Procurement
Better Practice Guidelines
(Principles and Policies)
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Introduction

The Financial Management Act 2016 provides for the management of the public finances of Tasmania in an economical, efficient and effective manner consistent with contemporary accounting standards and financial practices.

Treasurer’s Instructions are issued under section 51 of the Financial Management Act 2016 in respect of the principles, practices and procedures to be observed in the financial management of all agencies.

Better Practice Guidelines are intended to assist Accountable Authorities and responsible officers with their financial management responsibilities in the area of procurement. The Guidelines should be read in conjunction with the Treasurer’s Instructions.

This Better Practice Guideline provides information to assist in understanding Treasurer’s Instructions PF-1 to PF-6, which set out the principles and policies that apply to the government procurement framework in Tasmania.

Further information, forms, templates, checklists and publications are available from www.purchasing.tas.gov.au (the Purchasing website) and www.tenders.tas.gov.au (the Tenders website). All queries in relation to the Treasurer’s Instructions, this document and the website contents should be directed to purchasing@treasury.tas.gov.au (unless otherwise specified).

International Procurement Obligations

Tasmanian Government agencies are required to comply with procurement obligations set out in a number of international agreements. The International Procurement Obligations publication, available on the Purchasing website, sets out the mandatory requirements that relate to procurements covered by the international agreements. Please note that the International Procurement Obligations should be read in conjunction with the Treasurer’s Instructions and Better Practice Guidelines, as they impose additional requirements agencies need to be aware of when undertaking covered procurements.
Procurement Principles

Treasurer’s Instruction PF-I Procurement Framework - Procurement Principles applies.

Value for money

Value for money means achieving the desired outcome at the best possible price by weighing up the benefits of the purchase against the cost of the purchase. It does not necessarily mean purchasing the cheapest product or at the lowest price.

When undertaking procurement, value for money factors should be included in the specification and the evaluation criteria. The factors should therefore be considered at the beginning of a procurement.

The purpose of the specification is to communicate the buyer's requirements and to guide supplier responses.

Evaluation criteria are the standards that are used to assess how well an offer meets a buyer's requirements. They provide a mechanism for comparing offers by assessing the relative worth of different offers. The criteria should also be weighted to ensure that the matters that are considered most important are given a higher ranking.

Examples of value for money factors are:
- contribution to the achievement of Government policy objectives (including policies aimed at supporting local and regional business, industry development and employment creation);
- fitness for purpose and quality;
- service and support;
- the advantages of buying from or engaging local and regional suppliers (for example, shorter delivery times, local backup and servicing, the availability of spare parts and the potential for creating strategic partnerships and cooperative product development);
- risk;
- climate change and environmental considerations including energy conservation (refer page 13); and
- end of use disposal value.

Open, impartial and effective competition

Open, impartial and effective competition in the procurement process encourages competitive offers and ensures that suppliers and the public can have confidence in the procurement. Agencies should:
- adequately test the market using an appropriate process based on value, type, the market and risk;
- use transparent and appropriate purchasing processes;
• avoid biased specifications; and
• treat all suppliers consistently and equitably.

**Providing opportunities to local suppliers and adoption of the Buy Local Policy requirements**

Agencies should:

• ensure procurements are planned taking into consideration the impact on local suppliers;
• actively seek bids from local businesses, particularly from those that have previously requested the opportunity to participate;
• ensure that requirements do not unnecessarily preclude local businesses from bidding or disadvantage local suppliers; and
• comply with the [Buy Local Policy](#) (refer page 10).

**Observation of ethical procurement standards**

Acting ethically and applying appropriate standards ensures that:

• procurement processes are consistent with public expectations and can withstand public scrutiny;
• taxpayer money is appropriately spent;
• suppliers are treated fairly; and
• there is accountability for decisions.

Elements that promote and demonstrate ethical behaviour and high standards include:

• conducting business in the best interests of the State, avoiding situations that may impinge, or might be deemed to impinge, on impartiality;
• avoiding conflicts of interest and having agency processes in place to identify and deal with conflicts of interest. It is recommended that external participants in procurement processes be requested to declare conflicts and complete appropriate documentation where potential conflicts arise;
• spending public monies efficiently, effectively and in accordance with relevant policies;
• purchasing without favour or prejudice and maximising value in all transactions;
• establishing and maintaining procedures to ensure that fair and equal treatment and consideration is given to all suppliers or interested parties;
• ensuring communication with suppliers is prompt and courteous;
• minimising the cost to suppliers of participation in the procurement process;
• dealing honestly with suppliers;
• ensuring that the separation of roles and responsibilities between contractor and agency staff is maintained for the duration of the contract;
• complying with relevant policies that impact on purchasing activities, for example the *Gifts, Benefits and Hospitality Policy* and dealing with conflicts of interest;
• having agency processes in place to ensure that non-state servant participants in the procurement, for example, members of the evaluation committee or acting on behalf of the agency) meet the same standards as agency officers;
• ensuring that public sector probity requirements are met;
• complying with the National Code of Practice for the Construction Industry (and the Tasmanian Annexure to the National Code of Practice for the Construction Industry) (refer to page 19); and
• complying with State Service Code of Conduct requirements.

State Service Code: conflicts of interest and confidentiality

The State Service Code of Conduct (refer section 9 of the State Service Act 2000) establishes standards of behaviour and conduct that apply to all employees. Of particular relevance to procurement activity are the requirements for employees to “disclose, and take reasonable steps to avoid, any conflict of interest in connection with the employee’s State Service employment” and “maintain appropriate confidentiality about dealings of, and information acquired by, the employee in the course of that employee’s State Service employment”.

Probity

A procurement process should conform to the expected standards of probity. The process should have clear procedures and be consistent with the Government’s principles, policies and guidelines. The legitimate interests of bidders should be established, understood and observed throughout the procurement process.

Annex A - Probity Guidelines for Procurement provides information on probity in procurement, including an outline of the five essential principles to promote probity in procurement.

Maintaining accurate records

The level of records required to be maintained should be commensurate with the risk, value and complexity of the procurement.

Records should include information on:

• the reason for the procurement;
• the procurement method chosen;
• submissions received including the time and date of receipt (where relevant) and where specific suppliers have been requested to submit a response, information on those that have declined;
• evaluation criteria, weightings and scoring (where relevant);
• decisions made and the reasoning behind the decisions; and
• exemptions or approvals obtained.

During the procurement process, agencies should:

• document what questions were asked by suppliers and what information was provided;
• where possible, require questions from suppliers to be put in writing and respond in the same manner;
• ensure information provided to suppliers is limited to clarification of procedural issues or documentation; and
• ensure that any additional information provided to one prospective supplier is provided to all through the addenda process.
Records relating to procurement should be maintained in accordance with the Archives Act 1983. Other legislation which may impact on record keeping includes the Evidence Act 2001, the Electronic Transactions Act 2000 and the Libraries Act 1984.
Procurement Policies

Buy Local Policy

Treasurer’s Instruction PF-2 Procurement Framework - Policies Impacting on Procurement: All Procurement (clauses 2.5 - 2.16) applies.

The Government's policy is available in the Buy Local Policy publication, located on the Purchasing website.

Disaggregation

Approved class exemptions from the requirement to disaggregate are listed on the Purchasing website.

Pre-procurement local impact assessment

A non-mandatory template for formal assessments is available at Annex B - Pre-procurement local impact assessment template.

For procurement where a formal assessment is not mandated, an informal assessment of the impact of the procurement on Tasmanian suppliers and businesses is recommended. The form and content of the informal assessment is at the discretion and direction of the Accountable Authority.

Approaching Tasmanian Businesses

Provided at least two Tasmanian businesses are approached, the procurement may proceed irrespective of whether any Tasmanian suppliers respond.

Local SME Industry Impact / Local Benefits Test

The wording for the criterion is a matter for the agency. As an example, the criterion may be as simple as:

“Local SME industry impact as detailed in the completed Local SME Industry Impact statement – X per cent”.

For all procurement processes other than roads and bridges, Annex C - Local SME Industry Impact Statement template is to be used to seek information for this criterion. It is recommended that the template be attached to the procurement documentation when it is issued to suppliers.

For selective tendering processes, the request to suppliers for information and completion of the statement should occur at the time shortlisted suppliers are requested to provide a tender.

Completion of the statement by a supplier is voluntary. However, no score can be applied where suppliers fail to submit the information.
Agencies should assess suppliers against the criterion by rating the degree to which each supplier’s response has satisfied the criterion (that is, not treated as ‘met or not met’). Weighting is then applied. The test evaluates the impact on local SME industry if a supplier is awarded the contract. Therefore, any business, regardless of size or locale, is able to respond to the criterion, by demonstrating how its submission, and ultimately how any contract awarded to it, would benefit local SMEs.

For competitive processes valued at less than $50 000 and for non-competitive processes, the Accountable Authority should ensure that the agency complies with the objectives of the policy in the course of the procurement planning and when developing specifications and evaluation criteria.

**Tasmanian Industry Participation Plans**

For procurement processes where a competitive process has been undertaken, information provided by the supplier in response to the ‘local SME industry impact’ criterion may be used as the basis for the development of the Tasmanian Industry Participation Plan (TIPP).

Where a competitive process has not been undertaken, or the preferred supplier has not provided a Local SME Industry Impact Statement as part of their submission, a TIPP will need to be separately prepared.

For grants and private sector projects, the TIPP Executive Summary template (Annex D) and TIPP template (Annex E) should be adapted to suit the specific circumstances of the project.

Approved TIPPs are published on the Purchasing website.
**Tips**

Agencies are encouraged to:

- provide advance notice of future procurement opportunities on the Tenders website;
- provide pre-procurement briefings, where appropriate;
- ensure that agency requirements and purchasing documentation does not disadvantage or exclude local businesses or small to medium enterprises from competition, for example:
  - produce specifications that are appropriate for the purpose and which are readily understood by suppliers and contractors;
  - avoid non-standard specifications; and
  - avoid restrictive cash flow requirements, for example payment quarterly in arrears and the imposition of substantial bank guarantees where they are not essential requirements;
- consider incorporating into evaluation criteria matters such as:
  - delivery times;
  - timeliness of backup and maintenance/servicing;
  - timely availability of spare parts/materials/key personnel;
  - transportation costs;
  - travel and out-of-pocket expenses; and
  - the potential for creating strategic partnerships and cooperative product development.
- encourage Tasmanian providers to become prequalified with the Department of Treasury and Finance for building and construction works and for building and construction/roads and bridges consultancy work;
- encourage Tasmanian suppliers to register on the Tenders website and to visit the supplier information website (Winning Government Business);
- encourage Tasmanian suppliers to adopt modern technological solutions so as to enhance their prospects of successfully competing for Government business;
- provide information on readily accessible agency websites about what the agency buys;
- encourage and develop good relationships with local businesses and industry bodies;
- actively seek bids from as many capable Tasmanian businesses as is appropriate to the process, particularly from those that have previous requested the opportunity to do so;
- encourage prime contractors to give Tasmanian suppliers opportunities, as partners or subcontractors, to participate in major projects; and
- meet with existing service providers regularly to provide regular and constructive feedback on current performance.
Climate change and environmental considerations

Climate change and other environmental considerations should be considered in the planning design and documentation stages of a procurement. Relevant climate change considerations and criteria for inclusion in procurement documentation include:

- opportunities to reduce energy and fuel consumption;
- transport and waste disposal implications;
- environmental certifications;
- the supplier’s level of commitment and/or capacity to deliver positive climate change outcomes;
- carbon emissions in the production; and/or
- utilisation of a product or in the delivery of a service.

Consultants engaged by agencies should be made aware of the Government’s commitment to minimise climate change impacts and the commission brief should incorporate climate change related requirements where appropriate.

So long as they represent value for money, are of appropriate quality and functionality, and there are no technical reasons for not doing so, agencies should consider purchasing goods and services with the following attributes and options:

- efficient goods and mechanical services, for example vehicles, low energy light bulbs and low energy appliances;
- goods manufactured using energy efficient practices and processes which will contribute to minimal greenhouse gas emissions;
- goods which will contribute to minimal greenhouse gas emissions during operation;
- video or telephone conferencing as an alternative to vehicle and air travel;
- ‘green power’ (energy sourced from renewable sources) such as battery recharging systems;
- recycled or recyclable goods with recycled composition or components, for example recycled paper, remanufactured copier and printer cartridges, recycled tyre products and recycled plastic parks furniture, posts and signage;
- reclaimed materials, for example, crushed concrete aggregate, recycled building materials and recycled compost and mulch;
- goods which have less packaging than alternatives;
- goods with a take-back scheme at end-of-life;
- goods which guarantee longevity or are reusable, for example electronic goods designed to be recycled and refillable whiteboard markers;
- equipment that can use consumables made from recycled/recyclable materials;
- water efficient goods;
- goods manufactured with water efficient practices and processes which do not contribute to water pollution;
- goods such as refrigerants that do not involve the use of ozone depleting substances; and
- goods manufactured with water efficient practices and processes which do not contribute to decreased environmental flows.

Information on climate change is available from the Tasmanian Climate Change Office website. Helpful guides and examples of environmentally sustainable specifications for a number of products are available on the Australasian Procurement and Construction Council website.
Confidentiality

Information on confidentiality is contained in Treasurer’s Instruction C-1 Contracts - Disclosure and Confidentiality in Government Contracts and the associated Contracts Better Practice Guidelines.

Engagement of goods and services contractors (including goods and services consultants)

Treasurer’s Instruction PF-3 Procurement Framework - Policies Impacting on Procurement: Goods and Services (clauses 3.1 - 3.2) applies.

Reasons for engaging a consultant may include:

- the work is essential and the skills and expertise required are not currently available within the agency;
- the cost of undertaking the work "in-house" would exceed the cost of having the work performed by a consultant;
- the work is intermittent or “once-off” in nature;
- the experience of an external organisation is required; or
- there is a need for an objective, independent opinion.

Agencies are encouraged to:

- wherever possible, take the opportunity to use internal expertise, or to develop and retain skills in the Tasmanian State Service as an alternative to engaging a consultant or contractor; and
- where external expertise is required, take every opportunity to improve the knowledge and skills base of agency personnel during the period of the consultancy or contract and, where appropriate, facilitate skill transfer.

Full cost attribution policy on submissions from Government entities

Treasurer’s Instruction PF-2 Procurement Framework - Policies Impacting on Procurement: All Procurement (clause 2.17) applies.

A checklist for determining full cost attribution is available from Annex I. Further guidance in relation to full cost attribution requirements is available from economic.reform@treasury.tas.gov.au.

Information technology - intellectual property

The default position about the ownership of intellectual property rights in the Government Information Technology Conditions (GITC) head agreement (clause 56) is that intellectual property developed for the Crown vests in the Crown. For examples of alternative
clauses, see the GITC (located on the Purchasing website), specifically Ownership of IP - Schedule 4 and the Intellectual Property User Guide Note.

However, agencies may negotiate alternative intellectual property rights provisions with a company that wishes to pursue the commercialisation of developed intellectual property, unless this would interfere with the primary work or objectives of the agency.

Insurance requirements - building and construction/roads and bridges

Agencies should consider insurance issues as early as possible before any steps to undertake a procurement process or to engage a supplier are taken. Where a claim arises, or circumstances arise that could give rise to a claim, the Office of the Crown Solicitor (OCS) should be advised immediately or as soon as practicable.

Building and Construction Works - Principal Nominated Insurance

Treasurer’s Instruction PF-4 Procurement Framework - Policies Impacting on Procurement: Building and Construction/Roads and Bridges (clause 4.15) applies.

Information on the current policy, sub-limits and exclusions is available from the Purchasing website.1

A contractor should not be allowed to commence work until evidence has been received, by the superintendent or the agency that the Principal-nominated insurance is in place. Advice can be provided either through the Tenders website (for contracts above $50 000) or by emailing Annex F - Building Construction Contract Award Advice pro forma to the Government’s insurance broker. Contact details for the Government’s insurance broker are:

Jardine Lloyd Thompson (JLT)
GPO Box 126
Hobart Tasmania 7001
ph: (03) 6220 7401
email: Andrew.Ralph@jlta.com.au

The Government broker will issue an invoice for the premium to the person nominated by the agency in the form of advice (this is usually the contractor). The broker can also provide a brief summary of the policy and premium payable directly to the contractor if required. At the same time the Government broker issues the invoice for the premium, a copy will be emailed to the agency contact officer. This email will operate as evidence that cover has been placed.

Failure by the contractor to pay the premium on any Principal-nominated insurance will not invalidate the cover. If, after initial follow-up by the Government broker, a contractor fails to pay the premium, the Government broker will advise the agency designated contact officer to enable

1 A copy of the policy is also available from the Manager, Contract Management Unit, Procurement Risk and Contract Management Branch, Department of Treasury and Finance.
the agency to arrange for payment of the outstanding premium by the agency in lieu of the contractor.

The contract entered into with the contractor should enable the agency to recover the premium paid by it (where the contractor has failed to do so), plus an amount to cover the agency’s incurred costs, as a debt due to the Crown. Reference to the requirement to use the policy and information on premiums payable is included in the RFT major works building and construction templates prepared by the OCS.

Where the policy is required for minor works or in circumstances where the template RFT is not used, the agency should consult the OCS to ensure that the procurement documentation issued, as well as the ultimate contract with the contractor, will reflect the need for the contractor to use the Principal-nominated insurance policy.

When either the scope or cost of a contract is varied, the Government’s insurance provider should be advised of any changes that may affect the insurance requirements. The Government’s insurance broker has advised that it should be notified if:

- a contract is to be extended beyond that originally advised AND the contract period is likely to exceed 18 months from the date that the cover becomes effective (this the date of notification that the cover needs to be placed); and
- if there is a material change in risk in relation to the contract. Generally, this means a change to the contract outside of the original scope or specifications.

If in doubt, the agency should contact the Government broker for advice.

For works contracts which fall outside the policy coverage, agencies should contact the Government’s broker, prior to the release of the procurement, to ensure cover can be agreed and will be in place in a timely manner following the awarding of the contract.

**Consultancies**

*Treasurer’s Instruction PF-5 Procurement Processes - Engagement of Civil and Civic Consultants (clauses 5.19.4) applies.*

The level of insurance required by consultants should be appropriate to the identified risk exposure and be current at the time of the engagement.

The Department of Treasury and Finance will ensure that consultants registered with its Prequalification Scheme for Consultants have a minimum level of acceptable insurance cover at the time of registration. However, this minimum level may not be sufficient to appropriately cover the contract work being undertaken. Agencies should assess the risk associated with each project and adjust the level of cover required in the contract if necessary.

The current minimum levels of insurance required for registration under the Treasury Prequalification Scheme for consultants are:

- Professional Indemnity Insurance - $1 million; and
- Public Liability Insurance - $5 million.
Limiting liability by sharing the risks involved in complex, high-risk projects should only be considered by agencies in exceptional cases and with advice from the OCS.

Secondary and sub-consultants should have the same insurance requirements as the prime consultant.

Information in relation to risk assessment, suggested minimum levels of insurance per contract value and explanatory information in relation to the insurance types is available in the publication Guidelines: Professional Indemnity and Public Liability Insurance, located on the Purchasing website.

**Professional Indemnity Insurance**

Professional indemnity insurance applies only to ‘Design and Construct’ and ‘Design Develop and Construct’ contracts and is to cover any design or documentation of the works by the contractor or sub-contractor.

The policy should cover the contractor for liability to the principal for loss (whether economic loss or other) in a single occurrence arising from errors or omissions in design or documentation of the works carried out by the contractor or any subcontractor, as detailed in the table below:

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<th>Minimum amount</th>
<th>Maximum amount</th>
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<td>$1 000 000 or 20 per cent of the contract sum, whichever is the greater</td>
<td>$5 000 000</td>
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The policy should include at least one automatic reinstatement after claims have been paid.

The policy should be effected in terms approved in writing by the principal, before commencing work covered by the policies and should be maintained until the final payment certificate is issued. Before commencing work under the contract, agencies should require proof that the contractor has effected a professional indemnity insurance policy.

**Insurance of Employees**

Before commencing work, a contractor is obliged, under Australian Standard AS 2124-1992, Clause 20, to insure against liability for death of or injury of any persons employed by the contractor, including liability by statute or common law.

As soon as possible after the award of the contract and before any contract work commences, the project superintendent should seek proof of insurance cover from the contractor.

**Roads and bridges works insurance**

Insurance for roads and bridges works is managed and paid for by the Department of State Growth.
International Procurement Obligations

Treasurer’s Instruction PF-2  Procurement Framework - Policies Impacting on Procurement: All Procurement (clauses 2.1 - 2.4) applies.

Australia and New Zealand Government Procurement Agreement

The Australia and New Zealand Government Procurement Agreement (ANZGPA) is a cooperative arrangement between the Australian Government, the New Zealand Government and Australian state and territory governments (the ANZ jurisdictions). It applies to the procurement of goods, services and construction, irrespective of value, where undertaken by Government bodies (including statutory authorities) from the ANZ jurisdictions.

In order to ensure compliance with the Agreement, agencies should:

• conduct procurement activities in accordance with the spirit and intent of the agreement;
• not preference Tasmanian suppliers over those from another ANZ jurisdiction or discriminate against, be biased against or deny equal access or opportunity to any ANZ jurisdiction supplier2;
• provide equal opportunities to all ANZ jurisdiction suppliers;
• use value for money as the primary determination in all procurement decisions;
• achieve maximum practical simplicity and consistency in the application of procurement policies, practices and procedures; and
• debrief unsuccessful suppliers on request.

Exemptions

Although the circumstances are limited, some activities are exempted from the ANZGPA. The ANZGPA is available from the Australasian Procurement and Construction Council website.

Free Trade and World Trade Agreements

The Tasmanian Government is bound by procurement requirements in a number of international procurement agreements. The publication International Procurement Obligations (IPO) is available on the Purchasing website, and details the requirements that apply to procurement impacted by an international procurement agreement.

Exemptions

Specified purchases and goods or services are excluded from the international requirements. These are listed in the IPO. In addition, circumstances where limited tendering may occur are set out in the IPO.

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2 Tasmanian Government procurement policies and processes comply with the agreement including, for the purposes of the Buy Local Policy, defining local SMEs as including businesses from all ANZ jurisdictions.
National Code of Practice for the Construction Industry

Treasurer’s Instruction PF-1 Procurement Framework - Procurement Principles (clause 1.2), Treasurer’s Instruction PP-4 Procurement Processes - Works Procurement (clause 4.3) and Treasurer’s Instruction PP-5 Procurement Processes - Engagement of Civil and Civic Consultants (clause 5.3) apply.

The Tasmanian Government has committed to the application of the National Code of Practice for the Construction Industry. The National Code expresses the principles which Commonwealth, state and territory governments agree should underpin the future development of the construction industry in Australia and imposes requirements on both the agencies and suppliers. The Tasmanian Annexure details Tasmanian requirements including compliance and sanction mechanisms.

The Code is available from the Australasian Procurement and Construction Council website. The Tasmanian Annexure is available from the Purchasing website.

Parliamentary Standing Committee on Public Works

Treasurer’s Instruction PF-4 Procurement Framework - Policies Impacting on Procurement: Building and Construction/Roads and Bridges (clause 4.26) applies.

The Parliamentary Standing Committee on Public Works is required to scrutinise all major Government public works projects above a certain value, as detailed in the Public Works Committee Act 1914.

The value of a project should be determined taking into account the construction costs together with all consultant fees, equipment and fixed fit out costs. Where a project is to be constructed in stages spread over a period of several years and where the sum cost of the stages is expected to exceed the threshold, all stages should be considered by the Committee before construction commences on the first stage.

It is advisable to prepare for a Committee submission if the project budget (including consultant fees) is close to the relevant threshold.

A decision, in 1989, by both Tasmanian Houses of Parliament, has excluded Australian Government funded roads and bridges projects from the operations of the Act. In 1996, both Houses of Parliament also agreed to exclude road reinstatement projects that are generally contained within the road reservation from the operations of the Act. However, roads and bridges projects that are jointly funded by the Australian Government and the State Government are required to be referred in circumstances where the State Government's component is greater than the threshold above which works are to be referred to the Committee.
The submission

The information to be provided in the submission is determined by the Committee. Information on current requirements is located on the Purchasing website. Once a project has been approved, a copy of the approval should be placed on the procurement file.

Performance Security - building and construction / roads and bridges

Treasurer’s Instruction PF-4 Procurement Framework - Policies Impacting on Procurement: Building and Construction/Roads and Bridges (clauses 4.16 - 4.22) applies.

The form of performance security should be considered during the agency’s risk assessment in relation to the project.

An agency may choose to apply performance security requirements to works contracts valued at less than $250 000, at its discretion.

Unconditional Performance Bonds

The Crown has the discretion to approve or disapprove the form of an unconditional undertaking. Acceptable form and terms are contained in the Government’s approved bond template - refer Annex G - Unconditional Performance Bond template.

Treasury approved unconditional performance bond providers

Unconditional Performance Bonds may be accepted from the following companies while those companies maintain Standard and Poor’s claims-paying ability rating of not less than A minus (A-), and agree to use the Government’s approved form of Bond:

- Chartis Australia Insurance Limited;
- Chubb Insurance Company of Australia Limited;
- Swiss RE International SE; and
- Vero Insurance Limited.

Agency approved security providers

Acceptable form and terms are contained in the Government’s approved bond template (referred to above and contained at Annex G).

Where an agency is considering using an agency approved security provider, it should consider factors to avoid undue risks, such as the security provider’s exposure across other agencies and whether the contractor’s risk exposure is relative to the size of the security provider.

A list of security providers subject to APRA regulation along with further general information is available from the APRA website.
Time for Lodgement of Security

If a contractor fails to lodge the required security within the period allowed by the contract, the matter should be dealt with immediately and advice obtained from the OCS.

Retention monies

When allowing retention moneys as an option, agencies should consider the risks associated with the project and whether a proportion of upfront security should be required (in addition to retention) to mitigate those risks. Agencies should also consider other factors to avoid undue risk, such as whether a potential contractor has sufficient cash flow to allow retention amounts to be deducted from progress payments without causing adverse financial pressure.

Where security is in the form of retained receipts or deferral of payments, agencies must update the nature and timing of the financial impact of that security in their Budget estimates. For example, where funds are held until the end of a defects period, the agency should:

- Include this as part of annual Budget estimates (including updates to timing) through the annual Budget Development process in the first instance.
- If this is not possible, due to the receipt of necessary information after this process, an agency must:
  - Request a rollover in accordance with section 23(1) of the FMA for capital projects funded through appropriation; or
  - Adjust SPA receipts/expenditure in accordance with section 17 of the FMA for the timing differences for capital projects funded through agency own source revenue.

Pre-procurement industry consultation

Treasurer’s Instruction PF-2 Procurement Framework - Policies Impacting on Procurement: All Procurement (clauses 2.18 - 2.20) applies.

The requirement for a pre-procurement industry impact statement applies to all procurement, including limited tendering and direct selections, where the value of the procurement reaches the thresholds contained in the Treasurer’s Instruction.

An example template pre-procurement industry consultation report for use by agencies is available at Annex H - Pre-procurement Industry Consultation template.

The Secretary of the Department of Treasury and Finance will only approve class exemptions where satisfied that no local market exists or where the provision of such a report serves no useful purpose in relation to improving access for local suppliers. It is expected that such circumstances will rarely arise. Approved exemptions are listed on the Purchasing website.
Prequalified contractors and consultants - building and construction / roads and bridges

Treasurer’s Instruction PF-4 Procurement Framework - Policies Impacting on Procurement: Building and Construction/Roads and Bridges (clauses 4.3 - 4.14) applies.

The aim of prequalification is to classify contractors and consultants according to their expertise and capability in specific work categories and to prequalify those contractors or consultants for works up to a specific financial level. This enables streamlining of procurement processes for both agencies and suppliers.

To ensure contractors or consultants are not put to unnecessary effort and expense in preparing submissions, agencies should identify the relevant prequalification category and anticipated prequalification financial level as a guide and include this in procurement documentation and any advertisements and notices. The financial level nominated should be appropriate to the project, taking into account pre-tender estimates, but without unduly influencing costs or unnecessarily restricting participation by contractors or consultants.

For building and construction works and for consultancies, the list of the categories and maximum financial levels at which contractors or consultants is set out below.

<table>
<thead>
<tr>
<th>Department of Treasury and Finance Prequalification Scheme (Consultants)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
</tr>
<tr>
<td>Strategic Services</td>
</tr>
<tr>
<td>Management of Projects</td>
</tr>
<tr>
<td>Management of Maintenance</td>
</tr>
<tr>
<td>Heritage Conservation Planning</td>
</tr>
<tr>
<td>Project Services</td>
</tr>
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<td></td>
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<td></td>
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<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Department of Treasury and Finance Prequalification Scheme (Contractors)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
</tr>
<tr>
<td>Building works - institutional</td>
</tr>
</tbody>
</table>
A list of prequalified suppliers is available on the Tenders website (a Tenders website login is required to access the list).

Procurement documentation may be provided to a contractor or consultant that is not prequalified (or is not prequalified in the relevant prequalification category or to the required financial level) to enable the supplier to make an informed decision on whether to apply for prequalification or a change to existing prequalification levels. It will then be a matter for the supplier to ensure that they submit all relevant paper work, allowing sufficient time for the application to be assessed prior to the closing date of the procurement.

Where relevant prequalification categories do not exist, the standard procurement processes are to be adopted.

An agency is able to seek an exemption from the requirement to use prequalified contractors and consultants:

- from the Secretary of the Department of Treasury and Finance;
- prior to a supplier being sought (that is, not retrospectively);
- in exceptional circumstances; and
- by providing conclusive justification of the request.

All exemptions from the requirement to use a prequalified supplier, including the justification for the exemption, will be disclosed in the Department of Treasury and Finance annual report.

While it is only mandatory for an agency to use the Treasury Prequalification Scheme (contractors) for building and construction major works, this scheme may be used by an agency for minor works at its discretion.

**National Prequalification System for Non-residential Building (the NPS) - additional requirements**

As the NPS is a national scheme, not all of the checks and approvals required for the Tasmanian prequalification scheme are encompassed by the NPS. To ensure that suppliers prequalified under the NPS meet Tasmanian standards, the following additional requirements should be applied:

<table>
<thead>
<tr>
<th>Building works - residential</th>
<th>$25 million project cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mechanical Services</td>
<td>$5 million component cost</td>
</tr>
<tr>
<td>Electrical Services</td>
<td>$3 million component cost</td>
</tr>
<tr>
<td>Building Systems - Monitoring and Control</td>
<td>$3 million component cost</td>
</tr>
<tr>
<td>Fire Services</td>
<td>$2 million component cost</td>
</tr>
<tr>
<td>Facilities Management and Maintenance</td>
<td>$5 million annual cost</td>
</tr>
</tbody>
</table>
• procurement documentation should include clauses relevant to the use of the NPS and Tasmanian specific requirements (refer to the publication *Procurement Better Practice Guidelines (Procurement Processes and Documentation)*);

• evidence of compliance with the registration requirements of the Building Act 2016 should be sought and obtained from contractors as part of the tender response;

• a copy of the supplier’s NPS prequalification approval or a copy of their NPS Mutual Recognition certificate in Tasmania should be obtained as part of the tender response. Information on the currency of the certificates can be confirmed prior to evaluating tenders by contacting Treasury’s Contracts Officer on (03) 6166 4220 or at prequalified@treasury.tas.gov.au;

• an assessment of the financial capacity of the preferred contractor should be undertaken (refer to Treasurer’s Instruction PP-4 *Procurement Processes - Works*, clause 4.19.2); and

• ensure completion of a contractor performance report when the contract is completed or when it is terminated due to unsatisfactory performance.

**Performance reporting - National Prequalification System for Non-residential Building**

A pro forma report and information on how to prepare the contractor performance report is available from the [Australasian Procurement and Construction Council website](https://www.apcc.org.au).

Copies of completed reports should be forwarded to the Manager, Contracts at the Procurement, Risk and Contract Management Branch, Department of Treasury and Finance (via email to prequalified@treasury.tas.gov.au).

Reports will be available to Tasmanian agencies and to entities in other jurisdictions in accordance with the requirements of the NPS. For information on accessing reports, contact the Manager, Contracts at the Procurement, Risk and Contract Management Branch via email, as detailed above.

**Qualified suppliers - building and construction / roads and bridges**

Treasurer’s Instruction PF-4 *Procurement Framework - Policies Impacting on Procurement: Building and Construction/Roads and Bridges* (clauses 4.1 - 4.2) applies.

Information on relevant requirements may be obtained from the Director of Building Standards and Administrator of Occupational Licensing, Department of Justice. For clarity, the requirement does not apply to specific permits that may be required in order to undertake the project such as plumbing or building permits.

The requirement for the declaration is included in the OCS building and construction template procurement documentation. When not using those templates, it is recommended that agencies

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3 Performance reporting is not required in relation to suppliers prequalified with Treasury's Prequalification Scheme (Contractors) and Treasury's Prequalification Scheme (Consultants).
liaise with the OCS for assistance with the inclusion of relevant provisions in the procurement documentation.

**Standards and Codes**

Treasurer’s Instruction PF-1 *Procurement Framework - Procurement Principles* (clause 1.2), Treasurer’s Instruction PP-4 *Procurement Processes - Works Procurement* (clause 4.3) and Treasurer’s Instruction PP-5 *Procurement Processes - Engagement of Civil and Civic Consultants* (clause 5.3) apply.


**Australian Government requirements**

Where the Australian Government provides funding to projects that meet its contribution value thresholds, agencies may be required by the funding arrangement to comply with the Australian Government *Code for the Tendering and Performance of Building Work 2016* and the Australian Government building and construction industry *WHS Accreditation Scheme*. Information on these requirements is located on the Purchasing website.

**Tasmanian Government Art Site Scheme**

Treasurer’s Instruction PF-4 *Procurement Framework - Policies Impacting on Procurement: Building and Construction/Roads and Bridges* (clause 4.24) applies.

The Tasmanian Government Art Site Scheme is administered by Arts Tasmania and requires that a percentage of the project capital works estimate for relevant Government construction and refurbishment projects is allocated to the purchase or commissioning of artworks. The scheme does not apply to building maintenance works, residential housing works, roads and bridges projects nor to the procurement of goods or services.

The architect, the agency, the building user and the Public Art Officer develop the artist’s brief. The best results are achieved from the scheme when artworks are integrated into the building design or fabric. To achieve this outcome Arts Tasmania should be consulted early in the project planning stage.

Background information on the Scheme is available at Arts Tasmania.

**Tasmanian Wood Encouragement Policy**

Treasurer’s Instruction PF-2 *Procurement Framework - Policies Impacting on Procurement: All Procurement* (clause 2.21) applies.

This policy is administered by the Department of State Growth. A copy of the policy is available from the Purchasing website or from forests@stategrowth.tas.gov.au. All queries in relation to the policy are to be directed to the Department of State Growth.
Training Policy - Building and Construction

Treasurer’s Instruction PF-4 Procurement Framework - Policies Impacting on Procurement: Building and Construction/Roads and Bridges (clause 4.23) applies.

This policy is administered by the Department of State Growth. Details of the policy requirements are available from the Skills Tasmania website. All queries in relation to the policy are to be referred to Skills Tasmania.

Vehicles - requirement to meet minimum greenhouse CO₂ emission requirements

Treasurer’s Instruction PF-3 Procurement Framework - Policies Impacting on Procurement: Goods and Services (clauses 3.6 - 3.7) applies.

Information on the minimum Greenhouse CO₂ emissions that apply to Government vehicles is available at Government Vehicle Emissions Policy - Frequently Asked Questions, or from the Tasmanian Climate Change Office.

Whole-of-government common-use contracts

Treasurer’s Instruction PF-3 Procurement Framework - Policies Impacting on Procurement: Goods and Services (clauses 3.3 - 3.5) applies.

Department of Treasury and Finance contracts

Details of the goods and services encompassed by the common-use contracts established by the Department of Treasury and Finance are set out below:

<table>
<thead>
<tr>
<th>Contract ID</th>
<th>Contract Title</th>
<th>Mandatory</th>
</tr>
</thead>
<tbody>
<tr>
<td>A001</td>
<td>Advertising - Television (Master Ordering Arrangement)</td>
<td>Yes</td>
</tr>
<tr>
<td>A003</td>
<td>Advertising - Print Media Services for Vacancy Notices, Tenders and Public Notices</td>
<td>Yes</td>
</tr>
<tr>
<td>A004</td>
<td>Advertising - Radio (Master Ordering Arrangement)</td>
<td>Yes</td>
</tr>
<tr>
<td>Actuarist</td>
<td>Tasmanian Risk Management Fund and Public Sector Superannuation - Actuary</td>
<td>No</td>
</tr>
<tr>
<td>BK03</td>
<td>Government Banking Services</td>
<td>Yes</td>
</tr>
<tr>
<td>C106</td>
<td>Cartage, Interstate Air Freight</td>
<td>Yes</td>
</tr>
<tr>
<td>Contract ID</td>
<td>Contract Title</td>
<td>Mandatory</td>
</tr>
<tr>
<td>------------</td>
<td>--------------------------------------------------------------------------------</td>
<td>-----------</td>
</tr>
<tr>
<td>C150</td>
<td>Information and Communications Technology Hardware Contract</td>
<td>Yes</td>
</tr>
<tr>
<td>DRS 2018</td>
<td>External Debt Recovery Panel</td>
<td>Yes</td>
</tr>
<tr>
<td>F200</td>
<td>Fleet Management Agreement</td>
<td>Yes</td>
</tr>
<tr>
<td>FAA</td>
<td>Tasmanian Risk Management Fund - Fund Administration Agent</td>
<td>Yes</td>
</tr>
<tr>
<td>ICT PS 2017</td>
<td>ICT Professional Services Panel</td>
<td>No</td>
</tr>
<tr>
<td>L300</td>
<td>Leasing Finance Facility</td>
<td>Yes</td>
</tr>
<tr>
<td>P450</td>
<td>Petroleum Products</td>
<td>Yes</td>
</tr>
<tr>
<td>TRMF 2017-1</td>
<td>Tasmanian Risk Management Fund - Rehabilitation Service Provider Panel</td>
<td>Yes</td>
</tr>
<tr>
<td>V672</td>
<td>Vehicles</td>
<td>Yes</td>
</tr>
<tr>
<td>V675</td>
<td>Vehicles Hire and Drive</td>
<td>Yes</td>
</tr>
</tbody>
</table>

**Department of Premier and Cabinet contracts**

**Networking Tasmania whole-of-government contracts**

These contracts are to be used for data communications, hosting, internet and related services. These contracts cover core services (including central switching, security, gateway and filtering services), connection services, data centre as a service, infrastructure as a service, internet services and Government directory services.

Agencies may also purchase a number of optional services under the contracts including local area network as a service (both fixed and wireless).

**Integrated communications services contracts**

For these contracts, depending on the component, the Department of Premier and Cabinet (Digital Strategy and Services Unit) may provide the services, establish agreements under which the services may be purchased, or establish technical standards relating to the services. If an agency has a niche requirement, for example in relation to security or interconnection with a system maintained by another jurisdiction or third party, DSS can assist the agency to meet that requirement while using the Government’s integrated communications services and arrangements.

Information on both the Networking Tasmania contract and Integrated Communication Services arrangements is available from DSS at digital@dpac.tas.gov.au.
Annex A - Probity Guidelines for Procurement

Probity principles include:

- open competitive processes;
- fairness, consistency and transparency of process;
- identification and resolution of conflicts of interest;
- accountability in relation to decision making; and
- monitoring and evaluating performance.

The broad objective of the probity process is to:

- ensure conformity to processes designed to achieve value for money;
- provide accountability;
- ensure that all bids will be assessed against the same criteria;
- preserve public and bidder confidence in government processes; and
- improve defensibility of decisions to potential legal challenge or other external scrutiny.

Open competitive processes

A competitive process for procurement should be used unless otherwise provided for in the Treasurer’s Instructions. This means that:

- market testing should be undertaken on a regular basis as it allows new suppliers the opportunity to compete, encourages existing contractors to improve performance and has the potential to identify new procurement solutions; and
- project specifications should be reflected in predetermined evaluation criteria, and include the expected outcomes and the skills and expertise expected of the service provider.

Fairness, consistency and transparency of process

Potential suppliers should be treated equally and all suppliers should have the same opportunity to access information and advice. This means that:

- Evaluation criteria and weightings are established and documented prior to the calling of bids, they are not biased and are not changed during the procurement process unless all bidders are given an opportunity to revise their bids. The criteria is available to all potential bidders.
- Bids are evaluated consistently, in a systematic manner against these predetermined criteria.
- All bidders have access to the same information and for the same amount of time.
- Confidential information is protected, in accordance with the requirements of the Government’s confidentiality policy requirements.
- Common deadlines, including dates for submission of bids, should be enforced, and any extension of time permitted must be granted to all bidders.

Identification and resolution of conflicts of interest

- Policies to deal with potential conflicts of interest should be in place within the agency.
- Members of an evaluation committee should disclose any actual, perceived or potential conflicts of interest prior to their appointment.
• Bidders should be required to divulge all potential conflicts of interest at the time they offer to provide services.

**Accountability in relation to decision-making**

• Accurate records should be kept during the procurement process to justify the process and decisions made. These records should detail evaluation criteria, weightings, decision-making processes and decisions made. They should provide sufficient information to enable an audit and independent review functions to be carried out.

• Bids, submissions, expressions of interest etc, should be evaluated by more than one person, preferably a panel.

• The appointment of a Probity Adviser should be considered for large, complex or controversial contracts, as they can provide external scrutiny and ensure integrity of process.

**Monitoring and evaluating performance**

• Regular and systematic monitoring of contractor performance during the term of the contract should be undertaken to determine whether milestones are being met and that key performance indicators are being satisfied. Milestones and key performance indicators should be developed during the planning stages of the purchase, specified at the time bids are sought and finalised during negotiations with the preferred supplier prior to the contract being awarded.

• An evaluation should be undertaken at the end of the contract to determine whether the contractor has met the needs of users and delivered the required outputs and outcomes identified at the time the contract was initially established. The identification of innovative approaches, useful specifications, evaluation criteria, and problems experienced will greatly assist in improving future procurement processes.

**External Probity Services**

**Probity Adviser**

Probity advising involves the engagement of a consultant, who is external to and independent of a procurement process to:

• provide scrutiny of the procurement process, to ensure that prescribed processes have been or are adhered to;

• provide advice on probity issues which may arise before and during the procurement process; and

• ensure that the process is equitable and conducted with integrity.

The probity adviser can provide an independent opinion on probity issues that may arise during the process and confirm, in writing, that the concluded process has met all probity requirements. This advice would involve confirmation that a procurement process followed applicable government policies and that the evaluation process was conducted in accordance with the process set out in the evaluation guidelines issued to bidders.
Probity Adviser vs Auditor

The terms “probity auditor” and “probity adviser” are generally used interchangeably. However, a probity adviser is more actively involved providing advice on probity issues, which may arise, together with advice on strategies to overcome potential problems. The pro-active approach by the probity adviser should help to achieve best practice procurement processes and outcomes.

A probity auditor’s role is more generally confined to observing and reviewing the procurement process after it has been completed. It is expected that in most cases agencies will engage probity advisers, as opposed to probity auditors.

While a probity adviser can be engaged at any stage during the procurement process, for best results it is recommended that they be engaged early on in the procurement process.

What does Probity Advising achieve?

The immediate task of a probity adviser is to ensure that the procurement process is open and fair. In this regard, responsibilities of relevant participants, such as the evaluation committee conducting the evaluation need to be determined.

Probity advising ensures the process is:

• open and fair;
• not tainted by interference by any interested party;
• conducted in compliance with government policies and guidelines; and
• secure and confidential.

The probity adviser, upon completion of the process:

• confirms the process is fair and nothing more needs to be done;
• recommends how to supplement future processes;
• advises how to redress any errors or omissions; and
• as a last resort, recommends the process be repeated.

Do I need to engage a probity adviser?

Issues of probity need to be considered for all procurements. Agency procurement processes incorporate a number of review mechanisms, including the agency Procurement Review Committee, that assess the process to ensure it has been fair and equitable, and that the procurement principles and procedure, outlined in the Treasurer’s Instructions have been followed. For difficult or complex procurements, a procurement plan should be developed and it is during this time that a decision should be made as to whether a probity adviser is required.

Key factors to consider deciding to engage a probity adviser are:

• the value of the transaction, that is, is it of high value (> $500 000);
• the complexity or potential contentious nature of the procurement;
• risk that the integrity of the project may be questioned;
• history of controversy or litigation;
• it is anticipated that a bid may be received from within the agency, or from another Tasmanian Government entity;
• the matter is politically sensitive;
• the nature of the market place makes bidder grievances more likely; and
• there is a high probability of conflict of interest, associated with the purchasing process or participants.

Once engaged, the probity adviser will assist in anticipating problems and preventing them from arising, through suggesting workable solutions to keep the project on track.

Selecting a Probity Adviser

Generally, all probity advisers are to be engaged in accordance with the usual procurement procedures detailed in the Treasurer’s Instructions. However, the Department of Treasury and Finance has established a multi-use list (the Probity Adviser Directory) to assist agencies in streamlining the process of selecting a probity adviser.

Probity advisers have been selected to be on the list based on the following criteria:
• demonstrated understanding of probity issues in a government context and independence from government;
• proven experience in dealing with probity issues in a relevant field;
• ability to analyse complex issues;
• high level inter-personal and communication skills; and
• professional conduct.

It is not mandatory for agencies to use the list. However, if the procurement is not impacted by free trade agreement requirements and the agency uses the list exclusively, the process is simplified. Where an agency chooses to use the list, the mandatory procurement requirements are set out in Treasurer’s Instruction PP-2 Procurement Processes - Market Approaches.

Prior to engaging a probity adviser, an agency should seek advice that the adviser does not have any conflicts of interest and evidence of current professional indemnity insurance.

Project Brief and Scope of Work

The scope of work will vary with the size, cost and complexity of a project. Broadly, it may be necessary for a probity adviser to undertake some or all of the following tasks:
• check that procedures are documented and conducted fairly, impartially and honestly;
• examine and evaluate information and processes;
• advise on the management of probity issues that may arise;
• document significant findings, recommendations and considerations; and
• provide a final report to the agency which includes the probity’s adviser’s opinion of the process.
What if a Probity Adviser Criticises a Process or Decision?

An important role of the probity adviser is to report any act or omission they observe in a procurement process that affects, or may affect, its integrity. This role must be agreed at the outset and form part of the probity adviser’s terms of engagement.

The probity adviser should have full and free access to all aspects of the process they are engaged to assess. The probity adviser should ultimately report to, and have direct access to, the Accountable Authority concerned, should matters worthy of comment arise.
## Annex B - Pre-procurement local impact assessment template

<table>
<thead>
<tr>
<th>Pre–procurement local impact assessment (to be completed by Agency)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Procurement No.  xxxx</strong></td>
</tr>
<tr>
<td><strong>Procurement Title: XXXX</strong></td>
</tr>
</tbody>
</table>

The purpose of this form is to document an assessment of the procurement on local suppliers. The form is required to be completed for roads and bridges works procurements with a value of more than $500 000 and all other procurement processes valued at $250 000. The form must be approved by the Head of Agency (or duly authorised delegate - refer TI PF-2) prior to advertising or issuing procurement documentation.

Prior to approval of this form, the Head of Agency must be satisfied local suppliers are being given every opportunity to participate and be successful in the planned procurement.

### Background

<table>
<thead>
<tr>
<th>Agency</th>
</tr>
</thead>
</table>

| **Description of procurement** | |
| Provide a description of the procurement sufficient to clearly identify what is being procured, for what purpose, quantities, etc. |

| **Estimated value of the procurement** |
| Provide estimate of cost(s) over total contract term eg purchase cost, maintenance cost, whole-of-life, etc. Indicate whether or not options to extend the contract will be provided and if so, include an estimate of the value of those extensions should the options be exercised. |

| **Contract period** |
| State the period of the contract noting any options to extend to be included in the eventual contact. |

| **Relevant industry sectors** |
| Detail the industry sector(s) that will be relevant to the proposed procurement (including those relevant as a component of the supply chain, where appropriate). |

| **Local and regional markets and suppliers** |
| Identify relevant local/regional markets/industry sectors together with the prospects of local suppliers being able to compete competitively. |
### Impact on business and local community

Include an assessment of whether the procurement will have a significant impact on local business and the costs and benefits involved. In particular, provide detail of the impacts on local markets/communities and suppliers if the contract was awarded locally. This should focus on the value of the contract and how many jobs would be expected to come from it, how many of these jobs would be filled locally and how much of the money from the contract would be spent locally etc.

Provide information on any money to be spent and jobs which will still be created in the region regardless of the organisation the contract is awarded to (ie if the procurement is not awarded locally).

### Enhancing local opportunities

Demonstrate how the planning process, including the chosen procurement methodology, the intended specifications and evaluation criteria (where applicable), will take into account impacts on local and regional markets and provide maximum opportunity for participation by local suppliers.

Provide details of any steps that are to be taken to ensure that local suppliers will not be disadvantaged where competing with other suppliers ie unpacking of procurements into smaller components so that local businesses can compete more effectively; any benefits of buying locally factors that have been included in the value for money considerations, etc.

Provide details of consultation (or intended consultation) with local industry/markets (including those in potential supply chains).

Provide details of any advice to be provided to the market generally in relation to the forthcoming procurement opportunity (including where applicable, whether the procurement opportunity will be ‘advertised’ on the Future Opportunities section of the Tenders website).

### Tasmanian Industry Participation Plan

Indicate whether based on either the contract value or at the Agency’s discretion, a Tasmanian Industry Participation Plan is required.
Completed and endorsed

Signed: ______________________________________

Procurement officer

Name: ______________________________________

Position: ____________________________________

Date: ________________________________________

Signed: ______________________________________

Head of Agency (or duly authorised delegate)

Name: ______________________________________

Position: ____________________________________

Date: ________________________________________

Note (1): For high value procurements, agencies may choose to combine the contents of this form with the Pre-procurement Industry Consultation form, to remove duplication and streamline processes.

Note (2): This form may be modified by agencies for use with procurements with a value of $250 000 or less.
## Annex C - Local SME Industry Impact Statement template

### Local SME Industry Impact Statement (template)

#### Introduction

The Tasmanian Government is committed to maximising opportunities for local SME* businesses in competing for, and winning, government procurements. As part of this commitment, suppliers are required to provide a statement of industry impact as part of their submission. This statement is aimed at enabling suppliers to outline how their proposed supply of goods/services will provide a positive impact on the local industry.

Your local SME industry impact statement is an essential part of your submission and will be used by the agency to evaluate your submission. The statement will contribute a minimum of twenty per cent (20%) of the procurement evaluation. Suppliers that fail to submit a statement will not be able to be scored in relation to this criterion.

Agencies will assess this criterion by rating the degree to which a supplier’s submission has satisfied the categories below, before the weighting is applied. The criterion is not treated as a simple “met/not met” assessment.

### Local SME industry impact statement

Please provide comment on how your submission will positively impact the local industry/economy. You should answer all of the questions below. You will need to ensure you can verify the information you submit and where possible should provide actual numbers of staff/values of goods and/or services in your statement.

### Local Industry impact of the business

What is the direct local impact of your business?

*Examples: Are you a local SME (how many people do you employ, where is your business located, what is the ownership)? How many people do you employ in Tasmania? Would any new SME jobs be created by the proposed contract - how many?*

### Goods and services to be utilised in the contract

How much of the goods and services in your submission will be provided by/sourced from local SMEs (this includes goods/services you provide as well as goods/services procured/produced from suppliers/sub-contractors/partners)?

Identify the goods and/or services you expect to purchase in order to complete the contract and provide the requested information in relation to same, where known.
<table>
<thead>
<tr>
<th>Identified goods and/or services</th>
<th>Total estimated value</th>
<th>Name of supplier anticipated to be used (if already determined through existing supply chain arrangements)</th>
<th>Location of supplier (where already determined through existing supply chain arrangements)</th>
<th>If supplier not yet determined, is there a local SME market for same? (Yes/No)</th>
</tr>
</thead>
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</tbody>
</table>

**Opportunity for Local SME involvement**

Will you source components of your offer from other local SME companies/sub-contractors or is there new work to be undertaken locally as a result of you fulfilling the contract or workers travelling to the local area to undertake the work? How much?

Detail how you intend to identify and engage with sub-contractors and/or other SMEs in relation to the delivery of the contract including your supply chain i.e. use of existing supply chains, advertising of sub-contracting or supply opportunities, liaison with industry groups, etc.

Detail the process that you are to undertake to ensure that local SMEs are not disadvantaged where competing with other suppliers in the provision of goods and/or services to be used as part of this contract (i.e. unpacking of procurements into smaller components so that local SMEs can compete more effectively etc).

**Broader economic opportunities**

Are there any other impacts that your business and/or this specific supply will provide to the local/regional economy?

*Examples: Your supply may lead to: new skills being developed locally; trainees/apprentices being appointed; cross transfer skills to a local SME partner/sub-contractor; your company (if you are not a local SME) setting up an office/employing local staff; scale for you to take your products/services interstate/overseas; local community sponsorship etc.*
Completed and endorsed

..........................................................................................
(Name and position – print)

..........................................................................................
(Signature)

........../........../...........
(Date)

* Local SMEs 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.
**Annex D - Tasmanian Industry Participation Plan (Executive Summary) template**

<table>
<thead>
<tr>
<th>Tasmanian Industry Participation Plan Executive Summary (template)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Procurement details</strong></td>
</tr>
<tr>
<td>Procurement Reference No.</td>
</tr>
<tr>
<td>Procurement title</td>
</tr>
<tr>
<td>Name of Responsible Agency/Entity</td>
</tr>
<tr>
<td><strong>Supplier details</strong></td>
</tr>
<tr>
<td>Name of supplier</td>
</tr>
</tbody>
</table>

**Executive summary**

**Guidance**

The executive summary should be a brief overview of the information contained in the Tasmanian Industry Participation Plan, highlighting how the business will positively impact on the local industry/economy. The summary can be in point form, addressing aspects such as:

- the impact of the business;
- the goods and services to be utilised in the contract; and
- any broader economic benefits.
Annex E - Tasmanian Industry Participation Plan template

Tasmanian Industry Participation Plan (template)

The Tasmanian Government is committed to maximising opportunities for local SME* businesses to compete for and win Government procurements. Suppliers/proponents are requested to prepare a Tasmanian Industry Participation Plan:

- for all procurements with a value exceeding $5 million;
- for nominated procurements (at the discretion of the procuring Government entity) greater than $2 million and up to (and including) $5 million; and
- for 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.

Note: This template was specifically developed for procurement. Where a Tasmanian Industry Participation Plan is required for a private sector project, the template should be adapted to suit the specific circumstances of the project.

Procurement details

<table>
<thead>
<tr>
<th>Procurement Reference No.</th>
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<table>
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<tr>
<th>Procurement title</th>
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<table>
<thead>
<tr>
<th>Name of Responsible Agency/Entity</th>
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</table>

Supplier details

<table>
<thead>
<tr>
<th>Name of supplier</th>
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<table>
<thead>
<tr>
<th>Contact details for supplier</th>
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</tbody>
</table>

* Local SMEs 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.
Local SME industry impact

What is the direct local impact of your business?

Examples: Are you a local SME (how many people do you employ, where is your business located, what is the ownership)? How many people do you employ in Tasmania? Would any new SME jobs be created by the proposed contract - how many?

Goods and services to be utilised in the contract

How much of the goods and services in your submission will be provided by/sourced from local SMEs (this includes goods/services you provide as well as goods/services procured/produced from suppliers/sub-contractors/partners)?

Identify the goods and/or services you expect to purchase in order to complete the contract and provide the requested information in relation to same, where known.

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<thead>
<tr>
<th>Identified goods and/or services</th>
<th>Total estimated value</th>
<th>Name of supplier anticipated to be used (if already determined through existing supply chain arrangements)</th>
<th>Location of supplier (where already determined through existing supply chain arrangements)</th>
<th>If supplier not yet determined, is there a local SME market for same? (Yes/No)</th>
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</tbody>
</table>

Opportunity for local SME involvement

Will you source components of your offer from other local SME companies/sub-contractors or is there new work to be undertaken locally as a result of you fulfilling the contract or workers travelling to the local area to undertake the work? How much?

Detail how you intend to identify and engage with sub-contractors and/or other SMEs in relation to the delivery of the contract including your supply chain ie use of existing supply chains, advertising of sub-contracting or supply opportunities, liaison with industry groups, etc.
Detail the process that you are to undertake to ensure that local SMEs are not to be disadvantaged where competing with other suppliers in the provision of goods or services to be used as part of this contract (ie unpacking of procurements into smaller components so that local SMEs can compete more effectively etc).

**Broader economic opportunities**

Are there any other impacts that your business and/or this specific supply will provide to the local/regional economy?

*Examples: Your supply may lead to: new skills being developed locally; trainees/apprentices being appointed; cross transfer skills to a local SME partner/sub-contractor; your company (if you are not a local SME) setting up an office/employing local staff; scale for you to take your products/services interstate/overseas; local community sponsorship etc.*

**Note:** Where determined appropriate by the procuring entity, the supplier’s obligations under this Plan are to be captured in the contract and monitored as part of the contract performance.

**Completed and endorsed (Supplier)**

.................................................................................................................................................................
(Name and position – print)

.................................................................................................................................................................
(Signature)

........../.........../.........
(Date)
ANNEX F - BUILDING CONSTRUCTION CONTRACT AWARD ADVICE PRO FORMA

Attention: Andrew Ralph

BUILDING AND CONSTRUCTION

CONTRACT AWARD ADVICE FORM

For building and construction risks, existing structures and third party legal liability insurance

It is advised that the following contract has been awarded:

<table>
<thead>
<tr>
<th>Contractor:</th>
<th>Name:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Address:</td>
<td></td>
</tr>
<tr>
<td>Phone no:</td>
<td></td>
</tr>
<tr>
<td>Fax no:</td>
<td></td>
</tr>
</tbody>
</table>

Contract no: ____________________________

Contract title: ____________________________

Principal: ____________________________

Government agency: ____________________________

Contract commencement date: ____________________________

Expected date of practical completion: ____________________________

Defects liability period: ____________________________

Contract sum – excluding GST: ____________________________

Description and location of works: ____________________________

Invoice to (if not contractor as above) | Name: |
<table>
<thead>
<tr>
<th></th>
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<tbody>
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<td></td>
</tr>
<tr>
<td>Address:</td>
<td></td>
</tr>
</tbody>
</table>
Name of Authorising Officer:

Signature of authorising officer:

Telephone no. of authorising officer:

Date:

Please forward this form to Jardine Lloyd Thompson Pty Ltd, Level 3, 2 Kirksway Place, Battery Point, Hobart 7000
Fax: 03 6220 7499 / Phone: 03 6220 7401
Annex G - Unconditional Performance Bond template

Unconditional Performance Bond

Bond No:… ……

BY:  (Insurer) ………………………………………… (hereafter called “the Insurer”)

TO:  (Principal)………………………………… (hereafter called “the Principal”)

Whereas the Principal has entered into a written contract, dated …/…/20…, with (Contractor)
…………………………………………………… (hereafter called “the Contractor”).

ACN ……………… In respect of (Project) …………………………………

………………………………………………………………………………………………………………………………………………

At the request of the Contractor and in consideration of the Principal accepting this Undertaking in
relation to the obligation of the Contractor to provide to the Principal security for the purpose of
ensuring the due and proper performance of the Contractor’s obligations under the Contract. The
Insurer unconditionally and irrevocably undertakes to pay on demand any Sums which may from
time to time be demanded by the Principal to a maximum aggregate sum of………………………………………………………… (hereafter
called “the Sum”).

This Undertaking is to continue until notification has been received from the Principal that the Sum
is no longer required by the Principal or until this Undertaking is returned by the Principal to the
Insurer or until payment to the Principal by the Insurer of the maximum aggregate Sum. Should the
Insurer be notified in writing purporting to be signed by or on behalf of the Principal that the Principal
desires payment to be made of the whole or any part or parts of the Sum, it is unconditionally and
irrevocably agreed that such payment or payments will be made to the Principal forthwith without
reference or notice to the Contractor and notwithstanding any notice given by the Contractor to
the Insurer not to pay same and irrespective of any notice of performance or non-performance by
the Contractor, provided always that the Insurer may at any time without being required to do so,
pay to the Principal the Sum less any amount or amounts it may previously have paid under this
Undertaking and thereupon the liability of the Insurer hereunder shall immediately cease and
determine. Failure to make such payment will give an immediate right to the Principal to sue for
and recover the Sum so demanded as a debt due from the Insurer to the Principal. This Undertaking
is governed by the laws of the State of Tasmania.
DATED

Signed, Sealed and Delivered for and on behalf of

(Insurer) …………………………………………  ________________________

………………………………………                 (name and title)

Witnessed by  ___________________________
Annex H - Pre-procurement Industry Consultation template

Pre-procurement Industry Consultation

The purpose of this form is to outline the industry consultation process that has been undertaken by the agency for high value procurements and the impact of that consultation (if any) on the procurement process to be conducted. The form is required to be completed and approved where the following thresholds are met:

<table>
<thead>
<tr>
<th>Procurement type</th>
<th>Estimated procurement value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods or services</td>
<td>More than $5 million</td>
</tr>
<tr>
<td>Building and construction works</td>
<td>More than $10 million</td>
</tr>
<tr>
<td>Roads and bridges works</td>
<td>More than $15 million</td>
</tr>
</tbody>
</table>

Procurement details

<table>
<thead>
<tr>
<th>Name of Agency</th>
</tr>
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<tbody>
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</table>

<table>
<thead>
<tr>
<th>Agency contact officer, name and contact details</th>
</tr>
</thead>
<tbody>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Procurement ID</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide an internal agency file reference or procurement number.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description of procurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide a description of the procurement sufficient to clearly identify what is being procured, for what purpose, quantities, etc.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Value of procurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide an estimate of the total value of the procurement over the total contract term eg purchase cost, maintenance cost, whole-of-life, etc. Also indicate whether options to extend the contract will be included and if so, include an estimate of the value of those extensions should the options be exercised.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Intended advertising / procurement / contract date</th>
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</thead>
<tbody>
<tr>
<td>Provide an indication of when you intend to undertake the purchase/approach the market.</td>
</tr>
</tbody>
</table>
Industry consultation

Industry and local business representatives consulted with
Provide details of industry and local business representatives that have been consulted with during the planning stage of the intended procurement. This includes specific consultation as well as any general pre-procurement information sessions. If, due to the specific circumstances of the procurement, no industry consultation has occurred, provide reasons as to why such consultation is not considered necessary.

Outcomes of consultation
Provide a summary of the outcomes of consultation undertaken with industry and local business representatives in the planning stage of the intended procurement. For example, if the procurement has been tailored to meet the input provided by industry, provide brief details of the input and the resultant impact on the procurement process.
Completed and endorsed

Signed: __________________________________________
  
  Procurement officer

Name: __________________________________________

Position: _______________________________________  

Date: ___________________________________________

Signed: _______________________________________
  
  Head of Agency

Name: _________________________________________

Position: ______________________________________

Date: _________________________________________

Note: Agencies may choose to combine the contents of this form with the *Local SME Industry Impact Form*, to remove duplication and streamline processes.
**Annex I - Full Cost Attribution template**

*Full cost attribution checklist for submissions from Government entities*

This full cost attribution checklist provides an indicative listing of the types of costs that a public entity may need to consider. The checklist is not exhaustive and depending on the nature of the goods or services being provided, some Government entities may identify additional costs to be taken into account whilst for other Government entities some of the listed costs will not apply.

<table>
<thead>
<tr>
<th>Cost item</th>
<th>Total cost incurred by the entity over the time of production for the goods or service ($)</th>
<th>Proportion attributable to the production of the goods or services (%)</th>
<th>Total cost associated with the goods and/or services ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct Operating Costs</strong></td>
<td></td>
<td></td>
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<tr>
<td>Base wage or salary</td>
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<tr>
<td>Shift loading</td>
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<tr>
<td>Superannuation</td>
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<tr>
<td>Other allowances (eg on-call allowance)</td>
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<tr>
<td>Uniforms</td>
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<td>Protective clothing</td>
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<tr>
<td>Workers compensation</td>
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<tr>
<td>Insurance premium</td>
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<td>Housing</td>
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<td>Office accommodation</td>
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<td>Overtime</td>
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<tr>
<td>Leave loading</td>
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<tr>
<td>Retirement/Severance benefits</td>
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<tr>
<td>Travel expenses</td>
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<td>Training</td>
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<td>Payroll tax</td>
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<tr>
<td>Fringe benefits tax</td>
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<tr>
<td>Air conditioning/water subsidies</td>
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<tr>
<td>Category</td>
<td>Costs</td>
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<td>Power</td>
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<td>Stationery</td>
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<tr>
<td>Franchise &amp; licence fees</td>
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<tr>
<td><strong>Indirect Operating Costs</strong></td>
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<tr>
<td>Corporate services costs</td>
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<tr>
<td><strong>Capital Costs</strong></td>
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<tr>
<td>Opportunity cost of capital</td>
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<td>Equipment</td>
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<td>Maintenance</td>
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<td>Depreciation</td>
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<td>Interest</td>
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<td><strong>Competitive neutrality costs</strong></td>
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<td>Income tax equivalent</td>
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<td>GST equivalent</td>
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<td>Capital gains tax equivalent</td>
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<td>Land tax</td>
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<td>Stamp duties</td>
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<td>Motor tax</td>
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<td>Guarantee fees</td>
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<td>Local Government rates</td>
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<tr>
<td><strong>Fully attributed cost</strong></td>
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