



Australian Government
**Department of Employment
and Workplace Relations**

Accountable Authority Instructions (incorporating Corporate and Financial Policy)

Document Control

Managed By	Effective date	Version control
Deputy Chief Financial Officer, Financial and Resource Management	1 July 2022	2022-1

s. 22(1)(a)(ii)

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s. 22(1)(a)(ii)

2 Procurement, grants and other commitments and arrangements

2.1 Planning a procurement



Accountable Authority Instruction

2.1.1 All officials must:

- comply with the Commonwealth Procurement Rules (CPRs), which set out the rules officials must follow when performing duties related to procurements
- estimate the maximum value of the procurement (GST inclusive) before deciding on the appropriate procurement method. There are two procurement methods: open tender and limited tender (further information is in the CPRs)
- use any mandated whole-of-government arrangement
- consider whether the [Indigenous Procurement Policy](#) (IPP) applies to the specific procurement activity
- consider whether there is an existing non-mandatory arrangement available that you can use for the procurement (such as a panel arrangement)
- use the Commonwealth Contracting Suite (CCS) for procurements between \$10,000 to \$200,000 (GST inclusive), except as outlined in [Resource Management Guide \(RMG\) 420](#).
- all ICT purchases that are not sourced from existing arrangements are to be sourced through [Digital Sourcing Contracts](#).



Policy

2.1.2 The department's internal policy requirements for procurements are set out below.

For all procurements

2.1.3 Division 1 of the CPRs applies to all procurement activity, regardless of the value. All procurement activity should achieve a value for money outcome. Procurements must:

- use public resources in an efficient, effective, economical, and ethical manner that is not inconsistent with the policies of the Commonwealth
- encourage competition and be non-discriminatory
- facilitate accountable and transparent decision-making
- encourage appropriate engagement with risk
- be commensurate with the scale and scope of the business requirement.
- The procuring officer must:

2.1.4 obtain quotes sufficient to demonstrate a value for money assessment has been undertaken, commensurate with the scale and risk of the procurement activity

- consider the guidance contained in *Confidentiality Throughout the Procurement Cycle* when determining what terms in the procurement arrangement need to be kept confidential and identify the terms subject to confidentiality obligations
- ensure the procurement arrangement requires contractors to agree to the public disclosure of the names of any subcontractors and to inform the relevant subcontractors that their names may be publicly disclosed.

2.1.5 Delegates must:

- be satisfied, after making reasonable enquiries, that the procurement achieves value for money outcomes and complies with all applicable requirements under CPR procurement connected policies
- ensure that you have authority to enter or vary a procurement arrangement (as delegated or authorised by the Secretary).

Child Safe Clauses

2.1.6 You must:

- consider Child Safe requirements in all new contracts when child safety becomes a consideration. See the Child Safe Framework to determine if the procurement falls within the scope of that Framework
- incorporate applicable child safety clauses from the [Department of Finance Clause Bank](#) into the work order where the procurement falls within the scope of the Child Safe Framework.

Officials involved with procurement administration

2.1.7 You must:

- disclose any current or prospective personal interest that might create a conflict of interest (see Disclosure of Interests).

Expenditure types

2.1.8 If the proposed procurement includes the below expenditure types, you must review the relevant AAI and policy before commencing a procurement:

- Consultancy
- ICT
- Prepayments
- Business catering
- Official hospitality
- Sponsorship
- Travel
- Relevant property (e.g. assets)
- Gifts
- Inter-entity arrangements
- Staff awards

Remote Procurement

2.1.9 Where the goods or services will be primarily delivered in remote areas, you must:

- check Supply Nation's [Indigenous Business Direct](#) to identify any Indigenous businesses that could supply
- before making an approach to market:
 - first look to Indigenous businesses for all contracts in remote areas regardless of value, using Supply Nation
 - provide any identified Indigenous businesses the chance to demonstrate value for money first before you approach the market.

- 2.1.10 A remote contract is a contract where the majority of value of the goods and services will be delivered in a remote area. You can refer to the detailed map of the Remote Areas on the National Indigenous Australians Agency website.

For procurements under \$10,000 (GST inclusive)

- 2.1.11 You are encouraged to use departmental credit cards for procurements below \$10,000 (GST inclusive) except where:
- the supplier does not accept credit cards
 - you do not have access to a departmental credit card with sufficient limit for the arrangement, transactions must not be split to circumvent credit card limits
 - the arrangement is linked to an existing contract, panel or whole-of-government arrangement
 - the arrangement requires a contract or other documented terms and conditions (e.g. MoU).

Additional requirements for procurement at and above \$10,000 (GST inclusive)

- 2.1.12 You must prepare a procurement plan that captures the:
- business requirement for the proposed procurement
 - the estimated maximum value
 - consideration of the Indigenous Procurement Policy where mandated
 - the procurement method
 - the expected contract terms and conditions
 - a risk assessment.
- 2.1.13 Prior to planning your procurement, you must complete the 'Introduction to Procurement' training module and the Indigenous Procurement Policy training in LearnHub (or have completed it within the last 12 months).
- 2.1.14 Consider whether the goods or services can be provided by an Indigenous business listed on Supply Nation's [Indigenous Business Direct](#).
- 2.1.15 For procurement activity under \$80,000 (GST Inclusive), it is at the discretion of the delegate in regard to approach to market (i.e. through an open or limited tender process).
- 2.1.16 You must undertake a preliminary risk assessment using the Risk Profile Guide.
- 2.1.17 You must use the CCS for procurements between \$10,000 and \$200,000 (GST inclusive), except as outlined in [Resource Management Guide \(RMG\) 420](#).
- the CCS includes an Approach to Market and Contract Terms and Conditions
 - for a procurement from an existing arrangement, you must use the approach to market (commonly called Request for Quote) and contract (commonly called Work Order or Official Order) mandated under the arrangement.
- 2.1.18 Officials must obtain legal advice where it is required by AAI 7.1.7.
- 2.1.19 The delegate who enters or varies an arrangement must ensure all contracts and variations valued at \$10,000 (GST inclusive) or greater, are reported on AusTender within 42 calendar days of entering or amending a contract (refer to AAI 2.3 Entering or varying a procurement arrangement).

Additional requirements for procurements valued at or above \$80,000 (GST inclusive)

- 2.1.20 Division 2 of the CPRs apply when undertaking a procurement at the following threshold:

- a procurement at or above \$80,000 (GST inclusive) for general procurements or \$7,500,000 (GST inclusive) for construction services.
- 2.1.21 You must estimate the maximum value of the procurement, including any potential extension options, renewals or other costs that may occur over the life of the contract.
- 2.1.22 An arrangement must not be split into multiple contracts solely for the purpose of avoiding procurement thresholds. If the estimated maximum value of a procurement is close to the procurement threshold, the rules in Division 2 of the CPRs should be applied. However, officials should in the context of value for money consider, pursuant to paragraph 5.5.d of the CPRs, the potential benefits of having a larger, more competitive supplier base, including the disaggregation of large projects into smaller packages, where appropriate, that maximise competition.
- 2.1.23 You must complete a Conflict of Interest form if working on a procurement over \$80,000 unless you are an officer engaged in the department's Legal and Assurance Division as a lawyer and are providing legal advice or services on the procurement.
- 2.1.24 Prior to approaching the market, you must prepare a procurement plan that captures the:
- business requirement for the proposed procurement
 - estimated maximum value
 - consideration of the Indigenous Procurement Policy where mandated
 - procurement method
 - expected contract terms and conditions
 - risk assessment
 - delegate's approval to approach the market.
- 2.1.25 You must check whether any of the procurement-connected policies are relevant to your procurement (a list of these policies is on the [Department of Finance website](#)). All relevant procurement policies must be followed.
- 2.1.26 Where the estimated maximum value is between \$80,000 and \$200,000 (GST inclusive) you must:
- check Supply Nation's [Indigenous Business Direct](#) to identify any Indigenous businesses that could supply the goods and services
 - provide any identified Indigenous businesses the chance to demonstrate value for money first, before you approach the market (Mandatory Set Aside). If there is no Indigenous business that represents value for money you can proceed with the process set out in these instructions.
- 2.1.27 For procurements with an estimated maximum value at or above \$80,000 (GST inclusive), you must use an open tender process unless:
- an existing panel arrangement is used which has generally been established by an initial open tender approach
 - a limited tender condition consistent with paragraph 10.3 of the CPRs applies
 - an exemption listed in Appendix A of the CPRs applies
 - paragraph 2.6 of the CPRs applies.
- 2.1.28 Open tenders must be published on AusTender for the period specified in the CPRs.
- 2.1.29 If at any stage of the procurement process, a risk assessment returns a risk level of high or extreme, you must develop and manage a risk management plan in [RiskNet2.0](#).

Contacting the Procurement and Grants Team

2.1.30 You must contact the Procurement and Grants Team:

- if you are planning an open tender procurement
- where you intend to 'piggyback' on another Commonwealth entity's procurement or contractual processes.

2.1.31 Business areas should notify the Procurement and Grants Team of any significant procurements proposed or planned, including procurements over \$80,000 (GST inclusive) by open tender.

2.1.32 If a procurement opportunity is included in the department's 'annual procurement plan' on AusTender, then the CPRs allow for a reduction in the timeframe for submissions of response to a request for tender, provided certain conditions are met.



Policy owner

2.1.33 The DCFO, Financial and Resource Management Branch owns this policy.



Assistance

2.1.34 For further assistance, contact the Procurement and Grants Team.

2.2 Spending approval



Accountable Authority Instruction An official must not approve a commitment of relevant money unless:

- the arrangement will be proper use of public resources (meaning efficient, effective, economical, and ethical) and promotes the achievement of the department's objectives and purpose
- the correct procurement process has been followed in accordance with the CPRs, procurement connected policies (e.g. Indigenous Procurement Policy) and Corporate and Financial Policy
- funds are available in the relevant budget
- the official holds an appropriate financial delegation
- 'other Consolidated Revenue Fund (CRF)' money arrangements (if applicable) have been approved by a relevant financial delegate
- indemnities, guarantees or warranties (if applicable) have been approved by a relevant financial delegate
- a valid payment mechanism has been selected, for example departmental credit card, purchase order etc.

2.2.2 The spending approver must record their prior approval in writing in accordance with [section 18](#) of the PGPA Rule.

Note: if the delegate provides prior verbal spending approval, the delegate must document the approval in writing within five business days.



Policy

2.2.3 Officials must obtain legal advice where it is required by AAI 7.1.7 (and as described in AAI 2.1.18).

2.2.4 When approving a spending proposal, you must:

- comply with the directions and limitations specified in the financial delegation schedule
- not sub-delegate your delegation unless the Secretary has delegated to you the power to sub-delegate and you have obtained the Secretary's prior written approval
- not exercise a delegation where it may benefit, or be perceived to benefit, you (or your family) personally
- clearly identify yourself as the approver
- ensure the maximum amount that might become payable under an arrangement is included in your approval and is within your financial delegation limits
- only approve a proposal to spend relevant money for the purposes for which it was appropriated
- where applicable, ensure a spending proposal is GST inclusive
- treat spending proposals which involve notional payments (i.e. the department pays another Commonwealth entity for services, but no money actually leaves the CRF as both agencies are part of the Commonwealth) as if they are real payments



Indigenous Procurement Strategy

Disclaimer: The Department of Education, Skills and Employment acknowledges diversity and respectfully uses both the terms 'Indigenous' and 'Aboriginal and Torres Strait Islander peoples' interchangeably throughout this document.

1. Document details

Document name	Indigenous Procurement Strategy		
Document status	Approved	Last updated	26/09/18
Point of contact	Director, Planning, Performance and Library Services		
Approval Authority	Executive Board	Date of Approval	22/10/2018

Note: This is a controlled document in its electronic form only.

2. Document history

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1.1	November 2016	s. 22(1)(a)(ii)	First draft created	DRAFT	s. 22(1)(a)(ii)
1.2	December 2016	s. 22(1)(a)(ii)	Updated after consultation with Indigenous Business is Everyone's Business Committee	DRAFT	N/A
1.3	February 2017	s. 22(1)(a)(ii)	Updated to reflect the Government's changes to the IPP target	DRAFT	s. 22(1)(a)(ii)
1.4	February 2017	s. 22(1)(a)(ii)	Other updates following internal feedback and discussion	DRAFT	s. 22(1)(a)(ii)
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2.0	August 2018	s. 22(1)(a)(ii)	Updated to reflect 2018-19 targets	DRAFT	s. 22(1)(a)(ii)
2.1	September 2018	s. 22(1)(a)(ii)	Updated after consultation with Indigenous Business is Everyone's Business Committee	FINAL	s. 22(1)(a)(ii)

Version	Date	Author	Summary of Changes	Status	Authorised By
2.2	September 2020	s. 22(1)(a)(ii)	Updated to reflect February 2020 MoG Changes	FINAL	s. 22(1)(a)(ii)

3. Document scope

This Strategy supports the Commonwealth Indigenous Procurement Policy (IPP) and the department's Reconciliation Action Plan. The IPP is a Procurement Connected Policy under the Commonwealth Procurement Rules (CPRs).

This document applies to **all staff**, including all Senior Executive Service (SES) officers who are responsible for ensuring the department achieves its actions and targets under this Strategy.

This Strategy should be read in conjunction with supporting documents and resources available on the Indigenous Procurement Policy and [Procurement – Always BuyRight](#) intranet sites.

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4. Purpose

1. The Department of Education, Skills and Employment's Indigenous Procurement Strategy commits the department to increasing our engagement with Indigenous owned businesses.
2. This Strategy aims to ensure that the department complies with all aspects of the Commonwealth Indigenous Procurement Policy (IPP) by outlining the key components of the policy, including articulating additional policy, guidance and actions at the departmental level.

5. Policy statement

3. The Commonwealth IPP was introduced on 1 July 2015. The primary purpose of the policy is to stimulate Indigenous entrepreneurship and business development by providing Indigenous Australians with more opportunities to participate in the economy.
4. The IPP has three key components
 - A target for purchasing from Indigenous enterprises that aims to award three percent of domestic contracts to Indigenous enterprises by 2020 and applies to all purchasing activity.
 - A mandatory set-aside to direct some contracts to Indigenous enterprises that applies to all procurements:
 - valued between \$80,000 to \$200,000
 - where goods and services are delivered in remote areas (regardless of value).
 - Minimum Indigenous participation requirements for certain Commonwealth contracts valued at \$7.5 million and over in specified industries.
5. Refer to **Appendix A – Indigenous Procurement Policy** for further information on each component.

DEFINITION: What is an Indigenous enterprise?

For the purposes of the Commonwealth IPP, 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 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.

OUR POLICY: Consider an Indigenous business first

Procuring officers are encouraged to first consider whether an Indigenous enterprise can provide the good or service for every procurement regardless of the mandatory value thresholds.

The department's internal policy for considering Indigenous businesses is:

Purchases under \$10,000

- Consideration is not mandatory but is **encouraged**. *For example:* Do any local Indigenous owned enterprises offer catering, printing or audio-visual services to support your next event?
- Purchases from Indigenous suppliers should be flagged as such in the HUB Procurement Shopping Cart (excludes credit card purchases).¹

Procurements over \$10,000

- Procuring officers **should consider** whether an Indigenous enterprise could deliver the required good or service.
- Procuring officers **must document** whether or not an Indigenous business was considered in the Procurement Plan and when entering the resulting purchase details in the Shopping Cart.

Procurements over \$80,000 and under \$200,000

- Procuring officers **must consider** whether an Indigenous enterprise could deliver the required good or service on a value for money basis consistent with the IPP mandatory set-aside.
- Procuring officers **must document** the search on Supply Nation and the outcome in the Procurement Plan and when entering the resulting contract in HUB.
- Procuring officers should seek advice from Procurement Services if exempt from the IPP. Procuring through existing panel arrangements is **not** a valid exemption.

Procurements over \$200,000

- Consideration is not mandatory but is strongly encouraged.
- In addition to considering whether an Indigenous enterprise could deliver the required good or service directly, procuring officers are also strongly encouraged to consider whether sub-contracting or joint venture arrangements would enable greater Indigenous participation.

Refer also to the [Quick Guide: Applying the IPP to your procurement](#)

6. Our commitment

6. The *Department of Education and Training Reconciliation Action Plan 2018–2020* (RAP) includes the commitment increasing our engagement with Indigenous-owned businesses (RAP Initiative 3).
7. By setting an ambitious target and establishing a dedicated internal network to champion our commitment to, and involvement with, Indigenous owned businesses, we will exceed the APS target of awarding three per cent of our procurement contracts to Indigenous enterprises.

¹ The Commonwealth IPP allows credit card purchases to be counted as 'contracts' towards the IPP target. However, the department's strategy is to focus on higher value purchases to achieve real impact and recognising the difficulty in attributing and reporting on credit card purchases.

8. We have also set ourselves a target to award a total value of \$3.5 million in new contracts each year. Setting this target demonstrates our commitment to the IPP and achieving it will establish the department as a public sector leader in supplier diversity.
9. We are also committed to growing our engagement with Indigenous businesses, including diversifying the range of goods and services and increasing the number of unique Indigenous businesses.
10. An internal IPP network will facilitate training and events where suppliers and buyers can meet. This network builds on our existing initiatives, which includes an online learning solution that was itself delivered by an Indigenous business and is available to all employees to learn about the IPP.

RAP Key Initiative 3: Increase our engagement with Indigenous-owned businesses

Action	Leader / Champion	Action Owner / Responsibility	Timeline
An internal Indigenous Procurement Policy network champions purchasing more of the goods and services we need from Aboriginal and Torres Strait Islander owned businesses. The network of 15-20 employees participates in at least four organised activities per year, including training or meet the supplier events.	Chief Financial Officer	Budget, Planning and Performance Branch	Implement and support from early 2018
300 employees complete our new Indigenous Procurement Policy online learning course over three years.	Chief Financial Officer	All employees	Achieve by late 2020
A total value of \$3.5 million is awarded in new contracts to Indigenous owned enterprises each year.	Chief Financial Officer	All employees undertaking or approving procurements	Achieve from 2018

7. Roles and responsibilities

11. The following roles and responsibilities apply to this Strategy.

Role	Responsibility
Secretary	<ul style="list-style-type: none"> Engages with portfolio entities to support the IPP to achieve portfolio targets.
Executive Board	<ul style="list-style-type: none"> Champions the Strategy in the department Monitors progress against the Initiative 3 (Increase our engagement with Indigenous-owned business) of the Reconciliation Action Plan 2018-2020
Deputy Secretary, Corporate Strategy	<ul style="list-style-type: none"> Owns and authorises the Indigenous Procurement Strategy
All Deputy Secretaries All Group Managers	<ul style="list-style-type: none"> Monitor IPP commitments and progress on purchasing activity within own cluster/group
Indigenous Business is Everyone's Business Committee	<ul style="list-style-type: none"> Endorses the Indigenous Procurement Strategy Provides advice and support for this Strategy and the IPP Monitors actions to support implementation of Initiative 3 of the RAP
Chief Finance Officer	<ul style="list-style-type: none"> Accountable for compliance and reporting on the IPP Ensures processes, technology and systems support the IPP
Budget, Planning and Performance Branch	<ul style="list-style-type: none"> Promulgates this Strategy and promotes the IPP in the department Compiles reporting, including to the Department of the Prime Minister and Cabinet and to Reconciliation Australia Ensures this Strategy is reviewed and up to date
SES and delegates	<ul style="list-style-type: none"> Ensures that all staff are aware of and compliant with the IPP Are fully informed of whether Indigenous suppliers have been considered, approached and/or recommended to be engaged
IPP Network	<ul style="list-style-type: none"> Champion the Indigenous Procurement Strategy in their respective group Attend IPP events throughout the year
All employees	<ul style="list-style-type: none"> Aware and responsive to the Strategy and comply with the IPP when procuring goods and services Successfully complete the IPP Learnhub training prior to undertaking procurement activity valued at \$10,000 or more. Create and maintain accurate records of procurement activities including the search results from Supply Nation's Indigenous Business Direct
Planning, Performance & Library Services	<ul style="list-style-type: none"> Provides procurement policy advice, practice and templates Monitors compliance with the mandatory set aside requirements of the IPP

Role	Responsibility
	<ul style="list-style-type: none"> • Reports potential non-compliance with the requirements of the IPP on the Financial Management Compliance System • Manages the membership with Supply Nation and promotes and represents the department at Supply Nation organised events • Initiates system enhancements with Service Delivery Office to meet regulatory compliance of the IPP
Service Delivery Office	<ul style="list-style-type: none"> • Manages IT systems and delivers required changes

8. Monitoring our commitment

12. The following reporting and compliance activity are undertaken to support this Strategy.

Report	Content	Responsibility	Audience	Frequency
Monthly Finance Report – IPP Performance	Expenditure YTD compared to \$3.5 million target; breakdown by cluster	Chief Financial Officer	Executive Board	Monthly
IPP Performance Dashboard	Various metrics including number of contracts, value of contracts, number of unique businesses and commodities.	Planning, Performance and Library Services	Group Managers IPP Network	Monthly
Compliance Reports	Procurements in the mandatory set aside range (\$80k-\$200k) and whether or not an Indigenous business was considered. Breaches may be recorded subject to investigation.	Planning, Performance and Library Services Financial Governance	Delegates Procurement Managers	Quarterly
IPP LearnHub	Number and names of all staff who have undertaken procurement activity and whether they completed or did not complete the IPP LearnHub module.	Planning, Performance and Library Services	Branch Managers Executive Officers	Quarterly

9. Exemption 16

13. Exemption 16 of the CPRs allows Commonwealth entities to procure goods and services directly from small and medium enterprises (SMEs) that are at least 50 per cent Indigenous owned regardless of the value of the procurement.
14. 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.
15. This exemption supports easier and more streamlined purchasing from Indigenous SMEs and can be used by the department as a tool to assist to meet the requirements of the IPP. If the procuring officer is seeking to rely on Exemption 16 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 CPRs.

10. Record keeping requirements

16. As with all procurement activities, decision-making must be recorded in accordance with the department's record keeping policy, including maintaining complete records in HP Records Manager and correctly recording information in the HUB procurement system.
17. In accordance with the Secretary Instructions, all procurements over \$10,000 should be supported by a procurement plan saved in HP Records Manager. To support compliance with the IPP, the procurement plan must also:
 - document whether or not a search of Supply Nation was undertaken (this search is mandatory for procurements valued at \$80,000 to \$200,000 unless exempt)
 - where Indigenous enterprise/s were identified through that search, document the assessment of value for money and the basis on which an Indigenous supplier was or was not engaged to provide the goods or services
 - identify all remote procurements and provide evidence that the mandatory set-aside process was completed (i.e. search for and engage Indigenous businesses first).
18. All staff must ensure that purchases from Indigenous businesses are correctly recorded in the HUB system, so that they are reported against the department's target.
19. Delegates must ensure that the HUB record is accurate when approving it, including that it is associated with the correct HP Records Manager file.
20. Refer also to Appendix B - Quick Guide: Applying the IPP to your procurement.

11. Probity considerations

21. Under the CPRs, the Government is committed to improving access to government contracts for competitive Indigenous SMEs. Ensuring these suppliers are able to participate in Commonwealth procurement benefits the Australian community and economy. This allows procuring officers to consider Indigenous SMEs first, before considering other suppliers.
22. Within this context, all staff must ensure that all procurement processes are conducted in a manner that is defensible, transparent and fair. Procuring officers and delegates must:
 - recognise and deal with actual, potential and perceived conflicts of interest
 - not accept a gift or benefit from a potential supplier that influences, or could be perceived to influence, your decision to engage the supplier
 - deal with potential suppliers, tenderers and suppliers equitably
 - give carefully consideration to use of public resources, including value for money.
23. These principles must be applied to all procurements. For procurements with an estimated value of \$80,000 or more, it is recommended that a [probity plan](#) be prepared.
24. Refer also to TIP: Dealing with potential Indigenous suppliers fairly below.

TIP: Dealing with potential Indigenous suppliers fairly

The department's policy encourages procuring officers to first consider whether an Indigenous enterprise can provide the good or service regardless of the value of the procurement. Where the mandatory set-aside applies, the procuring officer **must** search Supply Nation and determine whether an Indigenous SME could deliver the required good or service on a value for money basis, before following ordinary procurement processes. The procuring officer **may also** consider Indigenous businesses not listed on Supply Nation. If a number of suitable Indigenous SMEs 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. Some examples are provided below:

The procurement is less than \$10,000 and a suitable Indigenous business is already identified

If the procuring officer is satisfied that the Indigenous business can provide the good or service on a value for money basis, then the purchase should proceed. The procuring officer may choose to search Supply Nation or other sources for alternative suppliers. Such action is especially warranted where value for money is yet to be determined.

The procurement is more than \$80,000 and a suitable Indigenous business is already identified

Given the value of the procurement, the procuring officer **must** search Supply Nation, even if an Indigenous SME has already been identified. If more than one suitable Indigenous SME which could potentially deliver the good or service is identified, then the procuring officer must assess these on a value for money basis. See also [TIP: Determining value for money](#).

The procurement is more than \$80,000 and no Indigenous SME is identified on Supply Nation

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 16 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.

12. Appendix A - Indigenous Procurement Policy

Target for purchasing from Indigenous enterprises

1. The Commonwealth target is allocated across portfolios as a set number of contracts. Portfolios may choose to convert the target into a dollar value target.
2. The portfolio target applies to all portfolio entities that are required to comply with the CPRs. In addition to the department, the following entities in the Education, Skills and Employment Portfolio must comply with the CPRs and the IPP:
 - Australian Research Council (ARC)
 - Australian Skills and Training Agency (ASQA)
 - Tertiary Education and Quality Standards Agency (TEQSA).
3. The following types of contracts (any value) are included in IPP reporting:
 - direct contracts with an Indigenous enterprise
 - subcontracts with Indigenous enterprise, where the subcontract directly relates to the goods and services being contracted by the department
 - direct contracts with an incorporated joint venture, where the joint venture is at least 25 per cent Indigenous owned.
4. The Education, Skills and Employment portfolio's procurement targets under the Commonwealth IPP are shown in the table below. We aim to exceed the contract number.

Financial year	Percentage of contracts	Target number of contracts	Actual number	Actual value
2015–16	0.5%	4 contracts	41 contracts	\$5,344,233
2016–17	3%	21 contracts	100 contracts	\$1,885,690
2017–18	3%	21 contracts	119 contracts	\$7,156,000
2018–19	3%	21 contracts	TBA	TBA

Mandatory set-aside for certain Commonwealth contracts

5. The IPP gives Indigenous small and medium enterprises (SMEs) the chance to demonstrate value for money first, before the procuring officer makes a general approach to the market.
6. The mandatory set-aside means the department must offer work to Indigenous businesses first, where a suitable Indigenous business is identified that can provide the good or service on a value for money basis.
7. The mandatory set-aside applies to:

8. all new domestic procurements where the estimated value of the procurement is from \$80,000 to \$200,000 (GST inclusive)
9. all remote procurements regardless of value (excluding credit card purchases under \$10k).
10. The procuring officer must actively search for an Indigenous SME first and document the outcomes of that search. The procuring officer may need to approach multiple Indigenous SMEs to evaluate value for money and/or compare the quote with other market knowledge i.e. estimated cost and delivery time for example. The procuring officer must not approach the general market until after exhausting all opportunities to secure an Indigenous SME.
11. Monitoring of procurements within the mandatory set-aside occurs to ensure compliance with the IPP. Breaches of non-compliance are recorded in the department's Financial Management Compliance System.
12. The mandatory set-aside cannot be applied to purchases from mandated whole of government services contract (such as stationery and office supplies, telecommunications and air travel).
13. Other exemptions under the CPRs include procurements relating to national interests (2.6), limited tenders (10.3) and Appendix A exemptions.

TIP: Finding an Indigenous supplier

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 conduct a search for a suitable Indigenous SME on [Supply Nation's directory of Indigenous businesses](#) and document the outcome of that search on HP Records Manager.

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 NIAA's Regional Network staff for advice on Indigenous SMEs.

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

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

Delivery point examples

The delivery point is where the Commonwealth buyer assumes control of the good or where the Commonwealth buyer receives the service, even if the end user of the service is located elsewhere.

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.

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.

Remote areas

The electronic [remote Indigenous Procurement Policy \(RIPP\) map](#) allows users to search Australia by location to determine remote or non-remote IPP status.

The RIPP map includes detailed lists of towns and places. The RIPP map is based on the Australia Bureau of Statistics' 2011 census data using Indigenous Areas (IAREs) and adjusted Estimated Residential Populations (ERPs).

Although the IAREs and ERPs are not defined by postcodes, postcodes have been loosely linked to regions and communities. Please note that the electronic map and not the postcode/s should be used to determine the whether a location is defined as remote or non-remote.

TIP: 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, the procuring officer 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. Procuring officers should ensure they act reasonably in requesting quotes from multiple Indigenous SMEs.

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.

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.

The department may also use Exemption 16 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.

TIP: Check if an enterprise is 50 per cent or more Indigenous owned

An Indigenous enterprise is a business that is 50 per cent or more owned by Indigenous Australians. All businesses listed on [Supply Nation's directory of Indigenous businesses](#) meet this definition. If an Indigenous enterprise is not registered with Supply Nation, the procuring officer could consider taking one or more of the following steps:

- Requesting that the owners of the business provide evidence of Indigeneity, such as:
 - A statutory declaration, declaring that the enterprise is 50% or more Indigenous owned
 - 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/>.

Mandatory requirements for Indigenous participation

14. High value contracts in certain industry sectors must contain minimum requirements for Indigenous participation, including employment and sub-contracting. The minimum requirements help ensure that Indigenous Australians gain skills and economic benefit from some of the larger pieces of work that the Commonwealth outsources.
15. 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 the value of the contract is being spent in one or more of the following industry categories:

Industry Category subject to the MMR as at 1 July 2020

Code Industry Category

64	financial instruments, products, contracts and agreements
70	farming and fishing and forestry and wildlife
71	mining and oil and gas services
72	building and facility construction and maintenance services
73	industrial production and manufacturing services
76	industrial cleaning services
77	environmental services
78	transportation, storage and mail services
80	management and business professionals and administrative services (sub-category exemptions apply)
81	engineering and research and technology-based services
82	editorial and design and graphic and fine art services
84	financial and insurance services (sub-category exemptions apply)
85	healthcare services
86	education and training services
90	travel and food and lodging and entertainment services
91	personal and domestic services
92	national defence and public order and security and safety services (sub-category exemption apply)
93	politics and civic affairs services
94	organisations and clubs

The following UNSPS codes are listed as sub-category exemption from using the MMR:

80131500	Lease and Rental of property or building
80131501	Land Leases
80131503	Residential leases
84130000	Insurance and retirement services
84131800	Retirement funds
92110000	Military services and national defence
92111700	Military science and research

16. The industry category listed above are based on the United Nations Standard Products and Service Code (UNSPSC). The UNSPSC classifies all products and services and each of the industry sectors identified above corresponds to a UNSPSC. A detailed list of goods and services that fall within each

of the identified sectors is available [here](#). Mandatory minimum requirements for Indigenous participation is mandatory for all subcategories under each category.

17. Contractors can opt to apply either the contract-based requirements or the organisation-based requirements. Contract-based requirements are:

- 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.

18. Organisation-based requirements are:

- 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.

Example: Choosing organisation based, employment and supplier use requirements

During contract consultations, 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.

19. The mandatory minimum requirements do not apply to contracts that are subject to paragraph 2.6 of the Commonwealth Procurement Rules.

20. For more information on the application of mandatory minimum requirements refer to the

[Commonwealth IPP](#) or contact Procurement Services at procurement@dese.gov.au

NOTIFY US: Additional requirements for high value (over \$7.5 million) procurements

Contract managers and contract suppliers must report additional information to NIAA quarterly on contracts subject to the [mandatory minimum requirements](#), including:

- details of any new contracts (e.g. contractor/s, value, term, good/service and the minimum requirements applied to the contract)
- details on whether the contractor is compliant with the agreed Indigenous Participation Plan for existing/ongoing contracts.

Please contact procurement@dese.gov.au for advice on meeting these reporting requirements.

13. Reporting requirement to the National Indigenous Australian Authority

	Timing	Commonwealth reporting obligations (by NIAA)	Portfolio reporting obligations (some of these obligations may be devolved to individual Commonwealth entities within the portfolio)	Contractor reporting obligations
Target for purchasing from Indigenous enterprises	<p>NIAA 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 NIAA on a six monthly basis:</p> <ul style="list-style-type: none"> • Subcontracts; • Contracts valued at less than \$10,000; <p>Contracts with Indigenous enterprises that are not registered with Supply Nation.</p>	<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 NIAA)	Portfolio reporting obligations (some of these obligations may be devolved to individual Commonwealth entities within the portfolio)	Contractor reporting obligations
Mandatory set-aside	Six monthly	<p>Publication every six months of:</p> <ul style="list-style-type: none"> The total number of contracts reported on AusTender in the previous six months 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. <p>The number of Remote Procurements conducted across the Commonwealth and the number of Remote Contracts that are awarded to Indigenous SMEs.</p>	<p>Contracts valued between \$80,000 and \$200,000</p> <p>Report contracts on AusTender in accordance with the Commonwealth Procurement Rules.</p> <p>Remote Procurements</p> <p>On a six monthly basis, portfolios must manually report to NIAA:</p> <ol style="list-style-type: none"> The number of Remote Procurements conducted by the portfolio; and The number of Remote Contracts that were awarded to Indigenous SMEs. 	Nil

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

14. Appendix B – Quick Guide: Applying the IPP to your procurement

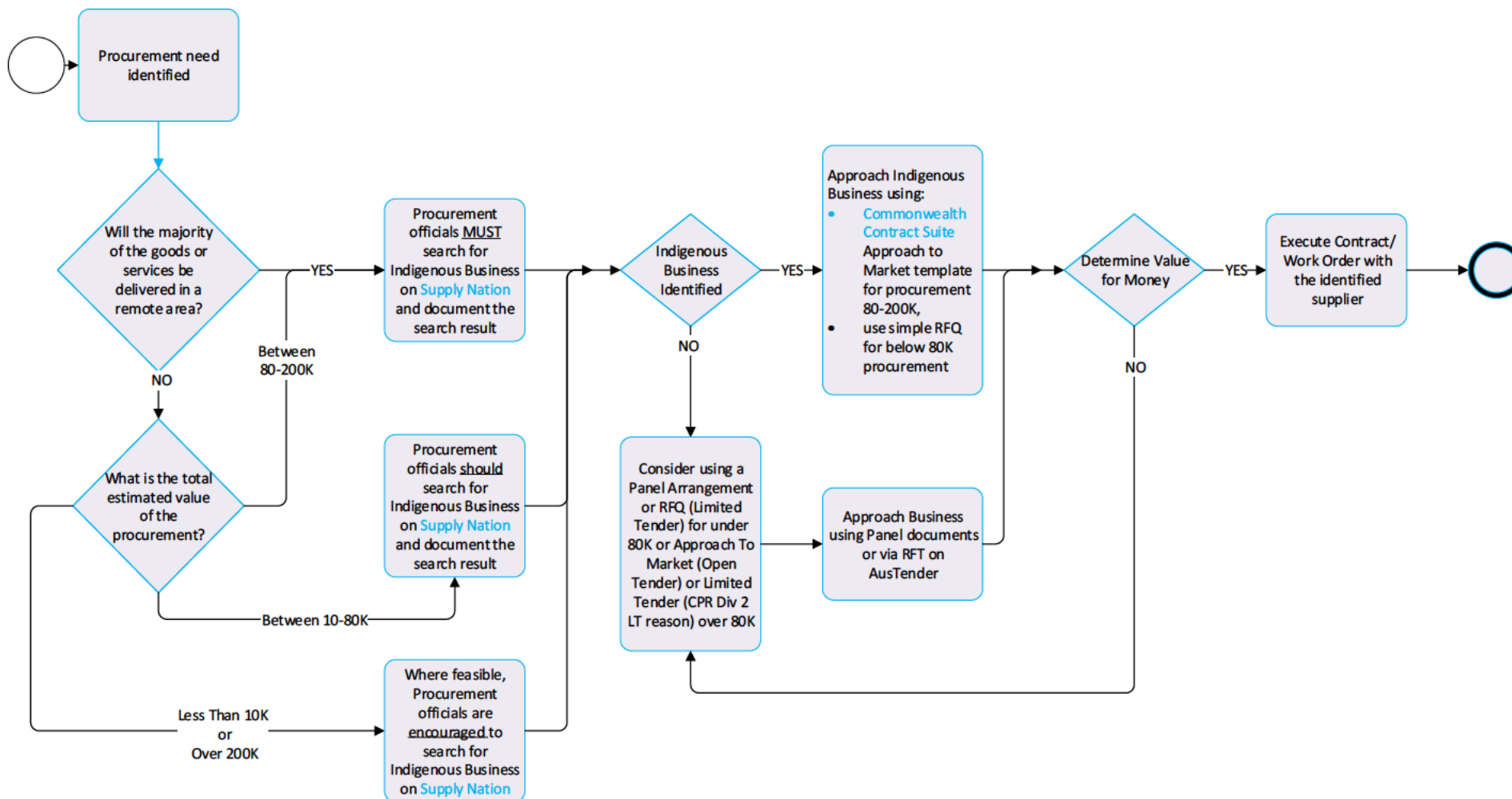
Procurement type	Applying the IPP	IPP record keeping requirements	Entering your procurement in HUB
<p>Where the goods or services will be delivered in a remote area</p>	<p>You must search Supply Nation to identify whether an Indigenous enterprise could deliver the required good or service on a value for money basis. Remember that Indigenous enterprises be engaged directly, through sub-contracts or through joint ventures.</p>	<p>You must document:</p> <ul style="list-style-type: none"> • that it is a remote procurement • the Supply Nation search and its outcome. <p>All procurement activities must be appropriately documented in HP Records Manager (TRIM) and in HUB.</p>	<p>If an Indigenous business is engaged then this must be recorded in HUB (tick YES). You must enter an accurate TRIM file number in HUB where all documentation is saved.</p>
<p>Purchases on a departmental credit card (less than \$10,000)</p>	<p>No requirements. Wherever feasible, you are encouraged to consider whether an Indigenous enterprise can deliver the required goods or services.</p>	<p>Not applicable. The department does not report credit card purchases as contracts under the Commonwealth IPP.</p>	<p>Not applicable. The purchase approval in HUB does not collect information on whether the vendor is an Indigenous business.</p>
<p>Valued at less than \$10,000</p>	<p>Wherever feasible, you are encouraged to consider whether an Indigenous enterprise can deliver the required goods or services on a value for money basis.</p>	<p>All procurement activities must be appropriately documented in HP Records Manager (TRIM) and in HUB.</p>	<p>If an Indigenous business is engaged then this must be recorded in HUB (tick YES). You must enter an accurate HP Records Manager (TRIM) file number in HUB where all documentation is saved.</p>
<p>Valued at \$10,000 to less than \$80,000</p>	<p>You should search Supply Nation to identify whether an Indigenous enterprise could deliver the required good or service on a value for money basis. If using a panel arrangement, you should consider providing Indigenous supplier/s with an opportunity to quote either before or concurrently with panel providers. Check whether the panel has any Indigenous suppliers listed. Remember that Indigenous suppliers do not need to be on the panel to be provided with the opportunity to quote.</p>	<p>You must document whether or not you searched Supply Nation and the outcome. All procurement activities must be appropriately documented in HP Records Manager (TRIM) and in HUB. Procurements valued at \$10,000 and above should have a procurement plan.</p>	<p>If an Indigenous business is engaged then this must be recorded in HUB (tick YES). You must answer the question: “Did you search for an Indigenous business on Supply Nation and what was the outcome?” You must enter an accurate HP Records Manager (TRIM) file number in HUB where all documentation is saved.</p>

Procurement type	Applying the IPP	IPP record keeping requirements	Entering your procurement in HUB
	Remember that sub-contracts and joint ventures with Indigenous enterprises also count towards our IPP targets.		
Valued at \$80,000 to \$200,000	<p>You must search Supply Nation to identify whether an Indigenous enterprise could deliver the required good or service on a value for money basis. Value for money is not only limited to capability v's price or cheapest price wins.</p> <p>You must provide the Indigenous supplier/s with an opportunity to quote before approaching other providers, including providers on a panel.</p> <p>If planning to use a panel arrangement, you must search for and identify whether an Indigenous supplier can deliver the goods and services first.</p> <p>You may use Exemption 16 in Appendix A of the Commonwealth Procurement Rules to procure goods and services directly from small and medium enterprises (SMEs) that are at least 50 per cent Indigenous owned regardless of the value of the procurement. You must seek advice from Procurement and Grant Services Team if seeking to claim an exemption from the mandatory set-aside under the IPP.</p> <p>For advice contact procurement@dese.gov.au</p>	<p>You must document your Supply Nation search and the outcome.</p> <p>All procurement activities must be appropriately documented in HP Records Manager (TRIM) and in HUB. Procurements valued at \$10,000 and should have a procurement plan.</p>	<p>If an Indigenous business is engaged then this must be recorded in HUB (tick YES).</p> <p>You must answer the question: "Did you search for an Indigenous business on Supply Nation and what was the outcome?"</p> <p>You must enter an accurate TRIM file number in HUB where all documentation is saved.</p>

Procurement type	Applying the IPP	IPP record keeping requirements	Entering your procurement in HUB
Over \$200,000	<p>You should search Supply Nation to identify whether an Indigenous enterprise could deliver the required good or service on a value for money basis.</p> <p>You may use Exemption 16 in Appendix A of the Commonwealth Procurement Rules to procure goods and services directly from small and medium enterprises (SMEs) that are at least 50 per cent Indigenous owned regardless of the value of the procurement. Remember that Indigenous enterprises may be engaged directly, through sub-contracts or through joint ventures.</p> <p>For advice contact procurement@dese.gov.au</p>	<p>You should document whether or not you searched Supply Nation and the outcome. All procurement activities must be appropriately documented in HP Records Manager (TRIM) and in HUB. Procurements valued at \$10,000 and should have a procurement plan.</p>	<p>If an Indigenous business is engaged then this must be recorded in HUB (tick YES). You must answer the question: "Did you search for an Indigenous business on Supply Nation and what was the outcome?" You must enter an accurate TRIM file number in HUB where all documentation is saved.</p>
Over \$7.5 million	<p>Minimum Indigenous participation requirements apply to procurements in certain industry sectors. Tenderers may need to submit an Indigenous Participation Plan. You must seek advice from Procurement Services at procurement@education.gov.au The fields of industry can be found on the Indigenous Procurement Policy intranet page. You must include minimum mandatory requirements (MMR) for Indigenous participation in all contracts over \$7.5 million in these sectors.</p>	<p>All procurement activities must be appropriately documented in HP Records Manager (TRIM) and in HUB.</p> <p>Additional reporting requirements apply to contracts subject to minimum Indigenous participation requirements, including six monthly reporting on whether the contractor is compliant with the agreed Indigenous Participation Plan. Contact procurement@education.gov.au for more information.</p>	<p>You must answer the question "Were tenderers required to submit an Indigenous Participation Plan?"</p> <p>If an Indigenous business is engaged then this must be recorded in HUB (tick YES). You must answer the question: "Did you search for an Indigenous business on Supply Nation and what was the outcome?" You must enter an accurate TRIM file number in HUB where all documentation is saved.</p>

15. Appendix C – Applying the IPP to your procurement flowchart

Applying IPP to your procurement flowchart



A decorative graphic consisting of several overlapping, wavy lines in blue, yellow, and magenta, with white dashed segments, spanning the width of the page.

Practical Guide: Buying from Indigenous Business

Last updated, April 2020

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OVERVIEW

Purpose

The term 'department' in this document means either the Department of Education, Skills and Employment.

This guide is a supplementary guide which should be used in conjunction with the [Procurement and Grants Policy Team Intranet Page](#) and the Practical Guide – Approaching the Market.

The Procurement Services [Intranet Page](#) covers the initial planning, needs analysis, procurement methodology and approval of the spending proposal.

The Practical Guide – Approaching the Market covers the processes to be followed in order to undertake a successful approach to the market.

This guide details the processes to be followed when considering Indigenous suppliers in an approach to market. The guide highlights a number of *mandatory* obligations indicated by the use of the word **must**.

Procurement related policies directed at maximising Indigenous employment opportunities and buying from Indigenous business considered in this Practical Guide include:

- the exemption in the Commonwealth Procurement Rules for Small and Medium Enterprise (SME) with at least 50% Indigenous ownership:
- the Indigenous Opportunity Policy and
- the Indigenous Business Procurement Policy.

Guidance on the steps involved in identifying and procuring from Indigenous business for the purposes of the Indigenous Business Procurement Policy.

Part 1 – Indigenous Procurement in the Department

Background

Government expenditure can contribute to promoting employment and training opportunities for Indigenous Australians. The Council of Australian Governments (COAG) under the National Partnership Agreement on Indigenous Economic Participation has made a commitment to strengthen current government procurement policies to maximise Indigenous employment. In implementing Indigenous procurement policy requirements, jobs will be created for Indigenous Australians, the skills of Indigenous Australians will be developed and Indigenous businesses will be created and supported.

Indigenous business owners typically have a strong desire to employ Indigenous people. Growth in Indigenous business therefore translates directly to employment opportunities for Indigenous people. This in turn creates an imperative for Indigenous business owners/leaders to ensure their youth (their future employees and stakeholders) make healthy lifestyle choices and value secondary education.

The Indigenous Procurement Policy (IPP)

[Indigenous Procurement Policy](#) (IPP) came into effect from 1 July 2015 and replaced the Indigenous Opportunities 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.

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

Commonwealth Procurement Rules

Under the Commonwealth Procurement Rules (CPRs), exemption 16, ***procurements of goods and services from a Small or Medium Enterprise with at least 50% Indigenous ownership*** are exempt from the application of Division 2 of the CPRs. Division 2 of the CPRs includes additional rules for procurements at or above the relevant procurement threshold. This exemption complements the IOP but operates separately.

For PGPA Act non Corporate Commonwealth entities, the procurement threshold is \$80,000, unless the procurement is for construction services, in which case the procurement threshold is \$7.5 million.

This means that where the procurement for goods or services is valued at or above \$80,000 and there is an Indigenous business that:

- is Small or Medium Enterprise (SME) with at least 50% Indigenous ownership;
- which provides a suitable good or service for your procurement;

You may source the goods or services from that Indigenous business through Limited Tender.

The procurement will still, however, need to be undertaken in accordance with value for money requirements and the rules in Division 1 of the CPRs. Thus, Indigenous businesses that are considered suitable and submit a proposal, but do not offer value for money should not be selected for the procurement activity.

Indigenous business procurements valued below \$10,000

The Indigenous Procurement Policy does not apply to the department's procurements valued below \$10,000 as these are low value procurements that require a single verbal quote and may appear to offer only limited value/benefit to Indigenous businesses and impose disproportionate administrative challenges to the department. However, where possible, staff should consider applying the \$10,000 to \$80,000 Indigenous Business Procurement Policy even for these smaller procurements.

Indigenous Procurement Policy for procurements valued between \$10,000 to \$80,000

While the requirements for Indigenous business procurement in the department apply to procurements valued at \$80,000 to \$200,000 (GST Incl), procurement officials are encouraged to consider Indigenous business for any procurement opportunity valued at \$10,000 to \$80,000. The Indigenous Procurement Policy requires that verified Indigenous businesses should be considered and given an opportunity to participate in the standard quote process, if their participation is considered appropriate to the procurement. This means that if there is an appropriate Indigenous business that provides a suitable good or service for your procurement, you should offer them the opportunity to submit a quote.

The current requirement that procurement decisions satisfy the value for money considerations continues to apply. Thus, Indigenous businesses that are considered suitable and submit quotes, but do not offer value for money should not be selected for the procurement activity.

More information can be found on the [Procurement and Grants Policy Team Intranet](#).

Indigenous Procurement Policy for procurements valued between \$80,000 and \$200,000

The Indigenous Procurement Policy applies to the department's procurements valued between \$80,000 and \$200,000.

There are mandatory set-aside provisions in the policy which 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.

The mandatory set-aside applies to:

1. all Remote Procurements (except for transactions paid for by credit card); and
2. all other new domestic procurements where the estimated value of the procurement is from **\$80,000 to \$200,000 (GST inclusive)**, other than:
3. procurements to which paragraph 2.6 or 10.3 of the Commonwealth Procurement Rules apply; and
4. 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
5. procurements where the purchase is made using an exemption to Appendix A of the Commonwealth Procurement Rules other than Exemption 16.

The exemption under the CPRs for SME with at least 50% Indigenous ownership may be relevant and should be considered.

Definition of verified Indigenous business

A verified Indigenous Business for the purpose of the Indigenous Procurement Policy is a Small or Medium Enterprise with at least 50% Indigenous Australian ownership and an Australian Business Number (ABN).

Small and Medium Enterprise is defined as an Australian or New Zealand firm with fewer than 200 full-time equivalent employees.

A list of verified Indigenous businesses can be accessed on the Supply Nation website. Supply Nation is a not-for-profit membership body for Australian companies and Government agencies who are seeking to buy goods and services from Indigenous businesses. It provides a direct business-to-business purchasing link between corporate Australia, Government agencies and Indigenous owned businesses.

Supply Nation certify Indigenous business suppliers as 51% Indigenous owned, managed and controlled, Australian companies and Government agencies that are members of Supply Nation are able to access a qualified database of Indigenous suppliers for procurement opportunities.

Summary

Where you are undertaking procurement activity valued between \$10,000 and \$80,000 you should consider providing Indigenous business an opportunity to participate in the RFQ process and be assessed for Value for Money.

For procurement activity valued at \$80,000 to \$200,000, the IPP and the exemption under the CPRs for SME with at least 50% Indigenous ownership applies. It is mandatory that you provide Indigenous Business the opportunity to respond to the RFQ.

For procurement activity valued below \$10,000 or over \$200,000, you are *not required* to consider verified Indigenous business for the purposes of the Indigenous Procurement Policy. However, it is strongly *recommended* that you consider applying the \$80,000 - \$200,000 process for these procurements. In these cases you will be exercising the Exemption 16 in the Appendix A of the Division 2 in the CPR.

Part 2 – Using Indigenous Business

Supply Nation Indigenous suppliers listing

A list of verified or ‘certified’ Indigenous suppliers can be found on the [Supply Nations website](#). The public list of certified suppliers can be searched under the [Indigenous Business Direct](#) banner.

If an Indigenous business is listed here it can be considered verified for the purpose of the Indigenous Business Procurement Policy.

The purpose of certification is to assure Supply Nation members that the Indigenous suppliers they seek to contract with are majority Indigenous Australian owned as well as managed and controlled by Indigenous Australians.

Additional to Supply Nation, there are several other listings of Indigenous enterprises which are available to agencies.

The Supply Nation certifies that suppliers on their list are at least 51% Indigenous owned. An example of this is the [NSW Aboriginal Business Directory](#) which requires that business is at least 50% owned by Aboriginal people or 50% of the governing board are Aboriginal.

When applying the exemption for SME with at least 50% Indigenous ownership from Division 2 of the CPRs in a procurement, agencies are required to use their own due diligence to ensure the SME is at least 50% Indigenous owned.

What if there are no suitable Indigenous businesses available?

If there are no suitable Indigenous businesses available for your particular procurement, then you do not need to get a quote from an Indigenous business. A business case to purchase should note the success or otherwise of finding suitable Indigenous Businesses to seek quotes. Quotes from other businesses will be required, as usual.

You are under no obligation to buy from the Indigenous business if it does not offer value for money. When selecting any business for your procurement activity, selection should be based on whether the business can provide value for money. If the Indigenous business fails to do so, it should not be selected over other suitable businesses that offer value for money. Doing so would contravene section 5.3 of the CPRs regarding anti-discrimination.

If no response is received to a request for quote

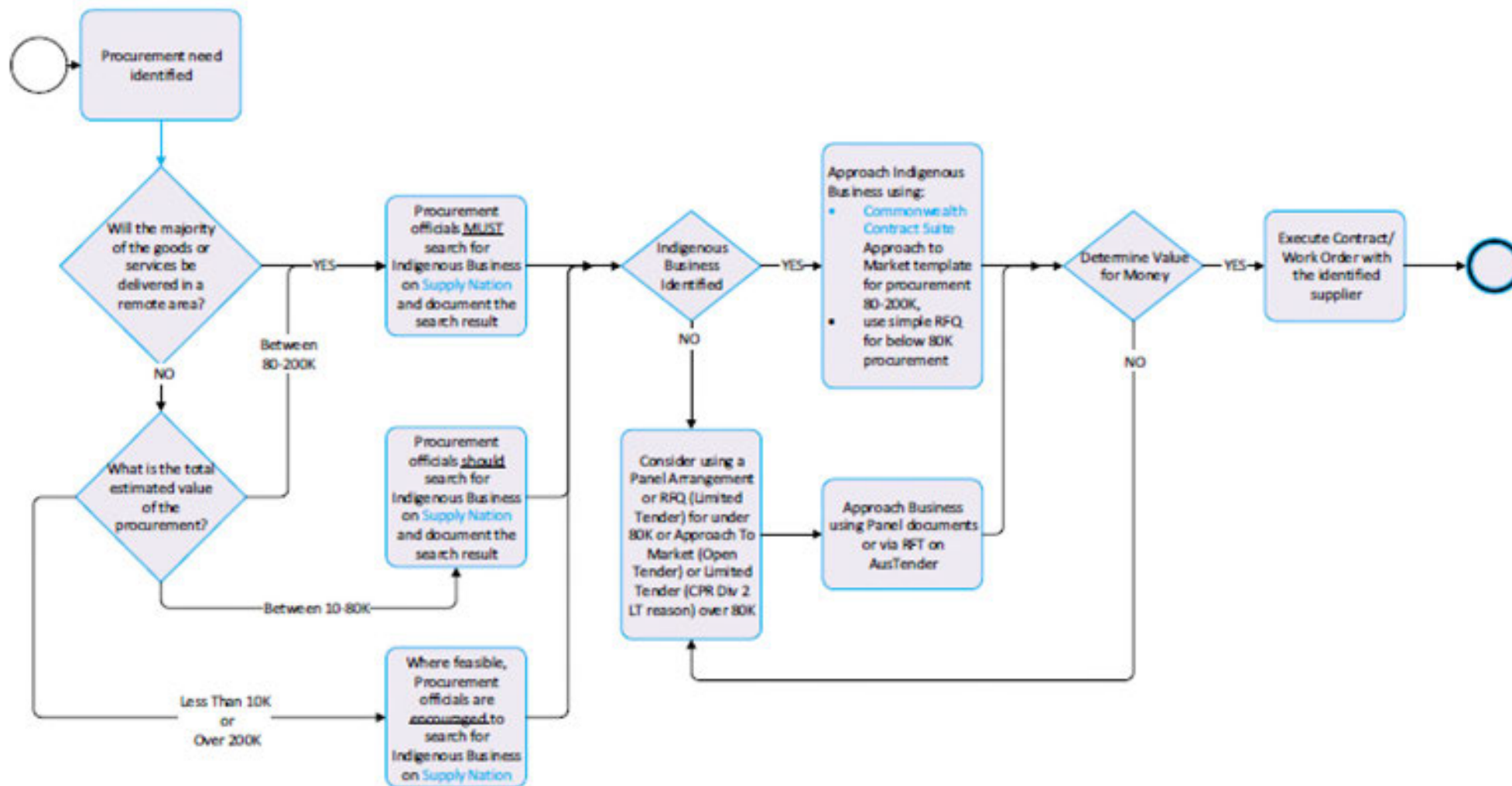
The Indigenous business, and all businesses you seek quotes from, should be provided with sufficient time and information to be able to provide a quote. If the Indigenous business declines to provide a quote you should treat it the same way as any other late or non-compliant response.

Feedback to Indigenous business

Unsuccessful Indigenous businesses should be provided with a debriefing so that they are able to understand areas they excelled in and in areas where they could improve to maximise future opportunities within the government.

Process Flowchart

Applying IPP to your procurement flowchart



Part 3 – Further Information and Assistance

Tools and templates

- Practical Guide: Approaching the Market
- Practical Guide: Defining Requirements
- Practical Guide: Evaluation and Selection of Suppliers

Further information

Further information is available on:

- [Commonwealth Procurement Rules](#)
- [Fairness and Transparency in Purchasing Decisions](#)
- [APS Code of Conduct](#)
- [Accountable Authority Instructions](#)
- [Procurement and Grants Policy Team Intranet Site](#)
- [Buying for the Australian Government](#)
- [Indigenous Procurement Policy](#)

Contact the Procurement Services Team

If you have any questions or require assistance with your procurement activity, please contact the [Procurement and Grants Policy Team](#).

Phone: (02) 6240 0400 (x40400)

Email:

For Non-ICT Procurement related matters procurement@dese.gov.au

For ICT Procurement related matters ICTprocurement@dese.gov.au

For further information or advice on IPP policy and practice procurement@dese.gov.au