

## Senate Finance and Public Administration Reference Committee

### ANSWERS TO QUESTIONS ON NOTICE

Supporting the development of sovereign capability in the Australian tech sector

6 May 2024

**Department/Agency:** Digital Transformation Agency

**Topic:** Indigenous Procurement Policy requirements for SMEs

**Asked by:** Dave Sharma

**Type of question:** Hansard

**Date set by the committee for the return of answer:** 24 May 2024

**Question on Notice Number:** DTA-ISC-004

**Number of pages:** 2

#### Question:

**Senator SHARMA:** That would be helpful. I'd like you to help me understand the Commonwealth procurement rules. A footnote in your submission reads: Exemption 16 and Exemption 17 in Appendix A of the Commonwealth Procurement Rules allows entities to directly engage a small and medium enterprise (SME) for procurement of goods and services from an SME with at least 50 per cent Indigenous ownership and procurements valued up to \$200,000 (including GST), or up to \$500,000 (including GST) for procurements by or on behalf of the Department of Defence ... Does that mean if you're an SME you cannot be selected for a contract over \$200,000 if you're not bidding for the Department of Defence?

**Mr Poels:** No, it doesn't. It's just a faster procurement process for a small procurement. That means you can source directly. It's just an enabler of SME participation of Indigenous businesses, but of course those businesses can be part of anything above \$200,000.

**Senator SHARMA:** I see, so it's a more streamlined procurement process for contracts of that value?

**Mr Poels:** Yes.

**Senator SHARMA:** And to qualify for that fast path you need to be at least 50 per cent Indigenous owned; is that right?

**Mr Poels:** Yes.

**Senator SHARMA:** Okay. Are there any other requirements about the nature of the Australian or sovereign SME for it to qualify? For example, can you set up a subsidiary if you're a multinational that qualifies as an SME and you find an Indigenous co-partner or something? I'm not suggesting people are gaming the system. I just want to understand how that works in practice.

**Mr Poels:** There are probably a few different layers there. Apart from the definition of 'SME' and 'Australian business', it doesn't bring into account some of the other requirements around procurement, which go to tax records and so forth. Perhaps we can take some of that detail on notice and come back to you. I would have thought that the requirements to put yourself into that space to try and circumvent some of those processes would be quite onerous, particularly since they're bespoke procurements—and not larger procurements, in any case.

**Answer:**

The Digital Transformation Agency follows the definition of SMEs in appendix B of the Commonwealth Procurement Rules, which states: “Small and Medium Enterprises (SMEs) – an Australian or New Zealand firm with fewer than 200 full-time equivalent employees.”