

# Aboriginal Procurement Policies

## What / Why / How

We acknowledge traditional owners of Country throughout Australia and pay respect to the Culture and to the Elders past, present and emerging.

# What ....

**2011 - Commonwealth:** enables Commonwealth entities to procure goods and services directly from SMEs that are at least 50 per cent Indigenous owned regardless of the value of the procurement (continues to apply)

**2013 - NSW Government Plan for Aboriginal affairs: OCHRE** .....recognises that the business community has a key role.....and that the NSW Government can use its relationship with business to deliver positive social outcomes.  
**The Minister for Aboriginal Affairs asked NSW Agencies to report their spend with Aboriginal Businesses.**

**2013 – NSW Board Direction** enabled a single quote for purchasing goods and services valued up to \$150,000 (including GST) from a recognised Aboriginal business. (Replaced by NSW APP)

**2015 - NSW Government Aboriginal Participation in Construction Policy (APIC)** – spend targets established in construction contracts

**2015 - Commonwealth Indigenous Procurement Policy (IPP)** - Established targets for purchasing from Indigenous enterprises – applicable to all spend types including goods and services.

**2018 - NSW Aboriginal Procurement Policy (APP)** – Aiming to increase % of goods and services contracts with Aboriginal businesses and the number of Aboriginal people employed and sustain growth of Aboriginal businesses. First preference to Aboriginal businesses on prequal schemes up to \$250k, direct negotiations allowed up to \$250k, Aboriginal Procurement Plans required in contracts over \$10m etc (effective July 2018)

# Why ....

The policies aim to stimulate Indigenous entrepreneurship and business development, providing Indigenous Australians with more opportunities **to participate in the economy.**

To help **Aboriginal people and communities to be self-sustaining** by establishing and growing Aboriginal businesses and employment.



*A hand-UP – not a hand-out*

## Facts:

- Aboriginal businesses are more likely to employ Aboriginal people
- Every \$1 spent with an Aboriginal business, generates \$4.41 of social return\*

*\*Supply Nation*

# How ....

## 1. Make a start

*Don't be daunted!*

*Don't wait for perfection!*

*Take Action!*



### 1. Framework

- Develop strategy (\*target opportunities / support)
- Establish compliance reporting process
- incorporate requirements into tenders / contracts / assessment templates

### 2. Establish Baseline

3. **Communicate** (internally and externally)
4. **Action strategy** (\* target opportunities/support)
5. **Measure / Monitor**
6. **Report your success!**



*\* See next slide*

# How ... Target opportunities

## Myths:

- Aboriginal businesses have to sell Aboriginal products ❌ *(An Aboriginal business can conduct any type of legitimate business, like anyone else!)*
- Aboriginal businesses must demonstrate how they support their communities ❌ *(If the business is certified Aboriginal they just need to be able to meet your needs, like anyone else!)*
- Buying 'Aboriginal' products always benefits Aboriginal people ❌ *If you're buying 'Aboriginal' products from a non-Aboriginal supplier, ask them to tell you exactly how much of the proceeds of those products are going to Aboriginal suppliers / communities. If they can't do that, don't count it as Aboriginal spend.*



*Donating money with the proceeds is nice, but is it also meeting the intent of Policy?  
ie growing Aboriginal businesses to participate in the economy? (hand-up / hand-out?)*

# How ... Target opportunities

## Do:

- Consider (sensitive) cultural awareness training to establish greater understanding
- Buy directly from Aboriginal businesses wherever possible
- Think carefully about your processes and expectations (will they do more harm than good?)
- Establish contracts\*
- Expect and accept a value price (may not be lowest price)
- For targeted tenders - add a meaningful weight for Aboriginal businesses
- Engage and work directly with your Aboriginal business to assess their capability
- Start slowly. Pilot / Test, evaluate and support improvement
- Help promote them (internally and externally) so they can grow and become sustainable
- Support them when things go wrong

*\* Give them a purchase order and they can do some work. Given them a contract and they can grow a business!*



# How ... Target opportunities

## Case Study – Large Government Agency

### What didn't work

- Wrote to Aboriginal businesses  no response

### What did work

- Arranged cultural training to better understand cultural differences
- Created and filled Aboriginal Cadet roles in Procurement
- Teamed with NSWICC who introduced businesses (trust)
- Held frank discussions on capabilities, issues, risks and mitigations (gap closures)
- Guided their onboarding, piloted then promoted and supported their development
- Monitored and reported growth in Aboriginal suppliers and spend



# How ... Target opportunities

Don't **✘**

- Make them jump lots of hoops, especially if it may not lead to a contract
  - **Real example**, an Aboriginal business was asked to tender....
    - *were asked to source and price different products, after doing so were advised those products were no longer required.*
    - *were asked to provide samples of new tendered products, after these arrived from the manufacturers, they were advised that the spec had changed*
    - *spent thousands of dollars participating, unable to also focus on their existing business and clients and other tenders and sales enquiries.*
    - *were competitive but not successful*

It's fairer not to ask them to participate than do this (*to anyone!*)





# How ... Target opportunities

## Don't ❌

- Immediately stop giving them business if something isn't quite right or working as expected

If the supplier is committed to work with you, work with them to understand their issues and help guide their improvement. If you can't get to the heart of it (eg fear / trust / capability) **don't give up, get help.**

## Don't ❌

- Berate or threaten them for asking for help to have a strategic discussion or raise an issue.

If a supplier doesn't have the confidence to meet with you or articulate their needs, they may ask a trusted advisor to help facilitate a meeting. Encourage and embrace the approach. **It's not a waste of time**, it's a step in the right direction towards open communications and doing better business.



# How ... Target opportunities

- ✓ When you **BUY DIRECTLY** from **Aboriginal Business** you know that **100%** of what you spend can be counted as **'Aboriginal spend'**. This is best.
- ✓ **INFLUENCING** your suppliers to incorporate **Aboriginal businesses in their supply chains** and **report accordingly** - Is next best.

## Beware:

- **Reporting issues** – can the non-Aboriginal supplier confidently validate their Aboriginal spend and employment reports?
- **Black cladding** – are the Aboriginal business owners actively involved in the business?
- **Exploitation** – are Aboriginal businesses in the supply chain being paid and treated fairly?
- **Exploitation / Dishonesty** - are the 'Aboriginal products' that are being sold by non-Aboriginal businesses truly Aboriginal and / or fairly benefiting Aboriginal people?

# New Policy.....

.....*You can just tick a box*

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