

<b>Treasurer's Instruction No</b>	<b>1201</b>
Title	<b>Procurement Principles: building and construction/roads and bridges</b>
Effective date	<b>1 January 2009</b>
Objective and Background	<b>Details the principles and codes upon which government building and construction and roads and bridges procurement is based, and provides instruction on how they are to be applied.</b>
Version Number	<b>4</b>
Last Reviewed Date	<b>November 2008</b>

*Black letter (or bold) items within these Instructions are mandatory and other plain font items are instructional or for the purpose of providing guidance only.*

- (1) **This instruction applies only to the procurement of building and construction and roads and bridges and is to be read in conjunction with other Instructions relating to such procurements which are contained in the 1200 series of the Treasurer's Instructions.**

Further information on building and construction procurement, including a definition of "building and construction" and "roads and bridges" and information on the types of services that fall under these categories is located at [www.purchasing.tas.gov.au](http://www.purchasing.tas.gov.au)>Buying for Government.

For information in relation to procurement of goods and non-construction related services, refer to the 1100 series of the Treasurer's Instructions.

- (2) **Government procurement must be undertaken in a manner that is consistent with the following four principles:**

### **VALUE FOR MONEY**

- (a) Agencies must pursue value for money purchasing outcomes.**

Value for money means achieving the desired outcome at the best possible price. The assessment of value for money includes:

- fitness for purpose;
- weighing up the benefits of the construction against the cost of purchase;
- maintenance costs;
- climate change and environmental considerations (including energy conservation); and
- risks.

## **OPEN AND EFFECTIVE COMPETITION**

- (b) Agencies must ensure that the purchasing process is impartial, open and encourages competitive offers.**

Open and effective competition means using transparent, open purchasing processes, adequately testing the market (whether by open tender or by seeking quotations, whichever process is applicable) avoiding biased specifications and treating all suppliers consistently and equitably, so that potential contractors and the public can have confidence in the outcomes.

## **COMPLIANCE WITH ETHICAL STANDARDS, AND OBSERVING THE PROCUREMENT CODE OF CONDUCT**

- (c) Government buyers must observe the Procurement Ethical Standards detailed below and abide by the Procurement Code of Conduct also detailed below.**

### **Procurement Ethical Standards**

- (i) All business must be conducted in the best interests of the State, avoiding any situation which may impinge, or might be deemed to impinge, on impartiality;**
- (ii) Public money must be spent efficiently and effectively and in accordance with Government policies;**  
"public money" means money, negotiable instruments or securities of any kind for the payment of money collected, received or held by a person for or on behalf of the Crown in right of the State and includes all money forming part of, or payable to, the Public Account. (*Financial Management and Audit Act 1990*)
- (iii) Agencies must purchase without favour or prejudice and maximise value in all transactions;**
- (iv) Agencies must maintain confidentiality in all dealings; and**
- (v) Government buyers involved in procurement must decline gifts, gratuities, or any other benefits which may influence, or might be deemed to influence, equity, or impartiality.**

### **Procurement Code of Conduct**

**Buyers must:**

- (vi) ensure that all potential suppliers are provided with identical information upon which to base tenders and quotations and are given equal opportunity to meet the requirements;**
- (vii) establish and maintain procedures to ensure that fair and equal consideration is given to all tenders and quotations received;**

- (viii) offer a prompt and courteous response to all reasonable requests for advice and information from potential or existing suppliers;
- (ix) promote fair and open competition and seek value for money for the Government;
- (x) be equitable in the treatment of all suppliers;
- (xi) seek to minimise the cost to suppliers of participation in the procurement process;
- (xii) protect confidential information;
- (xiii) deal honestly with suppliers;
- (xiv) keep accurate records to justify the process and any decisions made;
- (xv) complete a conflict of interest declaration and take steps to avoid involvement in any procurement activity where any conflict of interest (actual or perceived) may arise; and
- (xvi) abstain from soliciting or accepting remuneration or other benefits from a supplier for the discharge of official duties.

For all purchases, agencies must ensure that the procurement process meets public sector probity requirements, that value for money is obtained and that the separation of roles and responsibilities between the contractor and agency staff is maintained for the duration of the contract.

Probity issues are dealt with in the Treasury publication *Probity Guidelines for Procurement* at [www.purchasing.tas.gov.au](http://www.purchasing.tas.gov.au)>Buying for Government>Resources>Publications.

- (d) Agencies must require suppliers to comply with the National Code of Practice for the Construction Industry, 1997 Edition, the Tasmanian Annexure to the National Code of Practice for the Construction Industry and with the Australian Standard Code of Tendering AS 4120-1994 for all procurement valued at \$10 000 or more.

AS 4120-1994 – *Code of Tendering* is available to download from the SAI Global website located at [www.sai-global.com](http://www.sai-global.com).

Additional information relating to the Tasmanian Annexure to the National Code of Practice for the Construction Industry can be found in the *Tasmanian Annexure to the National Code of Practice for the Construction Industry*, which is located at [www.purchasing.tas.gov.au](http://www.purchasing.tas.gov.au)>Buying for Government>Resources>Publications.

- (e) Agencies must also require suppliers to act ethically and in accordance with relevant industrial relations and occupational health and safety legislation.

## **AS 4120-1994 CODE OF TENDERING**

- (f) Agencies must ensure that its representatives (consultants etc) and agency officers act in accordance with Australian Standard Code of Tendering AS 4120-1994, clause 6 “Obligations of the Principal” for all procurement valued at \$10 000 or more.**

*AS 4120-1994 Code of Tendering* sets out the ethics and the obligations of the Principal and Tenderers in tendering in the construction industry.

*AS 4120-1994 Code of Tendering* is available to download from the SAI Global website located at [www.sai-global.com](http://www.sai-global.com).

## **ENHANCING OPPORTUNITIES FOR LOCAL BUSINESS**

- (g) Agencies must ensure that local businesses that wish to do business with Government are given the opportunity to do so.**

Enhancing opportunities for local business requires Government buyers to actively seek bids from local businesses, particularly from those that have previously requested the opportunity to compete for agency business.

Enhancing opportunities for local business to bid does not mean giving preference to local businesses.

Further information on the value for money benefits of buying locally can be located at [www.purchasing.tas.gov.au](http://www.purchasing.tas.gov.au)>Buying for Government>Purchasing Framework>Purchasing Principles.