

Buy Local

Guidelines for Tasmanian Government Businesses

Version 1

September 2014

Introduction

The Tasmanian Government is committed to backing local businesses to create jobs and stimulate the economy to deliver growth. The Government's Buy Local Policy, which applies to inner-Budget agencies, has been released to increase awareness of the requirements for, and benefits in, buying locally and improve access to Government contracts for small and medium enterprises (SMEs).

The Policy:

- enhances opportunities for local businesses to compete for Government business by:
 - requiring Government entities to take into account the wider community and social benefits of purchasing decisions; and
 - promoting within Government, the advantages of buying locally;
- reduces administrative burden on businesses providing services by simplifying procurement documentation;
- provides businesses (and Government entities) with key information, tips, tools and training to effectively increase their future competitiveness to win government business; and
- increases transparency in relation to Government procurement activities.

Purpose of this guideline

This guideline prescribes the compliance requirements for State-owned Companies and Government Business Enterprises (collectively referred to as "entities" throughout this document) as well as handy hints and tips to assist in meeting the Government's policy objectives.

Application

This Guideline applies to procurement processes commenced after the date of receipt, with reporting required in the 2014-15 annual report and all annual reports prepared thereafter.

Maximising the opportunities for local business to compete for Government business stimulates competition and contributes to the achievement of Government policy objectives, such as industry development and employment creation. To this end, the Government requires entities to undertake procurement activity in accordance with the requirements and processes set out below.

Buy local

Entities should implement appropriate policies and procedures that support purchasing from local businesses.

Procurement should be undertaken in a way that seeks to maximise the opportunities for local businesses and in particular, it should be consistent with the general principles of:

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

Tasmanian Industry Participation Plans

For all procurement processes with a value greater than \$5 million, entities must ensure that a Tasmanian Industry Participation Plan is developed. For procurements with a value greater than \$2 million up to (and including) \$5 million, a Plan may be required at the discretion of the entity.

Tasmanian Industry Participation Plans are also required to be implemented with proponents of private sector projects valued at over \$5 million that receive public support, including in-kind support, valued at or greater than \$500 000 from the Government.

Where a Plan is required, it is to be approved by the Chief Executive Officer, prior to sub-contracting arrangements being entered into. An executive summary of the approved Plan is to be provided by the Government entity to Treasury and Finance for publication within 10 days of the execution of the contract with the supplier.

When a panel arrangement is established and the total estimated value of the procurement is greater than:

- \$2 million – a Plan may be required at the discretion of the entity; or
- \$5 million – a Plan must be developed.

A Plan is only required for the initial procurement process. Once established, a Plan is not required when sourcing goods or services from the panel.

Reporting

Entities are required to establish appropriate reporting regimes in relation to purchases, consultants and the use of Tasmanian businesses.

Each entity must include, as a minimum, the following information in its Annual Report. Please note that entities are not required to adopt this format and may use an alternative format as long as it includes the same information.

Purchases from Tasmanian Businesses	
% of purchases from Tasmanian businesses	%
Value of purchases from Tasmanian businesses	\$

Consultancies valued at more than \$50 000 (ex GST)				
Name of consultant	Location	Description	Period of engagement	Amount
Name	Town / State (country if contract is awarded internationally)	Description of contract/engagement	Period of contract (eg: 1 Jul 2014 to 30 Jun 2015)	Total paid in financial year
Name	Town / State (country if contract is awarded internationally)	Description of contract/engagement	Period of contract (eg: 1 Jul 2014 to 30 Jun 2015)	Total paid in financial year
Total				
There were # of consultants engaged for \$50 000 or less totalling				Total value of expenditure on consultants under \$50 000
Total Payment to Consultants				

Tips for supporting local business

Buyers should:

- actively seek bids from all capable local businesses, particularly from those that have previously requested the opportunity to compete for Government business;
- ensure that purchasing documentation does not disadvantage or exclude local businesses from competing successfully, including considering disaggregation of procurements so smaller businesses can compete more effectively;
- incorporate into evaluation criteria issues such as:
 - delivery times;
 - timeliness of local backup and maintenance/servicing;
 - timely availability of spare parts/materials/key personnel;
 - reduced transportation costs;
 - utilisation of local knowledge;
 - lower travel and out-of-pocket expenses; and
 - the potential for creating strategic partnerships and cooperative product development;
- send tender documentation directly to identified local businesses at the time a tender is advertised;
- provide information on entity websites about what they buy; and
- encourage and create good relationships with local businesses and industry bodies.

Important information and definitions

Definitions

A “Tasmanian business” is a business operating in Tasmania, which has a permanent office or presence in Tasmania and employs Tasmanian workers.

A “Local Small and Medium Enterprises/Local SME” is an Australian and New Zealand businesses employing less than 200 people.

“Procurement process” means procurement by any means, including but not limited to, calls for quotes, open tender, calls for expressions of interest or direct sourcing

“Chief Executive Officer” means the Chief Executive Officer of the entity, or the equivalent.

A “Contractor” is an individual or organisation engaged under a contract (other than as an employee) to provide goods and/or services to an entity. A contractor will usually work under the supervision of an entity manager

A “Consultant” is a particular type of contractor who is engaged to provide recommendations or specialist or professional advice (or more generally non-manual services) to assist or influence an entities decision making.

Further information

For further information refer to the following publications:

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