

Buy Local Policy

Version 3

August 2018

Title: *Buy Local Policy*

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ISBN 978-0-7246-5472-7 (PDF)

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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 Policy applies to inner-Budget agencies and other entities subject to the *Financial Management and Audit Act 1990*. The specific requirements for inner-Budget agencies are contained in the Treasurer's Instructions and in the publication *Buy Local Policy: A Guide for Government Agencies*.

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 entities to undertake procurement activity in accordance with the requirements and processes set out below.

Procurement principles

Procurement by Government entities should be undertaken in a way that is consistent with the principles of:

- value for money: this means achieving the desired quality outcome at the best possible price, after weighing up the costs and benefits of each proposal. It does not mean only accepting the lowest price;
- open and effective competition as well as compliance with ethical standards and observing the Procurement Code of Conduct: this means using transparent, open purchasing processes, adequately testing the market, avoiding biased specifications and treating all suppliers consistently and equitably, so that potential suppliers and the public can have confidence in the outcomes; and
- enhancing opportunities for local businesses: this requires buyers to actively seek involvement by local businesses, and to ensure that requirements do not unnecessarily preclude those businesses from bidding or otherwise disadvantage local suppliers.

Procurement planning and local participation

Government entities are required to ensure that the planning process and specification for any procurement does not disadvantage local suppliers. In particular, they 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. 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 opportunities¹ unless the benefits of aggregation clearly outweigh the potential negative impacts on local SME suppliers/the local economy.

For all procurement with a value of more than \$50 000, where local capability exists, Government entities must approach at least two local suppliers.

Local benefits test

The Government has introduced a local benefits test for all procurements with a value of \$50 000 or more. The test requires agencies to seek information from suppliers on the local SME² industry impact should they be awarded the contract. In responding, suppliers can outline how their supply of goods/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 Government entities 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 (or where a formal evaluation process is not required), a formal statement by suppliers is not mandated. However, Government entities are required 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.

Further information is contained in the Government's *Tasmanian Industry Impact and Participation Policy and Guides*.

Tasmanian Industry Participation Plans

For large procurements, the Government has introduced a requirement for a Tasmanian Industry Participation Plan. This is mandatory for all procurements with a value of more than

¹ Those with a combined contract value of \$250 000 or more.

² 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 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 entity.

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, will also be required to work with Government entities to develop a Tasmanian Industry Participation Plan.

Further information is contained in the Government's *Tasmanian Industry Impact and Participation Policy and Guides*.

Reducing administrative burden

Simplified procurement documentation

Government entities 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.

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. To this end the Government 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 entities are encouraged to provide advance notice of future procurement opportunities wherever possible.

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 entities are encouraged to provide pre-procurement briefings for relevant procurement activity.

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, Government buyers 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.

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

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 buyers.

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 inner-Budget agencies to provide information on tendering opportunities.

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

Purchasing website

The Purchasing website at www.purchasing.tas.gov.au has comprehensive information:

- for suppliers: on contacts within Government inner-Budget agencies, finding and winning business, and a range of resources including checklists, useful links and frequently asked questions including the publication *Buy Locally: A Guide for Tasmanian Businesses* (Winning Government Business section); and
- for buyers: on Government procurement requirements including various publications, templates and checklists (Buying for Government section).

Transparency

Compliance reporting

Government entities 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 entities and successful suppliers will be published on the Purchasing website.

Further information

Refer to the following publications:

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