

Department of Treasury and Finance

BUY LOCAL POLICY

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Contact:

Department of Treasury and Finance
Procurement, Risk and Contract Management Branch
GPO Box 147
HOBART TAS 7001
Telephone: (03) 6145 5011
Email: purchasing@treasury.tas.gov.au
Website: www.purchasing.tas.gov.au

Contents

1.	Introduction.....	4
2.	Application of the Policy	4
3.	Enhancing Opportunities.....	4
3.1	Procurement planning and local participation	4
3.2	Economic and Social Benefits Test.....	5
3.3	Tasmanian Industry Participation Plans.....	5
3.4	Panel arrangements / standing offer contracts	6
3.5	Further information.....	6
4.	Reducing administrative burden	6
4.1	Simplified procurement documentation	6
5.	Communication, information and education	7
5.1	Advance notice of tenders.....	7
5.2	Provision of pre-procurement briefings.....	7
5.3	Providing feedback to suppliers	7
5.4	Tenders website.....	7
5.5	Purchasing website.....	7
6.	Transparency	7
6.1	Compliance reporting.....	7

1. Introduction

The Tasmanian Government is committed to ensuring that, where possible, expenditure by Government agencies on goods and services provides a corresponding benefit to the Tasmanian community.

The intention of the Government's Buy Local Policy is to increase awareness of the requirements for, and benefits in, buying locally and improve access to Government contracts for Tasmanian small and medium enterprises (SMEs).¹

The Policy:

- enhances opportunities for Tasmanian businesses to compete for Government business by:
 - requiring agencies to take into account the wider community and social benefits of purchasing decisions; and
 - promoting within Government the advantages of buying locally;
- reduces administrative burden on businesses providing services by simplifying procurement documentation;
- provides businesses (and Government agencies) with key information, tips, tools and training to effectively increase their future competitiveness to win government business;
- increases transparency in relation to Government procurement activities;
- ensures all suppliers have a full and fair opportunity to compete for Government business; and
- ensures the value for money principle is upheld.

2. Application of the Policy

The Policy applies to agencies required to comply with the Treasurer's Instructions issued under section 51 of the *Financial Management Act 2016*.

3. Enhancing Opportunities

Maximising the opportunities for Tasmanian businesses to compete for Government business stimulates competition and contributes to the achievement of Government policy objectives, such as industry development and employment creation. To this end, the Government requires its agencies to undertake procurement activity in accordance with the requirements and processes set out below.

3.1 PROCUREMENT PLANNING AND LOCAL PARTICIPATION

Agencies are required to ensure that the procurement planning process and the specifications issued do not disadvantage local suppliers. The aim is to ensure local suppliers are given every opportunity to participate and be successful in relation to Government contracts.

¹ Tasmanian SMEs are Tasmanian businesses employing less than 200 people. A Tasmanian business is a business operating in Tasmania that has a permanent office or presence in Tasmania and which employs Tasmanian workers.

Agencies must:

- prior to any approach to the market, undertake an assessment of the impact of the procurement on Tasmanian businesses to ensure that those businesses are given every opportunity to participate and be successful in relation to the procurement. Such matters would include consideration of how local industry participation will be maximised and what strategies can be developed to provide local industry with a full, fair and reasonable opportunity to participate; and
- disaggregate substantial procurement opportunities unless the benefits of aggregation clearly outweigh the potential negative impacts on local suppliers or the local economy.

For all competitive procurement processes valued at \$100 000 or more, agencies must approach at least two Tasmanian businesses, where Tasmanian capability exists.

For procurements valued at less than \$100 000, agencies should approach a Tasmanian business first, where there is local capacity, capability and value for money in local offerings.

3.2 ECONOMIC AND SOCIAL BENEFITS TEST

An Economic and Social Benefits (ESB) test applies to all competitive procurement processes valued at \$100 000 or more. The weighting to be applied to the criterion is 30 per cent (30%) of the total procurement evaluation.

For the assessment of this criterion, agencies are required to ask suppliers to complete an ESB Statement setting out the broader economic and/or social benefit(s) they can bring to the Tasmanian community should they be awarded the contract. The procuring agency may highlight specific economic and/or social outcomes that are being targeted as a result of the planned procurement activity. This focus must be communicated clearly to potential suppliers within the procurement documentation.

In responding, suppliers should consider the guidance information provided by agencies and outline how their supply of goods, services or works will result in a positive impact on the Tasmanian economy and wider community.

Suppliers that fail to submit an ESB Statement will not be able to be scored in relation to this criterion.

For procurement with a value of less than \$100 000, agencies should consider the objectives of the Buy Local Policy as a whole in the course of their procurement planning and when developing specifications and evaluation criteria.

3.3 TASMANIAN INDUSTRY PARTICIPATION PLANS

A Tasmanian Industry Participation Plan (TIPP) is a strategic document aimed at improving opportunities for Tasmanian SMEs in Government funded or resourced projects. The purpose of the TIPP is to assist in the development of Tasmanian SME industry and ensure that Tasmanian SMEs are provided with every opportunity to participate in both Government procurement activity and in major private projects that receive Government funding.

A TIPP is mandatory for all procurements with a value of more than \$5 million. For procurements with a value greater than \$2 million up to (and including) \$5 million, a TIPP may be required, at the discretion of the procuring agency.

In addition, proponents of private sector projects valued at over \$5 million that receive support, including in-kind support, valued at or greater than \$500 000 from the Government, are required to work with agencies to develop a TIPP.

3.4 PANEL ARRANGEMENTS / STANDING OFFER CONTRACTS

When establishing a panel arrangement, the usual Treasurer's Instructions apply including those relating to the Buy Local Policy:

- disaggregation must be considered and non-disaggregation approved;
- a pre-procurement plan relevant to the establishment of the panel is to be prepared and approved;
- local suppliers are to be approached to participate;
- the evaluation of panel members is to include application of the ESB test of 30 per cent; and
- for panels with an anticipated panel value of \$5 million or more, a Tasmanian Industry Participation Plan must be obtained from each of the panel members. Where the total panel value is unable to be estimated, it is recommended that agencies adopt a conservative approach and obtain Tasmanian Industry Participation Plans from all panel members.

Once a panel arrangement has been established, purchases from the panel are generally conducted in accordance with specific processes described in the original RFT documentation or the standing offer contract. Nonetheless, agencies must conduct purchases in a manner that is consistent with key principles, including value for money, effective competition and providing opportunities to local suppliers that wish to do business with Government.

As such, agencies should consider whether:

- a similar criterion to the Economic and Social Benefits test should be applied to competitive processes for purchases from the established panel; or
- the scores awarded for the ESB test when establishing the panel can be appropriately utilised in any subsequent competitive selection process for purchases from the panel.

When adopting such processes, agencies should ensure that they continue to adhere to the requirements of the *International Procurement Obligations* guideline, as they apply to purchases from panels.

3.5 FURTHER INFORMATION

For further information, refer to Treasurer's Instruction [PF-2 Policies impacting on procurement: All procurement](#) and the [Procurement Better Practice Guidelines \(Principles and Policies\)](#).

4. Reducing administrative burden

4.1 SIMPLIFIED PROCUREMENT DOCUMENTATION

Agencies are encouraged to develop and use simplified procurement documentation. The focus of these documents should be on using simpler language, more commercially reasonable terms and conditions and on reducing the compliance burden and paperwork for suppliers.

5. Communication, information and education

The Government appreciates that one of the most important tools for ensuring local business opportunities are enhanced is efficient and effective communication between suppliers and buyers.

5.1 ADVANCE NOTICE OF TENDERS

Advance notice of procurement activity gives suppliers the opportunity to plan their activities to ensure they have the appropriate capability and capacity to undertake future work. Agencies are encouraged to provide advance notice of future procurement opportunities wherever possible.

5.2 PROVISION OF PRE-PROCUREMENT BRIEFINGS

The ability to hear about, and ask questions in relation to, specific procurement requirements gives suppliers an opportunity to better plan their responses, thus increasing their chances of success. Agencies are encouraged to provide pre-procurement briefings for relevant procurement activity.

5.3 PROVIDING FEEDBACK TO SUPPLIERS

Supplier ability to successfully compete for Government work can be improved by suitable and timely feedback on unsuccessful attempts. As a result, agencies are encouraged to actively promote debriefing opportunities to unsuccessful suppliers with the aim of helping an unsuccessful supplier to submit a bid that is more competitive in the future by identifying the ways in which its offer could be improved.

Agencies are also encouraged to meet with existing service providers regularly to provide regular and constructive feedback on contract performance.

5.4 TENDERS WEBSITE

The Tasmanian Government's Tenders website, www.tenders.tas.gov.au, is a useful tool available to all suppliers. It provides timely information on Tasmanian Government tendering opportunities, including upcoming/future opportunities. The Tenders website's e-tendering system must be used by agencies to provide information on tendering opportunities.

By registering, suppliers can elect to receive automatic email notifications of new opportunities issued by agencies.

5.5 PURCHASING WEBSITE

The Tasmanian Government's Purchasing website available at www.purchasing.tas.gov.au has comprehensive information about agency contacts, finding and winning Government business, and a range of resources including checklists, useful links and frequently asked questions (see Winning Government Business section).

Information on Government procurement requirements including various publications, templates and checklists is available on the Buying for Government section of the Purchasing website.

6. Transparency

6.1 COMPLIANCE REPORTING

Agencies are required to report on compliance with the Government's Buy Local Policy in agency Annual Reports. These can be found on agency-specific websites.

Tasmanian Industry Participation Plans (or an executive summary of the TIPP) developed between agencies and successful suppliers are published on the Purchasing website at www.purchasing.tas.gov.au.

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