

# Buy Local Policy

A Guide for Government Agencies

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# Contents

- INTRODUCTION** 4
- APPLICATION OF THE POLICY** 4
- PURPOSE OF THIS PUBLICATION** 4
- ENHANCING OPPORTUNITIES** 4
  - Procurement principles 4
  - Procurement planning and local participation 5
  - Local benefits test 5
  - Tasmanian Industry Participation Plans 6
- REDUCING ADMINISTRATIVE BURDEN** 6
  - Simplified procurement documentation 6
- COMMUNICATION, INFORMATION AND EDUCATION** 7
  - Advance notice of tenders 7
  - Pre-procurement briefings 7
  - Providing feedback to suppliers 7
  - Using the Tenders website 7
  - Information for Agencies 8
  - Training 8
- TRANSPARENCY** 8
  - Compliance reporting 8
- TIPS FOR SUPPORTING LOCAL BUSINESS** 8
- IMPORTANT INFORMATION** 9
  - International obligations 9
  - Further information 9



## Introduction

The Tasmanian Government is committed to backing local businesses to create jobs and stimulate the economy to deliver growth. The Government's Buy Local Policy has been released to increase awareness of the requirements for, and benefits in, buying locally and improve access to Government contracts for small and medium enterprises (SMEs).

The Policy:

- enhances opportunities for local businesses to compete for Government business by:
  - requiring Government entities 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 entities) with key information, tips, tools and training to effectively increase their future competitiveness to win government business; and
- increases transparency in relation to Government procurement activities.

## Application of the policy

The new Buy Local Policy applies to inner-Budget agencies (and other entities subject to the *Financial Management and Audit Act 1990*).

## Purpose of this publication

The specific requirements for inner-Budget agencies (and other entities subject to the *Financial Management and Audit Act*) are contained in the Treasurer's Instructions and summarised in this document. This document provides guidance on the Policy as well as handy hints and tips to assist in meeting the Government's policy objectives.

## Enhancing Opportunities

Maximising the opportunities for local business 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.

### Procurement principles

The procurement principles require that all government procurement be undertaken in a way that is consistent with the principles of value for money, open and effective competition, ethical procurement and enhancing opportunities for local businesses. These requirements are encompassed in Treasurer's Instructions 1101 and 1201.

In particular, agencies must ensure that local businesses that wish to do business with the Government are given the opportunity to do so; that agency requirements do not unnecessarily

preclude local businesses from bidding and that the Government's Buy Local Policy requirements are adopted as required<sup>1</sup>.

The value for money principle must deliver quality outcomes at competitive prices while recognising the impact of procurement decisions on local businesses and economic development. Agencies should refer to the publication *How to Assess Value for Money*<sup>2</sup> for guidance information on value for money considerations and how to ensure that the benefits of buying locally are encompassed in the value for money assessment.

### **Procurement planning and local participation**

Agencies are required to ensure that the planning process and specification for any procurement does not disadvantage local suppliers<sup>3</sup>. In particular, agencies must:

- for all procurement processes, prior to any approach to the market, undertake an assessment of the impact of the procurement on local suppliers to ensure that local suppliers are given every opportunity to participate and be successful in relation to the procurement. For procurements with a value of more than \$50 000, a formal assessment must be conducted and approved prior to the procurement commencing; and
- disaggregate procurement opportunities unless the benefits of aggregation clearly outweigh the potential negative impacts on local SME suppliers/the local economy. In such cases, an exemption from the requirement to disaggregate must be approved by the Head of Agency prior to the procurement commencing<sup>4</sup>.

The Government's purchasing rules also require that for all purchases of goods and services, or building and construction/roads and bridges "works" procurement valued at more than \$50 000 but below \$250 000, agencies<sup>5</sup> must seek at least three written quotations, with at least two of those quotations sought from Tasmanian businesses where local capability exists. For procurements valued at \$250 000 or more, agencies must<sup>6</sup> seek at least two tenders from Tasmanian businesses, where local capability exists. A Tasmanian business is defined as "a business operating in Tasmanian that has a permanent office or presence in Tasmanian and which employs Tasmanian workers".<sup>7</sup>

### **Local benefits test**

The Tasmanian Government has implemented a local benefits test for all procurements with a value of \$50 000 or more. The test requires agencies to:

- request suppliers provide information on the impact on local SME<sup>8</sup> industry should they be awarded the contract; and

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<sup>1</sup> Treasurer's Instructions 1101(2)(f) and 1201(2)(g)

<sup>2</sup> Located on the Purchasing website at [www.purchasing.tas.gov.au](http://www.purchasing.tas.gov.au)

<sup>3</sup> Treasurer's Instructions 1119 and 1225

<sup>4</sup> An exception is provided in relation to common-use-contracts listed in the Treasurer's Instruction 1112.

<sup>5</sup> Treasurer's Instruction 1106(2) and 1206(4)

<sup>6</sup> Treasurer's Instruction 1107(2) and 1207(3)

<sup>7</sup> Treasurer's Instructions 1111 and 1213

<sup>8</sup> A "Local Small and Medium Enterprises/Local SME" is an Australian and New Zealand businesses employing less than 200 people.

- take that information into account in the evaluation process through the inclusion of a specific evaluation criterion. The weighting to be applied to the criterion must be at least 20 per cent (20%).

For procurements valued at less than \$50 000 (or where a formal evaluation process is not required)<sup>9</sup>, a formal statement by suppliers is not mandated. However, agencies are required to consider the objectives of the Government's Buy Local Policy as a whole in the course of their procurement planning and when developing specifications and evaluation criteria.

Detailed information and guidance is contained in the Treasurer's Instructions 1119 and 1225 and the *Tasmanian Industry Impact and Participation Policy and Guides*.

### *Tasmanian Industry Participation Plans*

The Treasurer's Instructions 1119 and 1225 require a Tasmanian Industry Participation Plan to be developed 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 Plan may be required, at the discretion of the agency.

Tasmanian Industry Participation Plans are also required to be implemented with proponents of private sector projects valued at over \$5 million that receive public support including in-kind support, valued at or greater than \$500 000 from the Government.

Agencies are to provide approved Tasmanian Industry Participation Plans or, where deemed more appropriate, an executive summary of the approved Plans to Treasury for publication.

Detailed information and guidance is contained in the Treasurer's Instructions 1119 and 1225 and the *Tasmanian Industry Impact and Participation Policy and Guides*.

## Reducing administrative burden

### *Simplified procurement documentation*

Treasury, in conjunction with Crown Law and industry, is developing simplified documentation for use in agency procurement activities. The focus of these documents will be on using simpler language and commercially reasonable terms and conditions. The aim is to reduce compliance burdens and paperwork for agencies and suppliers as well as making the documents easier to understand.

Some of these documents have already been released on the Purchasing website/Buying for Government section, and more will be progressively reviewed and released over time.

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<sup>9</sup> eg Pursuant to TI 1114 or 1217

## Communication, information and education

The Government's procurement policy supports, encourages or mandates the following:

### 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. Government agencies are encouraged to provide advance notice of future procurement opportunities on the Tenders website, under the Future Opportunities section.

### Pre-procurement briefings

The ability to hear about, and ask questions on, specific procurement requirements gives suppliers an opportunity to better plan their responses, thus increasing their chances of success. Government agencies are encouraged to provide pre-procurement briefings, where appropriate.

### Providing feedback to suppliers

Supplier ability to successfully quote for Government work can be improved by suitable and timely feedback on unsuccessful attempts. As a result, agencies are required to actively promote debriefing opportunities to unsuccessful suppliers<sup>10</sup> and provide debriefings on request<sup>11</sup>.

The primary purpose of the debriefing interview is to help the supplier to submit bids that are more competitive in the future, by identifying the ways in which its offer could be improved. Guidance information on how to conduct a debriefing is located on the Purchasing website.

Agencies are also encouraged to meet with existing service providers regularly to ensure they provide regular and constructive feedback on current performance. Agencies are also encouraged to request main contractors pass on appropriate feedback on performance to sub-contractors engaged by the head contractor on any particular contract.

### Using the Tenders website

The Tenders website must be used by agencies to provide information on open tendering opportunities<sup>12</sup> and for reporting on awarded contracts with a value of \$50 000 or more.

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<sup>10</sup> Treasurer's Instructions 1109(9), 1206(10) and 1207(14)

<sup>11</sup> Treasurer's Instructions 1106(9), 1107(11) and 1211 (10)

<sup>12</sup> Treasurer's Instructions 1110(2) and 1212(2)

## Information for Agencies

The Buying for Government section of the Purchasing website at [www.purchasing.tas.gov.au](http://www.purchasing.tas.gov.au) has comprehensive information on Government procurement policies and a range of resources including checklists, useful links and frequently asked questions.

## Training

Treasury oversees the development and delivery of training for Government officers on the Government's procurement requirements and best practice. Information on available courses is available from *The Training Consortium*.

# Transparency

## Compliance reporting

All agencies are required to report on all contracts awarded with a value of \$50 000 or more, on the Tenders website and again in their annual reports. Agencies are also required to complete a table summarising the level of participation by local businesses<sup>13</sup> with regard to all contracts and procurement processes with a value of \$50 000 or more.

In addition, where a Tasmanian Industry Participation Plan is required, agencies are to provide Treasury with copies of the Plans, or an executive summary of the approved Plans. Treasury will publish these on the Purchasing website.

As part of the Government's commitment to increasing transparency in relation to its procurement activities, it will additionally be requiring agencies to report on:

- procurements for which approval to aggregate has been given (in the agency annual report and quarterly to Treasury); and
- to Treasury quarterly on contracts (resulting from a procurement process) with a value of \$50 000 or more, not awarded to Tasmanian businesses.

Treasury will provide reports on this information to Government as appropriate.

## Tips for supporting local business

Government buyers should:

- actively seek bids from all capable local businesses, particularly from those that have previously requested the opportunity to compete for agency business;
- ensure that purchasing documentation does not disadvantage or exclude local businesses from competing successfully including considering disaggregation of procurements so smaller businesses can compete more effectively;
- incorporate into evaluation criteria issues such as:
  - delivery times;

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<sup>13</sup> A "Tasmanian business" is a business operating in Tasmania, which has a permanent office or presence in Tasmania and employs Tasmanian workers.

- timeliness of local backup and maintenance/servicing;
  - timely availability of spare parts/materials/key personnel;
  - reduced transportation costs;
  - utilisation of local knowledge;
  - lower travel and out-of-pocket expenses; and
  - the potential for creating strategic partnerships and cooperative product development;
- encourage local providers to become prequalified with the Department of Treasury and Finance for building and construction work;
  - send RFT documentation directly to identified local businesses at the time a tender is advertised;
  - encourage local suppliers to register on the Tenders website and to visit the Winning Government Business website (both located via [www.purchasing.tas.gov.au](http://www.purchasing.tas.gov.au));
  - provide information on agency websites about what the agency buys;
  - utilise the 'Future Opportunities' section of the Tenders website to advertise prospective purchasing opportunities; and
  - encourage and create good relationships with local businesses and industry bodies.

## Important information

### International obligations

A number of free trade and cooperative arrangements bind the Tasmanian Government, together with the Australian Government and all other state and territory governments. Under these, agencies are not able to discriminate against suppliers from the jurisdictions and/or countries with which those arrangements are in place (refer to the Treasurer's Instructions I102 and I202 for further information).

### Further information

The Buying for Government section of the Purchasing website at [www.purchasing.tas.gov.au](http://www.purchasing.tas.gov.au) has comprehensive information on the Government purchasing policies. Also refer to the following publications:

- *Buy Local Policy*;
- *Buying Locally: A guide for Tasmanian Businesses*;
- *Tasmanian Industry Impact and Participation Policy and Guides*; and
- *How to Assess Value for Money*.