Q3 + Q4)

$$= \frac{17 + 14 + 16 + 17}{500 + 500 + 499 + 503}$$

$$= \frac{64}{2002} \times 100$$

$$= 3.20 \%$$

For compliance purposes, the final MMR performance is compliant if it meets or exceeds the MMR target.





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## Example 3 - Calculations for a MMR contract-based supply chain target

### What type of information do I need to report?

For a contract-based supply chain target, each quarter you need to report the value of sub-contracts and purchases with Indigenous businesses that directly support the delivery of the contract. This includes the Indigenous businesses' names and ABNs.

### How will this information be used to measure my performance against my MMR target?

Final performance against a contract-based supply chain target is calculated based on cumulative value of subcontracts and purchases to Indigenous businesses over the life of the contract.

Performance to date calculations allow you to track your progress towards meeting your MMR target, and make any adjustments required to ensure MMR targets will be met at the end of the contract.

#### 1. Example of contractor quarterly data reported over the life of the contract

Total example contract value \$8,000,000 (GST inc). Indigenous business names and ABNs not included in this example.

<i>Quarter (Q)</i>	<i>Value of new subcontracts to Indigenous businesses (\$ AUD)</i>
Q1	\$50,000
Q2	\$120,000
Q3	\$0
Q4	\$200,000

#### 2. Example calculation of performance to date towards MMR target

Value of subcontracts to Indigenous businesses to date (Q1 + Q2)

Total Contract Value

$$= \$50,000 + \$120,000$$
$$= \$170,000$$

$$= \frac{\$170,000}{\$8,000,000} \times 100$$

$$= 2.13 \%$$



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## Example 3 - continued

### 3. Example calculation of final performance for assessment of MMR compliance

Value of subcontracts to Indigenous businesses (Q1 + Q2 + Q3 + Q4)

Total Contract Value

$$= \frac{\$50,000 + \$120,000 + \$0 + \$200,000}{\$8,000,000}$$

$$= \frac{\$370,000}{\$8,000,000} \times 100$$

$$= 4.63 \%$$

For compliance purposes, the final MMR performance is compliant if it meets or exceeds the MMR target.



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## Example 4 - Calculations for a MMR organisation-based supply chain target

### What type of information do I need to report?

Every quarter, over the term of the contract, you will need to report the value of your Australian supply chain and the value of sub-contracts and purchases with Indigenous businesses. This includes the Indigenous businesses' names and ABNs.

### How will this information be used to measure my performance against my MMR target?

Final performance against an organisation-based supply chain target is calculated based on a weighted average over the term of the contract.

Performance to date calculations allow you to track your progress towards meeting your MMR target, and make any adjustments required to ensure MMR targets will be met at the end of the contract.

#### 1. Example of contractor quarterly data reported over the life of the contract

<i>Quarter (Q)</i>	<i>Total Australian supply chain spend for quarter (\$AUD)</i>	<i>Supply chain spend to Indigenous businesses for quarter (\$AUD)</i>
Q1	\$1,600,000	\$50,000
Q2	\$1,600,000	\$40,000
Q3	\$700,000	\$50,000
Q4	\$1,500,000	\$60,000

#### 2. Example calculation of performance to date towards MMR target

The weighted average of progress to date at the end of Q2 is:

Supply chain spend to Indigenous businesses to date (Q1 + Q2)

Australian supply chain spend to date (Q1 + Q2)

$$= \frac{\$50,000 + \$40,000}{\$1,600,000 + \$1,600,000}$$

$$= \frac{\$90,000}{\$3,200,000} \times 100$$

$$= 2.81 \%$$



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## Example 4 - continued

### 3. Example calculation of final performance for assessment of MMR compliance

The weighted average of all quarters used for final compliance is:

Total supply chain spend to Indigenous businesses (Q1 + Q2 + Q3 + Q4)

Total Australian supply chain spend (Q1 + Q2 + Q3 + Q4)

$$= \frac{\$50,000 + \$40,000 + \$50,000 + \$60,000}{\$1,600,000 + \$1,600,000 + \$700,000 + \$1,500,000}$$

$$= \frac{\$200,000}{\$5,400,000} \times 100$$

$$= \mathbf{3.70\%}$$

For compliance purposes, the final MMR performance is compliant if it meets or exceeds the MMR target.

