



Australian Government

Department of the Prime Minister and Cabinet

ONE NATIONAL CIRCUIT
BARTON

Mr Jason McNamara
Executive Director
Office of Best Practice Regulation
Department of the Prime Minister and Cabinet
1 National Circuit
BARTON ACT 2600

Email: helpdesk@obpr.gov.au

Dear Mr McNamara

Regulation Impact Statement –final assessment second pass

I am writing in relation to the attached Regulation Impact Statement (RIS) prepared for “More Indigenous Jobs through Commonwealth Procurement”.

I am satisfied that the RIS addresses your suggested revisions raised in your letter dated 25 June 2015. In regard to your general comments we have:

- provided clearer descriptions of how the strategies in Option 3 relate to the six main elements in the preferred option;
- elaborated on the stakeholder responses to the options being considered, including the estimated compliance costing changes; and
- responded to your request for further analysis in relation to the impact of the preferred option on Indigenous and non-Indigenous businesses.

In relation to your specific comments we provide the following response:

Options

1. We have included the words ‘status quo’ in reference to Option 2 (pages 7 & 16).
2. In the interests of clarity, we have reorganised the description of Option 3, moving descriptive details to other sections of the document, including to a new Attachment C.

Consultation

3. Additional detail and clarification has been provided in relation to the particular views of stakeholders during the consultation process. We have:
 - a. Provided information about the views expressed including dissenting views (page 7 onwards). The Forrest Review's consultation provided feedback from a range of stakeholders including the Indigenous business community. Recommendation 18 was further tested with stakeholders as part of the second round of Forrest Review consultations. There was strong demand for a strengthened procurement policy. The main criticism that the policy would not be effective in remote communities has been addressed in the policy through the application of the mandatory set-aside to all remote procurements, as well as through the consideration of higher Indigenous employment and supplier use requirements in remote locations under the mandatory minimum requirements.
 - b. Stated clearly that Indigenous businesses will not have a regulatory burden placed on them as a result of this policy.
 - c. Clarified that the costing assumptions were not directly tested with businesses during the development of the policy (page 22). Consultation with Supply Nation and Indigenous Business Australia did involve discussion around how to support Indigenous businesses and build the capacity of the Indigenous business sector to meet increased demand under the policy.
4. In relation to your question about how the 'value for money' criteria would operate in practice, we have clarified that the mandatory set-aside process does not override normal value for money considerations in the procurement process. Rather it means that, for certain procurements, Indigenous businesses must be provided an opportunity to quote for the good and/or services first (see page 4, footnote number 5).
5. There is insufficient data to support more analysis of the distributional impacts of the preferred option on non-Indigenous businesses. We are unable to estimate which government contracts will be won by Indigenous businesses rather than non-Indigenous businesses. We have, however, expanded our descriptions of the potential impacts on non-Indigenous businesses (pages 13 to 17).
6. The Regulatory costings have been resubmitted in the correct format and it has been clarified that the streamlining of Supply Nation's registration processes is part of the preferred option.

General

- 7 & 8. Suggested minor edits have been made (pages 24 and 11 respectively).

The regulatory burden to business, community organisations and/or individuals has been quantified and offsets have been identified using the Regulatory Burden Measurement framework. These have been agreed with your office.

Accordingly, I am satisfied that the RIS is compliant with the *Australian Government Guide to Regulation*.

I submit the RIS to the Office of Best Practice Regulation for formal final assessment.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Richard Eccles', written in a cursive style.

Richard Eccles
Deputy Secretary
Prime Minister and Cabinet
30 June 2015