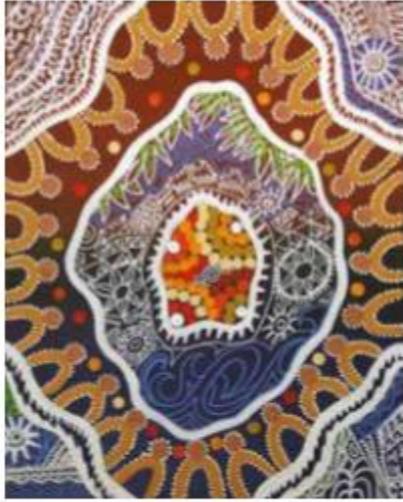




Queensland Indigenous (Aboriginal and Torres Strait Islander) Procurement Policy

Department of Aboriginal and
Torres Strait Islander Partnerships





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Cover artwork, and all related components, is based on the painting 'Standing Together' by artist Shara Delaney, a Quandamooka woman of the Noonuccal, Ngugi and Goenpul people – the traditional custodians of Quandamooka.

"This painting represents the land of Queensland and the sea of the Torres Strait. It incorporates design elements and colours representative of both Aboriginal and Torres Strait Islander cultures. It shows people standing together with a combined vision."

Shara Delaney, January 2016

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1. Policy context

The Queensland Government is committed to job creation and the development of a diverse economy. While this commitment extends to all Queenslanders, Aboriginal and Torres Strait Islander Queenslanders do not currently participate equally in Queensland's economy or labour market:

- Relative to non-Indigenous Queenslanders, Aboriginal and Torres Strait Islander Queenslanders are less likely to be employed and are more likely to be unemployed.
- Data from the *2014-15 National Aboriginal and Torres Strait Islander Social Survey* shows Aboriginal and Torres Strait Islander Queenslanders have an unemployment rate of 25.2 per cent; more than four times higher than the unemployment rate of non-Indigenous Queenslanders.
- At Census 2011, around 6 per cent of Aboriginal and Torres Strait Islander people owned their own business (compared with around 15 per cent of non-Indigenous Queenslanders) but by 2014-15, the proportion of Aboriginal and Torres Strait Islander people who owned their own business had grown to be around 10 per cent.

There is strong case for the *Queensland Indigenous (Aboriginal and Torres Strait Islander) Procurement Policy* (QIPP) to provide a framework to increase the value of Queensland Government contracts awarded to Indigenous businesses, and support the growth and development of Indigenous businesses across Queensland.

Indigenous businesses are significantly more likely to employ Aboriginal people and Torres Strait Islander people, relative to non-Indigenous businesses. Growing Indigenous businesses is a viable pathway to create employment and increase the economic participation of Aboriginal people and Torres Strait Islander people.

2. Policy statement

The QIPP supports Queensland Government agencies to better target their procurement activities to ensure Indigenous businesses can equitably access the procurement spend of the Queensland Government, and deliver improved economic, environmental and social outcomes for Government.

The QIPP links with *Moving Ahead*, a whole-of Queensland Government strategy to improve economic participation outcomes for Aboriginal and Torres Strait Islander Queenslanders. It builds on the *Moving Ahead* priority areas to partner with Industry and foster entrepreneurship, business growth and innovation. The QIPP is a procurement-related policy that will work within the principles, and framework of the Queensland Procurement Policy (QPP) and its operating model.

The QIPP is a targeted approach to support Procurement Officers across Government to focus on the areas of most opportunity for Indigenous businesses. It recognises that an agency-led, category-management approach will ensure Procurement Officers can determine how their agency can contribute to increasing the value of addressable Queensland Government procurement spend awarded to Indigenous businesses to 3 per cent by 2022, while balancing the commercial realities of current and emerging markets across Queensland.

The effective implementation of the QIPP will rely on commitment from all Queensland Government agencies, and strong governance and reporting mechanisms. The effective implementation of the QIPP will provide a clear signal to the market about the value of this work, and practically demonstrate the Queensland Government's commitment to grow Indigenous businesses, harness private sector growth and create employment opportunities for Aboriginal and Torres Strait Islander Queenslanders.



3. Policy objectives and outcomes

The objective of the QIPP is to increase the value of Queensland Government procurement spend awarded to Indigenous businesses to be 3 per cent of addressable spend by 2022.

Successful implementation of the QIPP will result in the following outcomes for Queensland:

- Increase the capacity and capability of Indigenous businesses to successfully tender for Queensland Government contracts.
- Growth and development of a diverse and sustainable Indigenous business sector in Queensland by increasing the capacity and capability of Indigenous businesses to supply to the Queensland Government but also to supply to the private sector through supply chains and increased private sector demand.
- Improved employment outcomes and opportunities for Aboriginal people and Torres Strait Islander people to participate in the Queensland economy.

4. Commencement

The QIPP will commence on 1 September 2017.

5. Application

The QIPP applies to Queensland budget sector agencies.

The QIPP will not apply to statutory bodies or Government-owned corporations (GOCs). However, statutory bodies and GOCs may elect to establish procurement targets and strategies to increase their procurement with Indigenous businesses.

6. Overview of the Policy

The QIPP is a procurement-related policy within the broader framework provided by the QPP, and the QIPP and QPP similarly seek to leverage the Queensland Government's procurement expenditure to achieve desired policy outcomes. To ensure no duplication, the QIPP will rely on the governance frameworks established by the QPP and its operating model.

The QIPP is consistent with the QPP's principles, including its focus on value for money, noting value for money reflects more than pricing alone, and enables the achievement of other economic, environmental and social objectives. The QIPP also maintains a focus on undertaking procurement activities with Indigenous businesses with integrity, ensuring probity and accountability for outcomes.

The QIPP will sit on the Government Procurement Portal as a procurement-related policy. A list of procurement-related policies can be found at www.qld.gov.au/procurement.

The key components of the QIPP include:

6.1 Definition of an Indigenous business

For the purposes of the QIPP, an Indigenous business is one that is at least 50 per cent owned by an Aboriginal person/s and/or a Torres Strait Islander person/s.



6.2 3 per cent target of addressable spend by 2022

The Queensland Indigenous (Aboriginal and Torres Strait Islander) Procurement Policy (QIPP) provides a whole-of-Government framework **to increase Indigenous business access to Queensland Government procurement market to be 3 per cent of addressable spend by 2022.**

The QIPP acknowledges that not all government procurement spend is in markets that are serviceable by Indigenous businesses and the baseline for measuring progress against the target does not include all procurement activities. Addressable spend will be developed by agencies working collaboratively with whole-of-Government category leads and category councils to determine procurement activities for new Government contracts that can be addressed by Indigenous businesses, based on an analysis of the capacity and capability of Indigenous businesses to supply. Procurement activities that may be excluded relate to funds that are subject to interdepartmental transfers, grants, legislative requirements, existing Standing Offer Arrangements, or existing contracts.

DATSIP will, in collaboration with agencies and whole-of-Government category management leads, identify a process to agree and provide an annual update on addressable spend.

6.3 A targeted, category management approach

The Queensland Government has established an agency-led procurement operating model to ensure agencies are accountable for their own procurement activities within a whole-of-Government framework of legislation, procurement-related policies and standards.

Queensland Government procurement is organised through a category management approach that enables category managers to conduct in-depth market analysis and fully leverage the procurement spend of the Queensland Government. There are six categories of spend:

- Building, construction and maintenance
- General goods and services
- Information and communication technology
- Medical
- Social services
- Transport infrastructure services.

Through a category management approach, Procurement Officers are able to take a targeted approach to the QIPP, identifying categories with the highest opportunity for Indigenous businesses, rather than pursuing opportunities or benefits through every procurement activity. This model is supported by the model established by the QPP, which provides the broader procurement framework, operating model and governance arrangements to support agencies to undertake procurement. A category-management approach will enable the full benefit of the QIPP to be realised.

For procurement spend related to categories, it will be the role of agencies and whole-of-Government category leads (and Category Councils where appropriate), supported by DATSIP, to identify opportunities for procurement with Indigenous businesses, and develop a category strategy to explore and pursue areas of significant opportunity.



6.4 Set-asides

A set-aside approach involves reserving certain Government procurement contracts for specified businesses. Set-asides within the QIPP would require Queensland Government entities to first look to engage with Indigenous businesses where one of the following apply:

- The goods or services being purchased will be delivered to Aboriginal people or Torres Strait Islander people in discrete locations, or in other locations that have a high Aboriginal population and/or Torres Strait Islander population; or
- The goods or services being purchased target the specific needs of Aboriginal and Torres Strait Islander Queenslanders (or a cohort of Aboriginal people or Torres Strait Islander people).

Set-asides must still be subject to a competitive process, seeking to increase the number of Indigenous businesses in the market and the process should account for the relative value and risk associated with the procurement.

Agencies are not required to use set-asides where no suitable Indigenous business can be identified in the market analysis stage. In addition, agencies are not required to award a procurement as a result of this set aside process if no business is evaluated as representing either value for money, or as having the necessary capability or capacity to supply.

6.5 Selective offer process with Indigenous businesses

For all other procurement opportunities agencies may choose to use a selective offer process with Indigenous businesses only.

A selective offer process is a procurement method whereby suppliers that have met pre-established criteria are invited to offer. Within the context of the QIPP, the pre-established criteria is that the business is at least 50 per cent owned by an Aboriginal person and/or a Torres Strait Islander person.

The selective offer process with Indigenous businesses is not mandatory. Agencies are best placed to identify the most suitable opportunities for selective offer process and increase their procurement with Indigenous businesses, and contribute to the 3 per cent target.

The decision to use such a process must be based on a justifiable and defensible assessment of the procurement. As part of this agencies must ensure that:

- an appropriately competitive supply market, relative to the value and risk associated with the procurement, exists
- a demonstrable value for money outcome is achieved.

7. Implementation

The QIPP will align with the overarching QPP and be embedded in the existing procurement operating model. It will act as a framework to guide decision making, increase the visibility of Indigenous businesses and increase the value of procurement with Indigenous businesses.

The implementation of the QIPP will occur through a phased approach of six priorities:

- Enhance and develop capacity and capability of Indigenous businesses to successfully compete for Queensland Government procurement contracts.
- Develop a baseline estimate of the value of addressable spend, against which the 3 per cent target can be measured.



- Identify improvements to existing databases for identifying and verifying Indigenous businesses and to data systems, for capturing spend with Indigenous businesses to improve reporting and knowledge management.
- Develop the tools and procedures that align with the QPP and give procuring officers confidence in applying the QIPP.
- Consult with agencies, whole-of-Government category leads and Category Councils (where applicable) to identify the best opportunities and the most scope for increasing procurement with Indigenous businesses.
- Develop performance measures, review and evaluation frameworks that assess the benefits and costs of a QIPP and establish a model of continuous improvement.

The six activities will be applied collectively not sequentially.

This implementation approach provides a robust framework to guide the work of entities. Importantly, the framework will be dynamic, and responsive to new and emerging knowledge regarding the capability of Indigenous businesses.

Engagement with regions throughout Queensland will be critical in understanding regionally-specific economies and markets and ensuring challenges are identified and opportunities captured.

7.1 Roles

The QIPP is a procurement-related policy under the auspices of the QPP and acts as a framework to guide Procurement Officers and Queensland Government agencies in making informed decisions to increase procurement with Indigenous businesses.

Office of the Chief Advisor – Procurement

The roles and responsibilities of the OCA-P are set out in the QPP at www.qld.gov.au/procurement.

In relation to the QIPP roles and responsibilities include:

- Facilitating access by the Department of Aboriginal and Torres Strait Islander Partnerships (DATSIP) to the governance bodies and frameworks, including reporting.
- Providing advice to DATSIP, as required, with respect to the operation of the QIPP.

Queensland Government agencies will:

- Maintain responsibility for their procurement outcomes, and ensuring this policy is followed and embedded into practice, within their agencies.
- Provide progress reports on the implementation of the QIPP and achievements towards relevant targets, as required.
- Ensure existing Indigenous procurement-related procedures align and support the QIPP.
- Educate and upskill relevant agency employees, including contractors and consultants acting on behalf of an agency, on the requirements of this policy, including the provision of cultural capability training.

Category lead agencies

- Lead agency category teams will consult with other budget agencies will coordinate a forward procurement pipeline for their category.



DATSIP – roles and responsibilities

DATSIP is the lead department for the QIPP and its implementation. DATSIP will collaborate with the Office of the Chief Advisor – Procurement (OCA-P) and budget sector agencies.

- Work with agencies across the Queensland Government to support the achievement of the target.
- Work collaboratively with agencies and whole-of-Government category leads to provide advice on opportunities to procure with Indigenous businesses.
- Work with agencies to support procurement with Indigenous businesses to realise the full benefit of the QIPP (in partnership with OCA-P and other relevant agencies).
- Provide advice and support to agencies to maximise Indigenous procurement outcomes (including assistance in determining the addressable spend, and advice on Indigenous procurement activities and their economic, social and/or environmental benefits).
- Increase the visibility of Indigenous businesses, by assisting in the identification of suitable Indigenous businesses and matching them to procurement opportunities.
- Work with other relevant agencies to coordinate whole-of-Government Indigenous procurement capability building and training initiatives, including advice on cultural capability training.
- Working collaboratively with OCA-P, to develop a reporting framework to regularly monitor progress towards the target.
- Collate agency reports and provide a regular update to the CEO Leadership Board, and the Queensland Government Procurement Committee as required.

7.2 Governance

Governance arrangements for the QIPP will be consistent with the governance frameworks established by the QPP and the terms of reference established for the governance bodies established under the framework.

7.3 Reporting

The reporting on the QIPP will be incorporated into the regular dashboard updates provided to the CEO Leadership Board. The CEO Leadership Board will provide the necessary oversight.

Each agency will provide a range of key performance indicators including:

- Progress against the value of contracts with Indigenous businesses, the total value of contracts for all businesses, and the main categories where Indigenous businesses are successfully tendering.
- Progress against identified performance measures.
- Progress against increasing the capacity and capability of the Indigenous businesses (where it constitutes part of the agency's core business).

This will form part of a performance framework to enable a view of Indigenous procurement performance at levels including agency, category and whole-of-Government.

Reporting against Indigenous procurement outcomes will be embedded in the existing Queensland Government procurement reporting systems.

DATSIP will provide support where required, and will continue to monitor, on a quarterly basis, the value of Queensland Government procurement spend with Indigenous businesses (through financial systems such as SAP and the OneSchool systems) and Indigenous business capability building activities.



7.4 Supporting tools

The Black Business Finder (BBF) is the primary portal and supporting tool in the implementation of the QIPP, and will assist Procurement Officers to identify and develop existing capacity within the sector.

8. Review

DATSIP will coordinate a review of implementation activities (after January 2018), annual reviews based on financial years, a policy review (after January 2019), and an evaluation (January 2023).

9. Related documents

- *Queensland Procurement Policy*
- *Queensland Government building and construction training policy*
- *Capital Works Management framework*

10. Definitions

Term	Definition
Accountable officer	Accountable officer has the meaning conferred by the <i>Financial Accountability Act 2009</i> .
Addressable spend	In the context of the QIPP, agency's addressable spend refers to the quantum of their procurement funds, available to procure goods and/or services, that can conceivably be subject to the QIPP. It excludes funds that are subject to interdepartmental transfers, legislative requirements, existing Standing Offer Arrangements etc.
Agency	The QIPP will apply to the Queensland budget sector. The QIPP does not apply to statutory bodies or Government-owned corporations (GOCs).
Category	Category is the grouping of similar goods or services with common demand drivers and similar supply base.
Category Councils	Category Councils, constituted by the CEO Leadership Board, will oversee and direct strategic procurement activities in relation to groups of related spend. Category Councils will govern the category strategy for a particular spend profile and endorse execution plans for the category under management.
Category Management	Category Management is a lifecycle approach to managing spend that groups together categories and aligns the approach to the characteristics of the category
Discrete location	A discrete location refers to a discrete Indigenous community and localities with a high proportion Aboriginal and Torres Strait Islander population. A discrete Indigenous community refers to a geographic location, bounded by physical or cadastral (legal) boundaries, and inhabited or intended to be inhabited by predominantly Indigenous people, with housing or infrastructure that is either owned or managed on a community basis. Localities with a high proportion of Aboriginal and Torres Strait Population are those that exceed 10 per cent.
Goods and services	Goods and services include all property (except for real property) and all types of services including building and construction services, and infrastructure.
Government's objectives or objectives of government	Government's objectives or objectives of government may be stated in legislation, whole-of-Government procurement policy and procurement related policy, whole-of-Government procurement plans, directions or formal agreements between government and agencies.
Indigenous business	For the purposes of the QIPP, an Indigenous business is one that is at least 50 per cent or more owned by an Aboriginal person and or a Torres Strait Islander person. It may take the form of a company, incorporated association or trust. For clarity, a social enterprise or registered charity may also be an Indigenous business if it is operating a business.



Lead agency	Lead agency is an agency responsible for managing common categories of expenditure across two or more agencies.
Set Aside	A set aside is an approach where certain government procurement contracts are reserved for specified businesses.
Procurement	Procurement encompasses the whole process of obtaining goods and services. Beginning with the identification of needs, procurement can include the functions of planning, design, standards determination, specification writing, selection of suppliers, financing, contract management, disposals and other related functions. For clarity, 'procurement' under this policy does not include 'grants' as defined in the Financial Accountability Handbook administered by Queensland Treasury and Trade.
Procurement-related policy	Procurement-related policy is a government policy or instrument excluding the Queensland Procurement Policy related guidelines and guidance, that influences or impacts procurement activities, practices and decisions. A list of current procurement-related policies is at www.qld.gov.au/procurement .
Purchasing	Purchasing is the acquisition process for goods, services and capital projects through purchasing, leasing and licensing and this expression extends to standing offer or similar arrangements by which terms and conditions of purchase are determined.
Selective offer process	Selective offer process is a procurement method where suppliers that have met pre-established criteria are invited to offer.
Significant procurement	Significant procurement includes goods, services and capital projects identified by the agency as being high expenditure and/or for which there is a high degree of business risk.
Small and medium enterprise	Small and medium enterprise means an Australian or New Zealand firm employing less than 200 people.
Supplier	Supplier means an enterprise known to be capable of supplying required goods and/or services. It includes manufacturers, stockists, resellers, merchants, distributors, consultants and contractors.