

Department of Treasury and Finance

BUY LOCAL POLICY

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1. Introduction

The Tasmanian Government is committed to backing local businesses to create jobs and stimulate the economy to deliver growth. 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 small and medium enterprises (SMEs).

The Policy:

- enhances opportunities for local businesses to compete for Government business by:
 - requiring Government 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; and
- increases transparency in relation to Government procurement activities.

2. Application of the Policy

The Policy applies to agencies required to comply with the Treasurer's Instructions, issued pursuant to section 51 of the *Financial Management Act 2016*. The specific requirements of the Policy are contained in the Treasurer's Instructions, specifically Treasurer's Instruction PF-2 *Procurement Framework - Policies impacting on procurement: All procurement* and the associated Better Practice Guidelines.

3. 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.

3.1 PROCUREMENT PLANNING AND LOCAL PARTICIPATION

Government agencies are required to ensure that the planning process and specification for procurement does 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. Agencies must:

- 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. 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 SME suppliers/the local economy.

In addition, pursuant to Treasurer's Instruction *PP-2 Procurement Processes - Market Approaches*, for all procurement with a value of \$50 000 or more, where local capability exists, Government agencies must also approach at least two local suppliers.

3.2 LOCAL BENEFITS TEST

A local benefits test applies to all procurements with a value of \$50 000 or more. The test requires agencies to seek information from suppliers on the local SME¹ industry impact should they be awarded the contract. In responding, suppliers can outline how their supply of goods or services will provide a positive impact on the local industry and will ensure that local SMEs are provided with every opportunity to participate in the procurement.

This information is required to be taken into account by agencies 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%). Submission of the information is voluntary, however, suppliers that fail to submit the relevant information will not be able to be scored in relation to that criterion.

For procurements valued at less than \$50 000 agencies are to consider the objectives of this Policy as a whole in the course of their procurement planning and when developing specifications and evaluation criteria. As such, where an entity considers it appropriate, similar information may be required for those procurements.

3.3 TASMANIAN INDUSTRY PARTICIPATION PLANS

A Tasmanian Industry Participation Plan is a strategic document aimed at improving opportunities for local small to medium enterprise businesses in Government funded or resourced projects. The purpose of the Plan is to assist in the development of local SME industry and ensure that local small and medium enterprises (SMEs) are provided with every opportunity to participate in both Government procurement activity and in major private projects, funded partly by Government.

The Government has introduced a requirement for a Tasmanian Industry Participation Plan for large value procurements. It 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 Tasmanian Industry Participation Plan 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 Government agencies to develop a Tasmanian Industry Participation Plan.

4. Reducing administrative burden

4.1 SIMPLIFIED PROCUREMENT DOCUMENTATION

Government 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.

¹ Local SME are Australian and New Zealand businesses employing less than 200 people, consistent with the obligations under various free trade agreements and procurement arrangements by which the Tasmanian Government is bound.

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. Government 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 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 for relevant procurement activity.

5.3 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 encouraged to actively promote debriefing opportunities to unsuccessful suppliers with the aim of helping the supplier to submit bids that are 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 ATTENDING MEET THE BUYERS FORUMS

The Government regularly holds forums for suppliers interested in competing for government work. These will usually be advertised in all major local newspapers. The forums provide information on Government procurement policy, the resources available for suppliers and direct contact with government agencies.

5.5 TENDERS WEBSITE

The Government's Tenders website is a useful tool available to all suppliers that provides information on Tasmanian Government tendering opportunities. This 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.

5.6 PURCHASING WEBSITE

The Purchasing website at www.purchasing.tas.gov.au has comprehensive information about agency contacts, finding and winning business, and a range of resources including checklists, useful links and frequently asked questions (Winning Government Business section); and Government procurement requirements including various publications, templates and checklists (Buying for Government section).

6. Transparency

6.1 COMPLIANCE REPORTING

Government agencies will be required to report on compliance with the Government's Buy Local Policy. Further, all Tasmanian Industry Participation Plans, or an executive summary of the Plans, developed between Government agencies and successful suppliers will be published on the Purchasing website.

7. Further information

Refer to the *Procurement Better Practice Guidelines (Principles and Policies)*.

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