



# Indigenous Procurement Policy (IPP)

The IPP stimulates Indigenous entrepreneurship and business development, providing Aboriginal and Torres Strait Islander peoples with more opportunities to participate in the economy. Since 2015, the IPP has generated more than \$5 billion in economic activity for the Indigenous business sector.

## Policy context

Non-corporate Commonwealth entities must comply with the IPP. The IPP is a Procurement-Connected Policy, supporting government objectives through Commonwealth procurement activities.

The policy increases opportunities for Indigenous Australians to participate in the economy in three ways:

## Annual portfolio targets

1. Each portfolio has annual targets for the volume and value of contracts to be awarded to Indigenous enterprises. These targets are calculated based on a percentage of the expected number and value of eligible procurements in the upcoming financial year. The volume target is the equivalent of 3 per cent of eligible procurements awarded to Indigenous businesses each financial year. The value target is currently 1.5 per cent increasing incrementally to 3 per cent by 2027-28.

## Mandatory Set Aside

2. The mandatory set aside (MSA) provides Indigenous enterprises the opportunity to demonstrate value for money before a general approach to market. The MSA applies to all procurements delivered in remote Australia and for all other procurements wholly delivered in Australia with an estimated value between \$80,000 and \$200,000 (GST inclusive).

## Mandatory Minimum Requirements

3. Indigenous participation targets are mandated in contracts wholly delivered in Australia valued at \$7.5 million or more in 19 specified industry categories, known as the 'mandatory minimum requirements' (MMR). This includes a requirement that tender evaluations consider a tenderer's past performance against MMR targets.

## Why is the IPP so important?

The IPP has been a game changer. Since its inception in 2015, the IPP has generated over \$5 billion in Commonwealth contracts for Indigenous businesses. It continues to create economic opportunities for Indigenous businesses, people and communities. Indigenous business are far more likely to employ Indigenous Australians than mainstream businesses.

## Reporting

The NIAA is responsible for administering the policy and publishes portfolio performance information. Portfolios are responsible for reporting on contracts with Indigenous businesses through the IPP Reporting Solution (IPPRS).

**More information on the IPP visit [www.niaa.gov.au/ipp](http://www.niaa.gov.au/ipp).**