

# Tasmanian Industry Impact and Participation Policy and Guides

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## Introduction

The Tasmanian Industry Impact and Participation Policy has been released as a component of the Government's *Buy Local Policy* with the aim of maximising opportunities for local SME<sup>1</sup> businesses in competing for and winning, Government procurements.

The procurement principles of:

- value for money;
- open and effective competition;
- ethical procurement; and
- enhancing opportunities for local business

are the primary consideration in Government purchasing decisions. However, the broader impact and benefits to the state that a procurement will create should be taken into consideration as part of the value for money assessment.

The Tasmanian Industry Impact and Participation Policy assists the Government's purchasing decision-making through the provision of information relevant to the capacity and anticipated participation of local small and medium enterprise suppliers in a project and the benefits to the community as a whole. The policy complies with Tasmania's obligations under international agreements and cooperative arrangements<sup>2</sup>.

The Policy applies to include in the evaluation of submissions, a criteria relating to a supplier's impact on local SME industry. The Policy also provides for Tasmanian Industry Participation Plans in relation to procurements with a value exceeding \$5 million (or at the discretion of the Government entity, for those with a value greater than \$2 million).

The Policy is aimed at improving opportunities for local small and medium enterprises in Government funded or resourced projects, by identifying how a supplier intends to provide opportunity for local SMEs to compete for Government contracts or in private projects partly funded by Government.

## Government procurement activity

### Scope of policy

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

### Local benefits test

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

- request suppliers provide information on the impact on local SME industry; and
- take that information into account in the evaluation process.

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<sup>1</sup> 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.

<sup>2</sup> A number of free trade and cooperative arrangements bind the Tasmanian Government. Under these, agencies cannot discriminate against suppliers from the jurisdictions and/or countries party to those arrangements.

The information submitted by suppliers should detail how they will provide a positive impact on the local industry. Information that may be relevant will include information on the direct and indirect local impact of the supplier's business.

For roads and bridges works procurements where the Department of State Growth's Prequalification System for Roads and Bridges Construction Contracts applies, this information will be sought in an Industry Participation Plan specific to roads and bridges. For all other procurements it will be sought from suppliers in the form of a Local SME Industry Impact Statement and agencies should attach the relevant form for completion by suppliers (the *Local SME Industry Impact Statement*) to RFQ or RFT documentation. The Local SME Industry Impact Statement is available from the [Purchasing website > Buying for Government > Resource Library > Forms](#).

### **Use of the information provided**

The information provided by suppliers is required to be taken into account in the evaluation of that supplier's submission, through the inclusion of a specific "local SME industry impact" criterion in the evaluation criteria.

The weighting to be applied to the criterion is a matter for the procuring entity but must be at least 20 per cent (20%).

For clarity, the minimum weighting is not to be diluted by the overall weighting to be applied to qualitative criteria. This means that where qualitative criteria are assessed separately to quantitative (or cost) criteria, the local SME industry criterion is not to be included within the qualitative/quantitative criteria, it is to be treated as a third category so that the full 20% weighting is applied.

Agencies should assess this criterion like the other criteria by rating the degree to which each supplier's submission has satisfied the questions listed before the weighting is applied. The local SME industry impact criterion is not to be treated as a simple "met/not met" assessment.

Submission of the information is to be voluntary (ie it cannot be a condition for participation), however, suppliers that fail to provide the information will not be able to be scored in relation to this criterion.

### **Low value procurements/procurements where no formal evaluation occurs**

For procurement processes valued at less than \$50 000 (or for procurement where the assessment of formal evaluation criteria is not undertaken), Heads of Government Entities are responsible for ensuring that their entity complies with the objectives of the Government's Buy Local Policy.

### **Tasmanian Industry Participation Plans**

For larger value procurements, a formal Tasmanian Industry Participation Plan is required to be prepared and approved prior to contracts are entered into. The purpose of the Plan is to assist in the development of local SME industry and ensure that local small and medium enterprises (SMEs) are provided with every opportunity to participate in both Government procurement activity and in major private projects, funded partly by Government.

The requirement for a Plan is tiered dependent on contract value, to ensure compliance costs are appropriate to contract value.

The information provided by the preferred supplier(s) and used by the agency in assessing the local benefits test will form the basis of the final Plan. Where this information has been provided, it is anticipated that little additional work should be required by either agencies or suppliers to finalise a Plan ready for approval. Where a competitive process has not been undertaken (or the preferred supplier has not provided this information for use in the local benefits test assessment), a Plan will need to be separately prepared and approved prior to the contract being awarded.

Tier	Value	Industry Participation Plan requirement
Tier 1	Procurements up to \$2 million	No plan required.
Tier 2	Procurements with a value greater than \$2 million up to (and including) \$5 million	At the discretion of Agencies.
Tier 3	Procurements with a value greater than \$5 million	Tasmanian Industry Participation Plan required.

The *Tasmanian Industry Participation Plan* is available from the [Purchasing website > Buying for Government > Resource Library > Forms](#).

## Private projects with public funding

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 develop a Tasmanian Industry Participation Plan.

The Plan is to be reviewed and approved before any funding contract is finalised with the project proponent and before sub-contracting arrangements are entered into by the project proponent.

## Publication of plans

The relevant Agency is to provide approved Tasmanian Industry Participation Plans to Treasury and Finance within 10 days of the execution of the contract for publication on Treasury website(s). An Agency may determine that an Executive Summary rather than the full Plan be published.

Agencies must ensure that they include, in relevant documentation, the requirement to complete a Tasmanian Industry Participation Plan and also, in relevant contracts documentation, permission for the Plan in its entirety (or an Executive Summary) to be published on Treasury website(s).



# Annexures

## Annexure A – Supplier’s Guide (for procurement processes)

### **Before you start...**

You should familiarise yourself with the requirements of this document, as well as any necessary templates that may need to be completed. For roads and bridges works procurement, where the Department of State Growth’s Prequalification System for Road and Bridge Construction Contracts is to be used, the template is available from State Growth. For all other procurements, the Local SME Industry Impact Statement and Tasmanian Industry Participation Plan templates are available from the [Purchasing website > Buying for Government > Resource Library > Forms](#).

### **Who is required to provide local SME industry impact information...**

Suppliers responding to quotes or tenders will be requested to provide local SME industry impact information where procurement is valued at \$50 000 or more. Where procurement is valued at more than \$5 million, successful suppliers will be required to complete a Tasmanian Industry Participation Plan. For procurement with a value greater than \$2 million up to (and including) \$5 million, a Plan may be required at the agency’s discretion.

### **What is required to be provided to enable assessment of the impact on local SMEs...**

For procurement with a value of \$50 000 or more, you will be provided with a template to complete to enable assessment of the impact on local SMEs. Generally, the response should be lodged with your quotation/tender submission, in accordance with the requirements set out in the procurement documentation. However, for roads and bridges works procurement this information may be collected and retained separately for the period of a contractor’s prequalification.

Note: the provision of this information is voluntary however, where it is requested if you fail to provide it you will receive no score for the weighted criterion that relates to it. This will impact on your score.

The required template should be provided to you by the procuring agency and will set out the information that should be included.

### **What is required to meet the requirements for a Tasmanian Industry Participation Plan...**

Where required, a Plan is to be approved prior to a contract being finalised with the preferred supplier ie before the contract is awarded.

Where a competitive process has been undertaken, and information provided as part of the evaluation process in relation to the ‘local SME industry impact’ criterion, that information will form the basis of the Plan.

Where a competitive process has not been undertaken or the information not provided as part of the evaluation process, a Plan will need to be separately prepared.

The Agency will provide the approved Tasmanian Industry Participation Plan to Treasury and Finance within 10 days of the execution of the contract with the project proponent, for publication. In some cases an Executive Summary may be published instead.

**Further information ...**

Further information and access to the templates is available from the Purchasing website ([www.purchasing.tas.gov.au](http://www.purchasing.tas.gov.au)).



## Annexure B – Agency Guide (for procurement processes)

### Before you start ...

You should familiarise yourself with the requirements of this document, the Government's *Buy Local Policy - A Guide for Government Agencies* and the relevant templates. For roads and bridges works procurement, where the Department of State Growth's Prequalification System for Road and Bridge Construction Contracts is to be used, the template is available from State Growth. For all other procurements, the Local SME Industry Impact Statement and Tasmanian Industry Participation Plan templates are available from the [Purchasing website > Buying for Government > Resource Library > Forms](#)

### What do I have to do (planning phase) ...

You must ensure that the evaluation criteria for all procurements with a value of \$50 000 or more includes a criterion linked to the content of the Local SME Industry Impact Statement. The weighting to be attributed to this criterion must be at least 20 per cent (20%).

The wording for the criterion is a matter for the procuring entity but as an example, "Local SME industry impact – X per cent".

You must also ensure that you clearly request suppliers provide the information to enable this criterion to be evaluated and you should provide them with both an electronic link to, and a hard copy of, the local SME industry impact statement template. Note: for roads and bridges works procurement the Department of State Growth should provide the DSG bespoke template document instead.

When conducting a multi-staged procurement process, such as an Expression of Interest, the Statement only needs to be requested from suppliers at the final stage of the multi-staged procurement ie at the time that information is obtained to enable the evaluation criterion to be assessed.

Assess this criterion in the same manner as any other ie by rating the degree to which each supplier's response has satisfied the questions, before the weighting is applied. The local SME industry impact criterion cannot be treated as a simple "met/not met" assessment.

**Note: the provision of the information for the purposes of evaluation is to be voluntary, however, if a supplier fails to submit the information, they will not be able to be scored in relation to the mandatory criterion.**

Finally, for procurements with a value of more than \$5 million (or for those above \$2 million where you have determined that a Tasmanian Industry Participation Plan is required), you must ensure that you include as a Condition of the Tender in relevant procurement documentation, that the successful supplier will:

- complete a Tasmanian Industry Participation Plan prior to the finalisation of the contract; and
- agree, following approval of the Plan, to the publication of the Tasmanian Industry Participation Plan in its entirety (or if deemed more appropriate an Executive Summary of the Plan) on Treasury website(s).

### What do I have to do (contract negotiation phase) ...

Tasmanian Industry Participation Plans are required to be completed for high value procurements regardless of whether a Statement or a Plan was provided by the preferred

supplier as part of their original submission (or for roads and bridges works, at prequalification). As a result, you should ensure that a Plan is completed and approved before the contract is finalised and before sub-contracting arrangements are entered into.

Where a competitive process has been undertaken, and information provided for use in the evaluation process in relation to the 'local SME industry impact' criterion, that information will form the basis of the Plan.

Where a competitive process has not been undertaken or the information not provided as part of the evaluation process, a Plan will need to be separately prepared and approved prior to the contract being awarded.

Plans must be approved by the appropriate person within your agency. This will depend on whether the procurement is goods and services or building and construction/roads and bridges. It will also depend on any inter-agency delegations allowed for under the Treasurer's Instructions.

Provide a copy of the approved Tasmanian Industry Participation Plan, or an Executive Summary of the Plan to Treasury and Finance within 10 days of the execution of the contract with the project proponent, for publication.

#### **Further information ...**

Further information and access to the templates is available from the [Buying for Government](http://www.purchasing.tas.gov.au) section of the Purchasing website ([www.purchasing.tas.gov.au](http://www.purchasing.tas.gov.au)).

## Annexure C – Project Proponent Guide (for private projects provided with public funding)

### **Before you start ...**

You should familiarise yourself with the requirements of this document, as well as with the templates available from the [Purchasing website > Buying for Government > Resource Library > Forms](#):

Tasmanian Industry Participation Plan

### **Who is required to prepare a Tasmanian Industry Participation Plan...**

Proponents of private sector projects valued at over \$5 million that receive support, including in-kind support, valued at, or greater than \$500 000 from the Government are required to prepare a Tasmanian Industry Participation Plan.

### **What is required to be included in the Plan ...**

The information required to be provided will vary depending on the project and the proponent. Largely it will focus on ensuring, and where necessary improving, opportunities for local SMEs to participate in the project through enhancing opportunities for sub-contracting, establishment of supply chains, development and training etc.

The Tasmanian Industry Participation Plan, while developed specifically for procurement, may be used as a starting point.

### **Who approves the Tasmanian Industry Participation Plan ...**

The Plan is to be reviewed and approved before any funding contract is finalised and before sub-contracting arrangements are entered into.

The Agency will provide the approved Tasmanian Industry Participation Plan, or an Executive Summary of the Plan, to Treasury and Finance within 10 days of the execution of the contract with the project proponent, for publication on Treasury website(s).

### **Further information ...**

Further information and access to the templates is available from [Winning Government Business section](#) of the Purchasing website ([www.purchasing.tas.gov.au](http://www.purchasing.tas.gov.au)).

## Annexure D – Funding Entity Guide (for private projects provided with public funding)

### **Before you start ...**

You should familiarise yourself with the requirements of this document, as well as with the template available from the [Purchasing website > Buying for Government > Resource Library > Forms:](#)

Tasmanian Industry Participation Plan

### **Who is required to prepare a Tasmanian Industry Participation Plan...**

Proponents of private sector projects valued at over \$5 million that receive support, including in-kind support, valued at, or greater than \$500 000 from the Government are required to prepare a Tasmanian Industry Participation Plan prior to the funding arrangements being finalised and prior to sub-contracting arrangements are entered into.

### **What is required to be included in the Plan ...**

The information required to be provided will vary depending on the project and the proponent. Largely it will focus on ensuring, and where necessary improving, opportunities for local SMEs to participate in the project through enhancing opportunities for sub-contracting, establishment of supply chains, development and training etc.

A template has been developed as a starting point for the Plan. While the template has been specifically developed for procurement, where a Plan is required for a private sector project, the template should be adapted to suit the specific circumstances of the project.

### **Who approves the Tasmanian Industry Participation Plan ...**

The Plan is to be reviewed and approved by the appropriate person within your agency. This will depend on whether the project relates to goods and services or building and construction/roads and bridges. It will also depend on any inter-agency delegations allowed for under the Treasurer's Instructions.

### **What compliance requirements are there ...**

The approved Tasmanian Industry Participation Plan, or if deemed more appropriate an Executive Summary of the Plan, is to be provided to Treasury and Finance within 10 days of the execution of the contract with the project proponent, for publication on Treasury website(s).

As a result, you must ensure that you include, in relevant documentation, the requirement for the project proponent to complete a Tasmanian Industry Participation Plan and its agreement to the publication of the Plan in its entirety (or an Executive Summary of the Plan) on Treasury website(s).

### **Further information ...**

Further information and access to the template is available from the [Buying for Government](#) section of the Purchasing website ([www.purchasing.tas.gov.au](http://www.purchasing.tas.gov.au)).