

INDIGENOUS PROCUREMENT POLICY

(Aboriginal and Torres Strait Islander)



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1. POLICY CONTEXT

The Port of Townsville Limited (“the Port”) 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.

There is strong case for the *Port of Townsville Limited (Aboriginal and Torres Strait Islander) Procurement Policy* (PIPP) to provide a framework to increase the value of the Ports contracts awarded to Indigenous businesses, and support the growth and development of Indigenous businesses across North 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 PIPP supports the Port’s departments to better target their procurement activities to ensure Indigenous businesses can equitably access the procurement spend of the Port, and deliver improved economic, environmental and social outcomes for the Port.

The PIPP 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 PIPP is a procurement-related policy that will work within the principles, and framework of the Queensland Procurement Policy (QPP), the Port’s Procurement Policy (PPP) and its operating model.

The PIPP is a targeted approach to support Officers across the Port to focus on the areas of most opportunity for Indigenous businesses. It recognises that a port-led, category-management approach will ensure Officers can determine how their department can contribute to increasing the value of addressable Port’s procurement spend awarded to Indigenous businesses to 3 per cent by 2025, while balancing the commercial realities of current and emerging markets across North Queensland.

The effective implementation of the PIPP will rely on commitment from all Port Departments, and strong governance and reporting mechanisms. The effective implementation of the PIPP will provide a clear signal to the market about the value of this work, and practically demonstrate the Port’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 PIPP is to increase the value of the Port’s procurement spend awarded to Indigenous businesses to be 3 per cent of addressable spend by 2025.

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

- Increase the capacity and capability of Indigenous businesses to successfully tender for Port contracts.

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- Growth and development of a diverse and sustainable Indigenous business sector in north Queensland by increasing the capacity and capability of Indigenous businesses to supply to the Port 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 North Queensland economy.

4. COMMENCEMENT

The PIPP will commence on 1 January 2021.

5. APPLICATION

The PIPP applies to the Port of Townsville Limited.

6. OVERVIEW OF THE POLICY

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

The PIPP is consistent with the PPP'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 PIPP also maintains a focus on undertaking procurement activities with Indigenous businesses with integrity, ensuring probity and accountability for outcomes.

The key components of the PIPP include:

6.1 Definition of an Indigenous Business

For the purposes of the PIPP, the definition of an indigenous business is outlined in the following table.

Category	Threshold	Comments
Indigenous ownership	50% owned	Means an organisation, operating a business, that is 50 per cent or more Indigenous owned. It may take the form of a company, incorporated association or trust. A social enterprise or registered charity may also be an Indigenous enterprise if it is operating a business.
	Recognised by appropriate peak bodies	Means a legal entity that is a member of appropriate

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Category	Threshold	Comments
		organisation (e.g. Supply Nation, Industry Capability Network, Black Business Finder)
Indigenous Employment	10% or more of FTE's identify as being aboriginal and/or Torres strait Islander	Organisations that meet this criterion are supporting indigenous employment and therefore should be considered an indigenous supplier.
Indigenous Supply Chain	50% or more of sub-contractors and/or suppliers identify as an indigenous business	If a supplier to the Port engages a supplier and/or contractor that has a supply chain that contains more than 50% indigenous businesses.

6.2 3 Per Cent Target of Addressable Spend By 2025

The Port's Indigenous (Aboriginal and Torres Strait Islander) Procurement Policy (PIPP) provides a whole-of-port framework **to increase Indigenous business access to the Port's procurement market to be 3 per cent of addressable spend by 2025.**

The PIPP acknowledges that not all port 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 departments working collaboratively with the procurement team to determine procurement activities for new Port 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 grants, legislative requirements, existing Standing Offer and Preferred Supplier Arrangements, or existing contracts.

The Procurement Team will identify a process to agree and provide an annual update on addressable spend.

6.3 A Targeted, Category Management Approach

The Port is in the process of establishing an agency-led procurement operating model to ensure departments are accountable for their own procurement activities within a whole-of-Port framework of legislation, procurement-related policies and standards.

Port of Townsville 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 port. There are three major categories of spend:

- Building, construction and maintenance
- General goods and services
- Information and communication technology

Through a category management approach, Officers can take a targeted approach to the PIPP, 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 PPP, 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 PIPP to be realised.

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For procurement spend related to categories, it will be the role of departments and whole-of-port category leads to identify opportunities for procurement with Indigenous businesses and develop a category strategy to explore and pursue areas of significant opportunity.

7. IMPLEMENTATION

The PIPP will align with the overarching PPP 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 PIPP will occur through a phased approach of six priorities:

- Enhance and develop capacity and capability of Indigenous businesses to successfully compete for Port 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 PPP and give officers confidence in applying the PIPP.
- Consult with departments 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 PIPP 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 North Queensland will be critical in understanding regionally specific economies and markets and ensuring challenges are identified and opportunities captured.

7.1 Roles

The PIPP is a procurement-related policy under the auspices of the PPP and acts as a framework to guide Officers and Departments in making informed decisions to increase procurement with Indigenous businesses.

Port Departments 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 PIPP and achievements towards relevant targets, as required.

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- Ensure existing Indigenous procurement-related procedures align and support the PIPP.
- Educate and upskill relevant departmental employees, including contractors and consultants acting on behalf of the Port, on the requirements of this policy, including the provision of cultural capability training.

7.2 Governance

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

7.3 Reporting

The reporting on the PIPP will be incorporated into the regular dashboard updates provided to the broader management group. The Executive Team will provide the necessary oversight.

A range of key performance indicators will be developed 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.

7.4 Supporting Tools

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

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