



**INDIGENOUS**

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# Aboriginal procurement target stays at 3 per cent

By [Mark Beyer](#)



Tony Buti said the government will continue to consult with Aboriginal businesses. *Photo: David Henry*

**T**he state government has opted for conservative targets with its updated Aboriginal procurement policy, as it revealed a fall in the value of contracts awarded to Aboriginal businesses.

Finance minister [Tony Buti](#) confirmed today that government agencies have been set a target of awarding three per cent of all contracts (by number) to Aboriginal businesses in the current financial year.

Despite the government proclaiming “bold” targets, three per cent is unchanged from the target that applied last financial year.

Mr Buti said the target for the current financial year (starting on July 1) was set by his predecessor Ben Wyatt in January and it reflected in part the uncertain impact at that time of COVID.

Under the updated policy released today, the target increases to four per cent of all government contracts by the year 2023-24.

However, this is below the procurement levels achieved in the first two years of the policy, of 4.77 per cent in 2018-19 and 5.55 per cent in 2019-20.

While the government has moved slowly on its targets, a breakdown of summary data released by the minister indicates that the number of contracts has continued to grow.

A total of 120 contracts were awarded to Aboriginal businesses in the six months to December 2020.

If that rate continued during the second half of the year, the annual total would exceed the number of contracts awarded in each of the two previous years – 179 and 234.

However, the value of contracts awarded in the six-month period was just \$40 million.

At that rate, the government will fail to match the value of contracts awarded in the two prior years – \$167 million and \$172 million respectively.

Those totals were inflated by a handful of very large contracts, so it’s possible the total for 2020-21 could also jump substantially.

Announcing the updated policy, Mr Buti said it would continue the momentum in supporting growth of the Aboriginal business sector.

“The McGowan government will continue to consult with the Aboriginal business sector and key stakeholders to further explore opportunities to increase the policy’s impact,” he added.

[IPS Management Consultants](#) executive director [Katina Law](#) said the policy had been a strong success in some sectors, but many departments and government trading enterprises were struggling to consistently meet their targets.

“We question why has there been a decrease in amounts being awarded to Aboriginal businesses, at a time when our economy is growing strongly,” [Ms Law](#) said.

IPS is an Aboriginal business and has worked with many other Aboriginal businesses helping them win more work.

"Our experience shows that behavioural change is happening too slowly, and many government buyers still do not think 'Aboriginal business first' when it comes to seeking quotes," Ms Law said.

"There are many capable Aboriginal businesses in WA that can provide value for money and do the work, but do not get a real crack at opportunities."

She believes there needs to be sustained education and training for procurement officers on the importance of the policy.

Ms Law called on the WA government to match its federal counterparts by making the policy mandatory.

"Where is the accountability when policy targets are not mandated?" she asked.

Ms Law said that under the Federal policy, all contracts between \$80,000 and \$200,000 need to be offered to Indigenous businesses first.

"A similar policy in WA would increase the amount of engagement," she said.

"Genuine engagement with Aboriginal businesses is vital in this process.

"We urge the WA government to show good faith in the ability of Aboriginal businesses in creating economic sustainability and development for local communities by making the target mandatory."

The Federal policy has both a volume target (three per cent of all contracts) and a value target (one per cent of 'accessible' contracts).

Mr Buti said under the federal policy, many contracts awarded to Aboriginal businesses were valued at less than \$10,000.

"In comparison, the WA Government's Aboriginal Procurement Policy is driven by percentage of contracts awarded and only contracts valued at \$50,000 and above counting towards policy targets," he said.

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