

Guidelines for Tasmanian Government
Businesses
Buy Local

Revised December 2024



Guidelines for Tasmanian Government Businesses - Buy Local

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INTRODUCTION

The purpose of this guideline is to outline the Government's expectations for State-owned Companies and Government Business Enterprises, and their subsidiaries (collectively referred to as Government businesses) in meeting the Tasmanian Government's buy local policy objectives. It also provides tips on how Government businesses can assist in meeting the Government's buy local objectives.

BACKGROUND

The Tasmanian Government is committed to ensuring that, where possible, expenditure by Government entities on goods and services provides a corresponding benefit to the Tasmanian community.

The Government's Buy Local Policy that applies to government agencies was originally released in 2014 with the intent to increase awareness of the requirements for, and benefits in, buying locally, as well as to improve access to government contracts for Tasmanian small and medium enterprises.

The Government's Buy Local Policy for agencies:

- enhances opportunities for Tasmanian businesses to compete for Government business by:
 - requiring government agencies to take into account the wider community and social benefits of purchasing decisions; and
 - promoting within Government the advantages of buying locally;
- reduces the administrative burden on businesses providing services by simplifying procurement documentation;
- provides Tasmanian businesses (and government agencies) 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.

The Government's Buy Local Policy for agencies was updated in July 2020 in order to further increase opportunities for Tasmanian businesses to be competitive in government procurement processes. This included the replacement of the previous Local Benefits Test with an Economic and Social Benefits Test and associated statement. The Economic and Social Benefits Test allows for a greater focus on Tasmanian social and economic factors when government agencies evaluate competitive procurement processes (such as a request for quotation or request for tender).

In August 2024, the Government's Buy Local Policy for agencies was updated to require the Economic and Social Benefits criterion to have a minimum weighting of 30 per cent of the total procurement evaluation criteria.

The Government's Buy Local Policy's approach to procurement aims to ensure local suppliers are given every opportunity to participate and be successful in relation to government business. To this end, for procurement valued at less than \$100 000, agencies should approach a Tasmanian business first, where there is local capacity, capability and value for money in local offerings. In addition, for all competitive procurement processes valued at \$100 000 or more, agencies must approach at least two Tasmanian businesses, where Tasmanian capability exists.

As Government businesses are not required to comply with Treasurer's Instructions issued under the *Financial Management Act 2016* the Government's Buy Local Policy for agencies does not apply to Government businesses. Instead, the intent of the policy, to support Tasmanian businesses, is applied to Government businesses through the application of this Guideline and the *Treasurer's Instruction - Buy Local GBE 13-114-11*.

This Guideline recognises that Government businesses are considered to be best placed to tailor their procurement processes to their individual circumstances, while remaining consistent with Government policy expectations.

APPLICATION

This Guideline applies to all Tasmanian Government Business Enterprises (GBEs), State-owned Companies (SOCs) and subsidiaries of SOCs. The Government also expects that subsidiaries of GBEs will apply this Guideline to their procurement processes.

This Guideline is an update to the Guideline that first applied to procurement processes commenced within or after the 2014-15 financial year.

Maximising the opportunities for Tasmanian businesses 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 Government businesses to undertake procurement activities in accordance with the requirements and processes set out below.

COMPLIANCE

The Board of a Government business must ensure that its procurement policies and procedures are consistent with these Guidelines and that all disclosure requirements are met.

PROCUREMENT

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

- value for money;
- open, impartial and effective competition; and
- ethical procurement.

Government businesses should ensure that their planning process for procurement activities do not disadvantage Tasmanian suppliers. The aim is to ensure Tasmanian suppliers are given every opportunity to participate and be successful in relation to Government business contracts.

Government businesses should also give consideration, where relevant, to Tasmanian businesses that are investing in innovation. For example, how a Tasmanian business might provide an alternative product as a substitute for imported products.

Tasmanian Industry Participation Plans

For all procurement processes with a value exceeding \$5 million (including the value of any options to extend the contract), suppliers to Government businesses must prepare a Tasmanian Industry Participation Plan (TIPP). For procurements with a value greater than \$2 million up to (and including) \$5 million, a TIPP may be required at the discretion of the entity.

TIPPs are also required to be prepared by 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 business.

Where a TIPP is required, it is to be approved by the Chief Executive Officer before the contract is executed and before the supplier or project proponent enters sub-contracting or procurement arrangements.

A copy of the approved TIPP, or at the Chief Executive Officer's discretion, an executive summary, is to be provided by the Government business to the Department of Treasury and Finance (via purchasing@treasury.tas.gov.au) for publication on the Tasmanian Government Purchasing website within 10 days of the execution of the contract with the supplier.

When a panel arrangement is established and the anticipated panel value is \$5 million or more, a TIPP must be obtained from each of the panel members. Where the total panel value is unable to be estimated, it is recommended that businesses adopt a conservative approach and obtain TIPPs from all panel members.

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

REPORTING

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

Government businesses must include, as a minimum, the following information in their Annual Reports. Government businesses are, however, not required to adopt this format and may use an alternative format as long as it includes the same information. The information reported is based on the financial year in which the purchases and cost of the consultancy was accrued.

Where multiple consultancies with the same entity are established and have an individual value below \$50 000, but total combined value of more than \$50 000, Government businesses should report the combined value of those consultancies with a description that covers the range of consultancies procured.

Where purchases are made or consultants are engaged by subsidiaries, these should also be included in the reporting of the parent entity. In this regard, it is expected that the reporting will provide a split between the purchases of the parent entity and the purchases of each subsidiary.

Purchases from Tasmanian Businesses (ex GST)	
% of purchases from Tasmanian businesses	%
Value of purchases from Tasmanian businesses	\$ (ex GST)

Consultancies valued at more than \$50 000 (ex GST)				
Name of consultant	Location	Description	Period of engagement	Amount
<i>Name</i>	<i>Town / State (country if contract is awarded internationally)</i>	<i>Description of contract/engagement</i>	<i>Period of contract (eg: 1 Jul 2023 to 30 Jun 2024)</i>	<i>Total paid in financial year</i>
<i>Name</i>	<i>Town / State (country if contract is awarded internationally)</i>	<i>Description of contract/engagement</i>	<i>Period of contract (eg: 1 Jul 2023 to 30 Jun 2024)</i>	<i>Total paid in financial year</i>
Total				
There were # of consultants engaged for \$50 000 or less totalling				<i>Total value of expenditure on consultants under \$50 000</i>
Total Payment to Consultants				

TIPS FOR SUPPORTING TASMANIAN BUSINESS

Government businesses are encouraged to:

- review the Government's Buy Local Policy and supporting materials developed for agencies and consider adopting elements of that framework, as considered appropriate, into its policy and procedures;
- clearly identify in its policy, the circumstances, the alternative process and level of approval required for exempting a procurement process from the businesses standard process, such as for sourcing specialist equipment or services;
- provide suppliers with as much notice as possible of upcoming and open procurements;
- provide pre-procurement briefings, where appropriate;
- undertake thorough industry consultation and market research to help ensure local capability is fully understood;
- actively seek bids from all capable Tasmanian businesses, particularly from those that have previously requested the opportunity to compete for business;
- ensure that purchasing documentation does not disadvantage or exclude Tasmanian businesses from competing successfully, including considering disaggregation of procurements so that smaller businesses can compete more effectively;
- consider engaging with suppliers on how Tasmanian businesses can be included in the supply chain where only large businesses are able to tender for the procurement contract;
- clearly identify within the relevant procurement documentation the weightings which will be applied during the evaluation process, to allow suppliers to respond appropriately;
- incorporate into evaluation criteria issues such as:
 - the direct and indirect ways that procurement spending can benefit the Tasmanian economy;
 - delivery times;
 - timeliness of local backup and maintenance/servicing;
 - timely availability of spare parts/materials/key personnel;
 - the scope of a business' Tasmanian presence, including whether its Tasmanian workforce is permanent or temporary;
 - where are the goods or services to be used in the contract are sourced from;
 - 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;
- ensure that the pre-conditions and mandatory requirements in evaluation criteria are proportionate to the size and complexity of the procurement contract. For example,

make sure that insurance requirements are appropriate and do not exclude suppliers unnecessarily;

- send tender documentation directly to identified Tasmanian businesses at the time a tender is advertised;
- provide information on the Government business' websites about what it buys, including future procurement opportunities;
- provide debriefings to unsuccessful suppliers, and encourage Tasmanian businesses to attend, so that they learn and know how to improve;
- encourage and create good relationships with Tasmanian businesses and industry bodies, while adhering to ethical procurement standards;
- encourage Tasmanian suppliers to adopt modern technical solutions so as to enhance their prospects of successfully competing for business; and
- meet with existing service providers regularly to provide constructive feedback on current performance.

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.

"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

This Guideline must be read in conjunction with:

- [Treasurer's Instruction GBE 13-114-11 Buy Local](#)

For reference, the following publications have been developed for agencies:

- [Buy Local Policy](#)
- [Buy Local: A guide for Tasmanian Businesses](#)
- [Tasmanian Industry Participation Plan template](#)
- [Treasurer's Instruction PF-2 Procurement Framework - Policies Impacting on Procurement: All Procurement](#) (clauses 2.5 - 2.17)
- [Procurement Better Practice Guidelines \(Principles and Policies\)](#)

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