

Improving Aboriginal procurement in Local Government Report

Prepared for City of Greater
Bendigo, Loddon Shire and Mt
Alexander Shire Councils

Acknowledgement

We acknowledge the Traditional Owners of the land upon which we meet today, the Bunurong people and pay our respects to elders past and present.

**Provided by Liz Allen – A descendant of the Wurundjeri and Dja Dja Wurrung people
*Arcblue, Aboriginal business and employment lead***

Background Experience: Employment services, Level Crossing Removal Project, Lead Aboriginal Economic Broker for DPC, Victorian Government Social Procurement Framework, Local Government, Industry including local businesses and Communities.



Background and scope of this project

The City of Greater Bendigo, Loddon and Mt Alexander Shire Councils commissioned ArcBlue to conduct a feasibility study focused on identifying how to improve Aboriginal procurement outcomes across Local Government and specifically across the Bendigo Region.

The key deliverables for the project were to:

- ▶ **Undertake a feasibility study to investigate ways to improve Aboriginal Business procurement within government and to better understand the barriers facing local Aboriginal business across Central Victoria; and**
- ▶ **Assist Council staff in the adaption of LGV's Local Government Procurement Strategy for Greater Bendigo, Loddon and Mount Alexander.**

The key output was to ensure the region is best placed to realise an improvement in Aboriginal Business procurement, through

- Improved procurement approaches
- Practices
- Principles



Aboriginal procurement across the City of Greater Bendigo, Mount Alexander and Loddon Shire Councils

- key facts:

- ▶ There is limited visibility of Aboriginal businesses across the region
- ▶ To date only a relatively small number of Aboriginal businesses have been identified across the region
- ▶ The spend with these identified Aboriginal businesses is minor
- ▶ A targeted approach to Aboriginal procurement will increase both spend and supplier number metrics

0.06%

Percentage of City of Greater Bendigo FY18 spend with identified Aboriginal businesses

The Recognition Settlement Agreement between the State of Victoria and the Dja Dja Wurrung people

➤ In 2013 a Recognition Settlement Agreement (RSA) was signed between the State of Victoria and the Dja Dja Wurrung people to form a meaningful partnership founded on mutual respect.

➤ Schedule 6 of the RSA covers the Local Government Engagement Strategy. The Strategy outlines 12 key actions for local government input, and has the potential to offer significant on-ground and practical means to which to improve the economic and social standing of Aboriginal people and communities within the region.



Strategy Action E commits Councils to the following for Dja Dja Wurrung people through their Corporation:

“Contracting by local government of the Corporation and/or its subsidiaries to perform natural resources management or other work for which the Corporation and/or its subsidiaries have relevant expertise”

The Dja Dja Wurrung people proudly celebrated settlement at a moving cultural ceremony on 15th November 2013

Research

Leading Practice in Aboriginal Procurement

Indigenous Procurement Policies, Strategies and Frameworks	Aboriginal Procurement Measures	Description
Federal Government Indigenous Procurement Policy	<ul style="list-style-type: none"> ➤ 2011 The introduction of Exemption 17 to the Commonwealth Procurement rules ➤ 2015 The introduction of Indigenous Procurement Policy 	<ul style="list-style-type: none"> ➤ A targeted program of purchasing from Indigenous businesses ➤ A mandatory set aside value to direct some Commonwealth contracts to enterprises \$80,000 - \$200,000 ➤ Minimum Indigenous participation requirements for certain Commonwealth contracts ➤ From 1 July 2019, a target of 3% of the value of commonwealth contracts to be awarded to Indigenous businesses
Western Australia and New South Wales	<ul style="list-style-type: none"> ➤ Introduction of an Aboriginal procurement policy 	<ul style="list-style-type: none"> ➤ Implemented a target of 3% of contracts to be awarded to Indigenous businesses
Victorian State Government Social Procurement Framework	Commitment to a 1% Aboriginal business procurement target by 19/20.	<ul style="list-style-type: none"> ➤ Guidelines and implementation guidance for buyer and suppliers ➤ A resource platform for buyers and suppliers via vendor panel ➤ Mandatory development of a Social Procurement Strategy for all Government departments / Authorities ➤ Reporting to the Dept Treasury and Finance commencing 30/6/19

Leading Practice in Aboriginal Procurement

Indigenous Procurement Policies, Strategies and Frameworks	Aboriginal Procurement Measures	Description
Transport of Victoria	<ul style="list-style-type: none"> ➤ Targeting Aboriginal businesses as part of broader Social Procurement targets 	<ul style="list-style-type: none"> ➤ Major Transport Infrastructure projects ➤ 2.5% Aboriginal employment targets ➤ Social procurement targets including Aboriginal businesses and Social Enterprises
City of Melbourne (CoM)	<p>A targeted spend with Aboriginal businesses of .09% of it's annual budget (\$2.25M over three years)</p>	<ul style="list-style-type: none"> ➤ The target to be achieved in 2020 ➤ CoM have implemented related policy and processes ➤ Objective of embedding social outcomes rather than purely achieving financial outcomes ➤ Identifies a 'lead' resource to drive the agenda ➤ Identifies supplier capability and capacity as a challenge to procurement ➤ Identifies gaps in the marketplace against categories of spend ➤ Would like to encourage joint ventures and partnerships in their direct and indirect procurement practises.

Victorian Aboriginal procurement insights and barriers

The current landscape of Aboriginal businesses in Victoria suggests that:

- ▶ 78% are 100% Aboriginal Owned
- ▶ 96% are small businesses with less than 19 employees
- ▶ 78% are micro businesses with less than 4 employees
- ▶ 37% are been operating for 5 years+
- ▶ 46% employ 1 or more staff

(Small Business Victoria survey conducted April –June 2018)

Challenges for suppliers:

- ▶ Ability to build relationships and partnering to forecast opportunities increasing supplier development and innovation to undertake additional commercial contracts.
- ▶ To be able to negotiate terms and conditions that support SME's financially to be able grow their business

Procurement is often seen as transactional, and investing in relationships is not always an obvious consideration. In a recent survey 92% of Aboriginal businesses stated that they are in business for advance their communities and relationships were one of the highest priorities.

Challenges for buyers:

- ▶ There is often a perception of Aboriginal businesses in Australia and their ability to be able to perform.
- ▶ Buyers recognise that the Aboriginal business sector is not visible and easily identified
- ▶ The Aboriginal businesses are predominately small, medium enterprises and their capacity and scale remain a challenge.

Existing Aboriginal procurement opportunities in the region

The following spend categories have Aboriginal businesses operating within the Region:

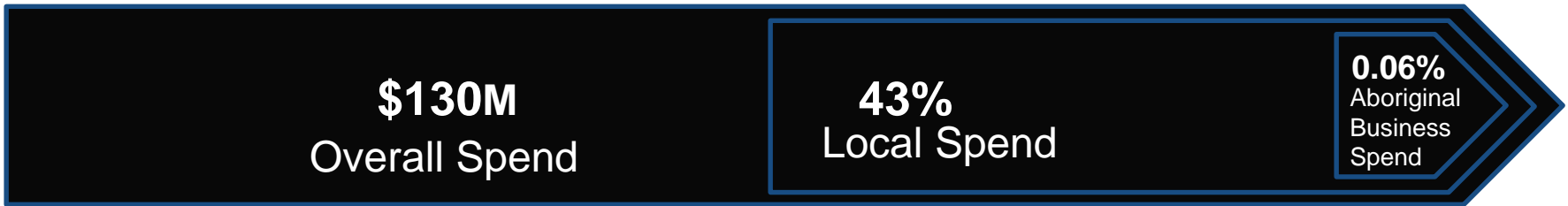
- ▶ Environmental policy and strategy
- ▶ Energy consultancy, renewable energy and training
- ▶ Roads and civil construction
- ▶ Heritage and environmental management
- ▶ Recruitment, training and development
- ▶ Arts, music and entertainment
- ▶ Education and training consultants
- ▶ Cultural education and tours
- ▶ Personal care and retail
- ▶ Photography services
- ▶ Road transport services
- ▶ Landcare, environmental and natural resource management services
- ▶ Domestic cleaning services
- ▶ Consultancy, facilitation and training
- ▶ Property development, project management and consulting
- ▶ Catering services

The following summarises the observations of the regions current Aboriginal procurement framework:

- ▶ Important to the Councils but clarity required on key program roles and performance measures
- ▶ No formal internal and external networks across the region
- ▶ Limited commercial engagement between the Councils and the Traditional Owner Groups
- ▶ Opportunities are not promoted to buyers / suppliers
- ▶ Not fully addressed in policy and procurement documentation
- ▶ No targeted program to increase spend
- ▶ No specific training conducted
- ▶ No supplier development program is in place

Current spend with Aboriginal Businesses at the City of Greater Bendigo

Based on a review of the procurement data of City of Greater Bendigo the following is a high level summary of their current level of activity with Aboriginal businesses.



Identified Aboriginal businesses used by Council **2**

Category Summary		Aboriginal Business Spend
Construction & Operations	\$37M	0.09%
Parks and Gardens	\$12M	0.16%
Repairs and Maintenance	\$6M	0.28%
Community Support and Events	\$7M	0.16%

What if we spent 1% on Aboriginal businesses in these categories?

- \$620K of spend with Aboriginal businesses

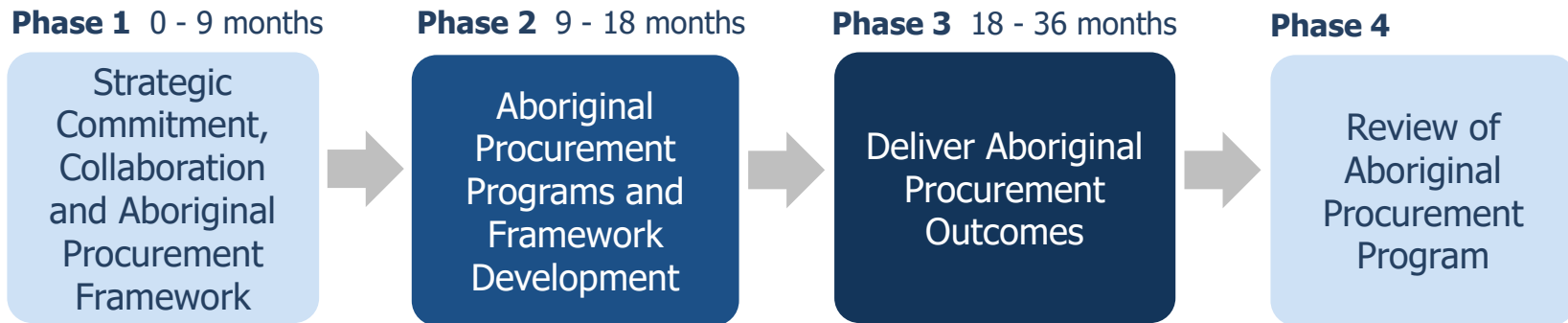
What if we spent 1% on Aboriginal businesses across all spend?

- \$1.3M of spend with Aboriginal businesses

Note: Figures based on FY18 Spend.

Proposed Roadmap

A four phase Aboriginal procurement roadmap has been developed for the region which initially focuses on strengthening the foundations of Aboriginal procurement, then builds to be able to develop and implement sustainable economic and social value through a robust framework which the Councils fully support with a post delivery review to be conducted on the program.



Aboriginal Procurement Roadmap Implementation Plan 2019-21			
Dimension	Phase 1: 0-9 months	Phase 2: 9-18 months	Phase 3: 18-36 months
Leadership	<ul style="list-style-type: none"> Gain executive approval for Councils Aboriginal Procurement Strategy Identify and establish program delivery including an Aboriginal procurement lead and senior lead for the collaborative program with the Traditional Owner Groups 	<ul style="list-style-type: none"> Review and develop Aboriginal procurement reporting program Investigate participating in the MAV IMAF Social Program to assist in the delivery of the Aboriginal procurement program Investigate reporting system options 	<ul style="list-style-type: none"> Implement Aboriginal Procurement reporting program Promote program success as part of the Aboriginal Procurement reporting program
Communication & Collaboration	<ul style="list-style-type: none"> Review structured internal Council networking program options Investigate regional collaboration framework options Investigate participating in GROW Heritage Program Establish the Councils and Traditional Owner formal collaboration program Explore funding options, such as the FAST program, to support the delivery phase of the regional Aboriginal procurement roadmap 	<ul style="list-style-type: none"> Establish and implement a structured internal Council networking program Establish and implement the agreed regional collaboration framework Implement the agreed short term actions of the Councils and Traditional Owner formal collaboration program Promote the use of Council wide Aboriginal procurement contracts and suppliers internally and clearly articulate opportunities externally 	<ul style="list-style-type: none"> Review and enhance the structured internal Council networking program Review and enhance the regional collaboration framework Implement the agreed medium term actions and commit to the long term actions of the Councils and Traditional Owner formal collaboration program Continue to promote the use of Council wide Aboriginal procurement contracts and suppliers and clearly articulate opportunities externally
Policy, Process & Practice	<ul style="list-style-type: none"> Review key procurement documentation and update the Procurement Policy Develop an Aboriginal procurement training program Identify Aboriginal businesses across the region 	<ul style="list-style-type: none"> Review and update all key procurement documentation Undertake an Aboriginal procurement opportunity analysis and establish a priority contract program Implement the Aboriginal procurement training program Establish a program to promote Aboriginal businesses across the region 	<ul style="list-style-type: none"> Undertake a review of key procurement documentation to ensure their currency Implement the priority contract program Review and evaluate the Aboriginal procurement training program
Supplier Development		<ul style="list-style-type: none"> Develop Supplier Development Program 	<ul style="list-style-type: none"> Implement Supplier Development Program
	Phase 4	<ul style="list-style-type: none"> Undertake a thorough review of all aspects of the Aboriginal Procurement Program 	
	Review of Aboriginal Procurement Program		

Short-term initiatives being delivered:

- ▶ Regional Aboriginal Procurement resource / officer – business case and position description developed to enhance Aboriginal Business Procurement within Loddon Mallee Region
- ▶ Changes to internal CoGB policies and systems:
 - CoGB Procurement Policy amended to reflect enhanced position on Aboriginal and Torres Strait Islander businesses
 - Schedule containing Aboriginal and Torres Strait Islander content added to CoGB Procurement Policy
- ▶ Aboriginal and Torres Strait Islander schedule with 10% weighting contained within appropriate Tender documentation
- ▶ Exemption from obtaining quotes for direct procurement from Aboriginal and Torres Strait Islander Procurement up to \$25k
- ▶ Increased collaboration between Councils on Aboriginal procurement:
 - Regionally through Regional Procurement Excellence Network (RPEN)
 - State-wide collaboration through Special Interest Group (SIG) meetings
- ▶ CoGB Procurement team have attended Aboriginal Cultural Awareness Training

Resources

MAV LEAP Social Program, GROW program

LEAP Social



Achieve your local economic and social objectives through **Social Procurement**

Across Victoria, businesses are recognising the significant impact that their procurement activity can have on social outcomes in communities.

LEAP Social provides access to leading social procurement tools and expertise to enable Councils to achieve positive social outcomes for their communities.

This unique program has been developed through a collaborative partnership of leading social procurement organisations, specifically for Local Government.

Program Benefits

Deliver Social outcomes to your community	Visualise Social Spending & track progress	Uncover Local & Social Procurement opportunities
Measure Economic & Social Impact	Access Leading Practice Expertise & tools	Access Social enterprises and suppliers in your municipality

For further details, pricing or to activate your subscription, contact:

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SOCIAL TRADERS



This program can be accessed via the LEAP Program subscription.

Growing jobs and the regional economy



Maximising the impact of local and regional spend on economic output and jobs

- Geelong, Bendigo, Ballarat, Shepparton

Growing jobs for target communities



Intentionally focussing on economic and social impacts for key target cohorts, including: young people, transitioning workers, Aboriginal, and long-term unemployed.

Gippsland Aboriginal business and employment lead activities