

**TREASURER'S INSTRUCTION**  
**FINANCIAL MANAGEMENT ACT 2016**  
**PROCUREMENT FRAMEWORK - POLICIES IMPACTING ON**  
**PROCUREMENT: ALL PROCUREMENT**

**EFFECTIVE DATE**

14 July 2023

**SCOPE**

This Treasurer's Instruction applies to all Agencies listed in Column I of Schedule I, Part I in the *Financial Management Act 2016*.

**APPLICATION**

At all times.

**OBJECTIVE**

To detail Government policies that impact on goods and services, building and construction and roads and bridges *procurement*.

**INSTRUCTION****Interpretation and Definitions**

Refer to Treasurer's Instruction PF-6 for general definitions. Variations specific to this Treasurer's Instruction are set out below.

**Australia and New Zealand Government Procurement Agreement (ANZGPA)**

2.1 Subject to this Instruction, *competitive procurement processes* must be conducted in accordance with the obligations and requirements set out in the *Australia and New Zealand Government Procurement Agreement*.

**International Procurement Obligations - international procurement and free trade agreements**

2.2 Where the Tasmanian Government has agreed to be bound by procurement obligations in an *applicable international procurement agreement*, when undertaking *covered procurement*:

2.2.1 any *enforceable procurement provisions* must be met in addition to the requirements of the Treasurer's Instructions; and

- 2.2.2 procurement must not be prepared, designed, or otherwise structured or divided, at any stage, for the purposes of avoiding an *enforceable procurement provision*.
- 2.3 For the purposes of clause 5.1 of the *Government Procurement Review (International Free Trade Agreements) Act 2019* and clause 2.2 above:
- 2.3.1 the guideline, *International Procurement Obligations*, has been made and issued by the Secretary of the Department of Treasury and Finance for the purposes of giving effect to *applicable international procurement agreements*; and
- 2.3.2 *enforceable procurement provisions* are the provisions contained in Part 2 of the guideline, *International Procurement Obligations (Version 10)*.
- 2.4 In the event of conflict between the requirements of the Treasurer's Instructions and the *enforceable procurement provisions*, the *enforceable procurement provisions* prevail.

## **Buy Local Policy**

### Disaggregation

- 2.5 Except for the establishment of the common use *contracts* referred to in Treasurer's Instruction PF-3, clauses 3.3-3.5 or as set out in clauses 2.6 or 2.7 below, all *substantial procurement opportunities* must be disaggregated.
- 2.6 The Accountable Authority is permitted to approve, on a case by case basis, an exemption from the requirement to disaggregate where the benefits of aggregation clearly outweigh any potential negative impact on local suppliers or the local economy. Approval must be granted in writing prior to the commencement of the *procurement* and appropriate and auditable documentation regarding the approval must be maintained.
- 2.7 The Secretary of the Department of Treasury and Finance is permitted to approve a class exemption from the requirement to disaggregate applicable to all Agencies, or an identified sub-set of Agencies, where satisfied that the benefits of aggregation clearly outweigh any potential negative impact on local suppliers or the local economy.

### Pre-procurement Local Impact Assessments

- 2.8 Except as set out in clauses 2.9 and 2.10, for:
- roads and bridges works *procurement processes* valued at \$500 000 or more; and
  - all other *procurement processes* valued at \$250 000 or more,
- a formal pre-procurement local impact assessment must be prepared to ensure Tasmanian suppliers are given every opportunity to participate in the process and be successful. The assessment must be approved by the Accountable Authority prior to

the commencement of the process. Appropriate and auditable documentation regarding the approval must be maintained.

- 2.9 A formal pre-procurement local impact assessment is not required where direct sourcing has been approved due to sole supplier circumstances arising in accordance with Treasurer's Instruction PP-2, clause 2.18.2 or 2.18.3 or due to any other Limited Tendering circumstance set out in Treasurer's Instruction PP-2 where all the suppliers to be approached are *Tasmanian businesses*.
- 2.10 A formal pre-procurement local impact assessment is not required where a purchase is being undertaken from the *Technology Services List*.

#### Approaching Tasmanian Businesses

- 2.11 For all *competitive procurement processes* valued at \$100 000 or more, at least two submissions must be sought from *Tasmanian businesses* where Tasmanian capability exists. For the purposes of this clause, *competitive procurement process* includes seeking expressions of interest, requesting proposals, *open tendering*, *quotation processes* and seeking submissions from suppliers on a *multi-use list*.

#### Economic and Social Benefits

- 2.12 For all *competitive procurement processes* valued at \$100 000 or more, the evaluation criteria must include a specific Economic and Social Benefits criterion with the weighting to be applied to the criterion to be at least 25 per cent (25%). The weighting of 25 per cent is to apply to the qualitative and quantitative criteria combined and not just to the qualitative component.
- 2.13 For all *competitive procurement processes* other than for roads and bridges works, information must be requested from suppliers, as part of the supplier's response to an approach to the market, to enable assessment of the criterion referred to in clause 2.12 through the completion of the whole-of-government Economic and Social Benefits Statement.

#### Tasmanian Industry Participation Plans

- 2.14 For:

2.14.1 *procurement contracts* valued at more than \$5 million; or

2.14.2 projects valued at more than \$5 million that receive support, including in-kind support from the Government, valued at or more than \$500 000, or for projects valued at more than \$5 million that receive a grant valued at or more than \$500 000;

the preferred supplier, project proponent or grantee must be required to prepare a Tasmanian Industry Participation Plan (TIPP) and the *procurement*, *contract* or grant documentation must include the requirement for the TIPP and agreement as to its

publication. For clarity, for *panel arrangements* where the total panel value is estimated to be more than \$5 million, a TIPP is required from each panel member.

- 2.15 For the purposes of clause 2.14, TIPP's must be approved by the Accountable Authority before the *contract*, funding agreement or grant deed is finalised and before the supplier, project proponent or grantee enters into sub-contracting or *procurement* arrangements in relation to the project.
- 2.16 The approved TIPP (or at the Accountable Authority's discretion, an Executive Summary) must be provided to the Department of Treasury and Finance, within 10 days of the execution of the *contract*, agreement or grant deed, for publication.
- 2.17 The Accountable Authority is permitted to extend the requirement for a TIPP to *procurement contracts* valued at more than \$2 million up to, and including, \$5 million.

### **Full cost attribution policy on submissions from Government entities**

- 2.18 In a *competitive procurement process*, an offer from other Agencies, statutory authorities, Government Business Enterprises, State-owned Companies or local government may only be accepted where the price submitted by that entity reflects full cost attribution pricing principles, except where no bids are received from a private sector supplier.

### **Pre-procurement Industry Consultation**

- 2.19 Unless exempted in accordance with clause 2.21, a report summarising the outcomes of consultation with industry and local business representatives in relation to an intended *procurement process* must be prepared where the following thresholds are met:
  - 2.19.1 for all services (including building and construction / roads and bridges consultancies) - more than \$5 million;
  - 2.19.2 for all goods - more than \$5 million;
  - 2.19.3 for all building and construction works - more than \$10 million; and
  - 2.19.4 for all roads and bridges construction works - more than \$15 million.
- 2.20 The report must be approved by the Accountable Authority prior to advertising the process on the Tenders website or issuing a request directly to potential suppliers.
- 2.21 The Secretary of the Department of Treasury and Finance is permitted to approve class exemptions from the requirement to prepare a Pre-procurement Industry Consultation Report.

### **Tasmanian Wood Encouragement Policy**

- 2.22 The requirements of the *Tasmanian Wood Encouragement Policy* must be complied with when procuring and when engaging with proponents of private sector or local government building projects that receive Government funding or that are to be leased by Government.

## **ADDITIONAL GUIDANCE**

Further information in support of this Treasurer's Instruction can be found in the *Procurement Better Practice Guidelines (Principles and Policies)*.