



Buy Local Plan

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INTRODUCTION

As one of the largest buyers of goods, services and works in the Territory, government has a responsibility to have in place a value for Territory procurement framework that balances its own needs to procure goods and services efficiently and effectively with the needs of industry and the broader community. The Buy Local Plan supports local Territory businesses and is a critical element of the Northern Territory (NT) Government's value for Territory procurement framework. The plan has been developed in consultation with business and industry.

The primary objective of the Buy Local Plan is to ensure that the largest possible proportion of every dollar spent by the NT Government is retained within and delivers benefits for the Territory economy and community. With an effective value for Territory procurement framework in place, local content inputs such as employment, industry development, up-skilling, regional and Aboriginal development can be converted into tangible, long-lasting local benefits for the Territory.

There are a broad range of benefits to be realised through the Buy Local Plan. These include the direct, immediate benefits of local content to the goods, services or works delivered under a given contract. This also extends to indirect benefits which may not necessarily be realised during the term of the contract, such as economic stimulation, local industry development and infrastructure development.

The Buy Local Plan's key initiatives target every stage of the procurement and contract management lifecycle to deliver these benefits.

Some related objectives of the Buy Local Plan include:

- Give competitive Territory businesses the opportunity to participate in the future growth of the Territory
- Improve the way that local content and benefits are recognised, evaluated and realised across the procurement and contract management lifecycle.
- Encourage economic growth in the Territory by supporting local business to innovate, invest, work and grow.
- Align with existing procurement and broader government reform initiatives such as increasing transparency and cutting red tape.
- Comply with the Territory's legal obligations under the Australian Constitution, free trade agreements, competition laws and other relevant national and international instruments.

These objectives are also consistent with the NT Government's Building Northern Territory Industry Participation Policy (BNTIP).

The Buy Local Plan applies to all NT Government agencies conducting procurement activities.

1. OVERVIEW

The Buy Local Plan takes a broad view in addressing local benefits end-to-end across the procurement and contract management lifecycle - beginning with business and procurement planning, then progressing into tendering, contract formation, and lastly contract management. Underpinning the plan's measures at each of these stages is a focus on procurement capability development, both internal and external to government, to ensure that new practices are embedded, and new policies effectively applied. Ensuring that local content and benefits are considered and evaluated, with commitments then captured and monitored along the entirety of the lifecycle, is integral to the plan's success.

The measures of the Buy Local Plan aim to increase local participation in procurement at the lower tier levels, with the focus shifting to increasing local obligations as the value of government spend increases.

Nine key actions underpin the plan. They are:

1. Amend NT Government policies, procedures and practices to strengthen the consideration of local benefit factors that occurs at agency planning stage.
2. A local content test in all government quotes and tenders, worth a minimum of 30% in tender evaluations.
3. Improve consistency and quality in the assessment of local content during tender evaluations.
4. Enhance the consideration of local benefits across all tender evaluation criteria, not just the standalone local content test.
5. Inviting at least one quote from a Territory enterprise for tier 1 and 2 procurements.
6. A Buy Local Industry Advocate to provide an independent advocacy function to government on behalf of local industry.
7. Standard NT Government contractual terms and conditions to incorporate the successful tenderer's local benefit commitments.
8. A robust contract management framework to improve NT Government and supplier relationships and contractual compliance.
9. Focus on NT Government capability development across the end-to-end procurement process, including to industry where relevant.

2. AGENCY PLANNING

Amending NT Government policies, procedures and practices to strengthen the consideration of local benefit factors that occurs at agency planning stage

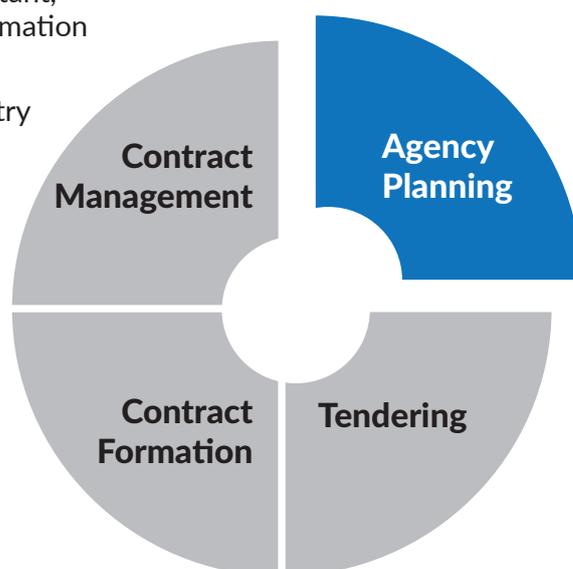
Under the end-to-end approach taken by the Buy Local Plan, the agency planning stage is crucial. It is during planning that potential local benefits are best identified, as NT Government can then structure its procurement approach accordingly to most effectively utilise local industry, and realise those benefits. These include taking such measures as packaging procurement activities to be more accessible for small business, and encouraging partnering and subcontracting arrangements to utilise a local supply chain. It is also essential during the planning stage to broaden the lines of communication with industry and industry groups such as Industry Capability Network NT (ICNNT). The best source of market knowledge is often direct engagement with industry itself - it is not just about knowing which suppliers to approach.

Under the Buy Local Plan, the Procurement Rules and their supporting documents (templates, guidelines and fact sheets) have undergone some changes. Key changes include:

- strengthening existing requirements for agencies to consult with ICNNT for awareness of market capabilities
- embedding practices to develop a more comprehensive market awareness amongst NT Government procurement staff
- ensuring that the results of these market research and consultation activities are robustly justified and recorded
- ensuring early identification of local benefit opportunities, and that these are translated into appropriate, relevant tender evaluation questions
- publishing an annual list of agencies' forecast procurement activities.

Access to an annual forecast of government procurement activity will provide greater certainty for industry, allowing businesses to invest with more confidence in skills and infrastructure. It is important, however, that industry recognise this forecasting information for what it is and that forecasts are subject to change.

The NT Government also recognises that strong industry engagement can foster a more collaborative approach to procurement planning, leading to a better outcome for both NT Government and businesses. Equipping NT Government staff with the skills to undertake this dialogue with industry forms a key focus of the capability development also occurring under the Buy Local Plan.



3. A LOCAL CONTENT TEST

Introducing a local content test into all government quotes and tenders, worth a minimum of 30% in tender evaluations

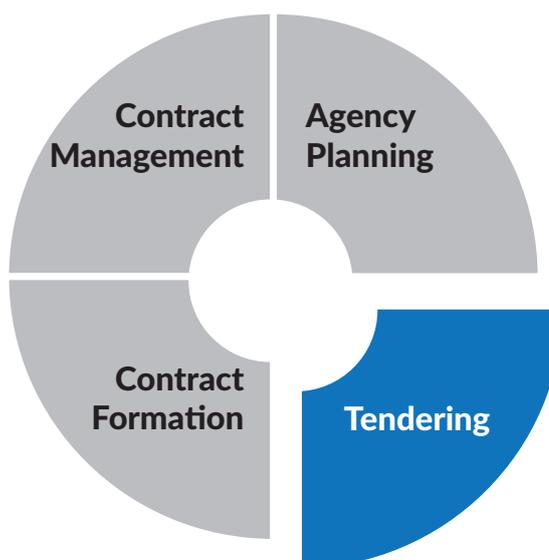
Under the Buy Local Plan, the standalone LDVA tender assessment criteria is replaced by the local content test. Agencies must allocate a minimum weighting of 30% to the local content test criteria.

A key focus of the test is to ask more objective, clearer local content questions in tender documents, rather than subjective or open-ended questions. Objective questions are simpler for industry to respond to, and simpler for evaluators to assess relative to other responses. This will lead to more consistency of outcomes for industry.

Using the tenderer's proposed local content as an input, the test seeks to determine the resulting local benefits that will be provided to the Territory economy and community if the tenderer is awarded the contract. Benefits may be directly related to the contract (such as the benefit of the company's local knowledge, retaining jobs and providing training opportunities), but there can also be indirect, flow-on benefits for the community (such as economic stimulation and broader community activity) including benefits that outlast completion of the contract.

A model local content test has been produced and made available to all agencies, with the expectation that agencies tailor this as appropriate for their own activity. While the local content test assessment criteria will vary depending on the nature of the procurement, typically it will include:

- employment
- up-skilling (including apprenticeships, formal and informal training)
- local industry participation (as contractors and part of the supply chain)
- local industry development initiatives
- Aboriginal development initiatives
- regional development initiatives.



4. CONSISTENCY AND QUALITY OF ASSESSMENT

Improving consistency and quality in the assessment of local content during tender evaluations

Under the Buy Local Plan's local content assessment criteria, a tenderer's score will be determined by both the potential benefits available, and NT Government's degree of confidence, based on the information provided, that the tenderer can actually deliver those benefits. This ensures that assessors strike a balance between what a tenderer says they are going to do, but whether or not (based on various factors including their demonstrated commitment to delivering local benefits) NT Government is confident they will actually perform. High marks on the local content test will be awarded to responses where:

- suppliers have demonstrated a long-standing commitment to delivering local benefits
- proposed local benefits in tender responses are clear and significant
- the evaluation panel has a high degree of confidence in the supplier's ability to deliver them.

The primary goal of any NT Government procurement activity is to achieve the best value for Territory outcome. Value for Territory does not just entail the lowest price, but broader considerations such as whole-of-life costs, support capabilities, past performance, commercial risk and local factors. NT Government's assessment of the local content criteria - and indeed all criteria - occurs with the overarching goal of achieving best value for Territory.



5. TENDER EVALUATION CRITERIA

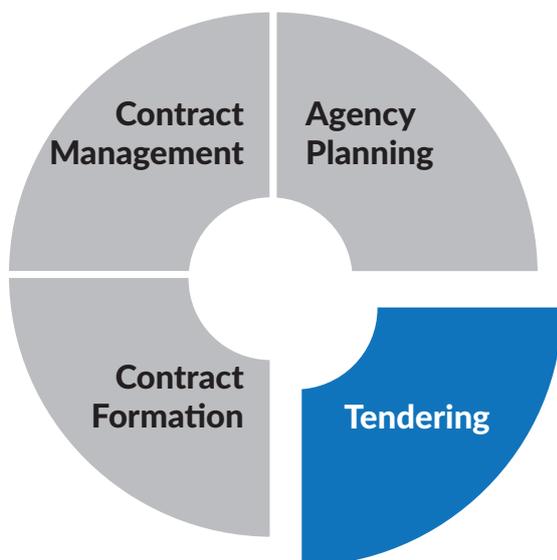
Enhance the consideration of local benefits across all tender evaluation criteria, not just the standalone local content test.

Under the Buy Local Plan, agencies are encouraged to consider local benefit opportunities that may be relevant within other assessment criteria, and ask corresponding questions in the tender. This gives tenderers more opportunities to demonstrate the benefits of their 'localness'. As these questions are asked and assessed within another criteria, they are in effect over and above the local content test's 30% weighting.

The Buy Local Plan recognises that local benefits can often not be assessed in isolation. Rather, local benefits such as knowledge of environmental and market conditions unique to the Territory and proximity of supply chain are best considered under other sections of the tender relating to, for example, capacity and timeliness.

While these other (or dispersed) local benefit questions will vary depending on the nature of the procurement, such as:

- Past performance, for example, an organisation's track record of enhancing local economic and community outcomes through its delivery of similar contracts.
- Capacity, for example, a tenderer's use of local knowledge (technical, environmental, geographical, cultural and other) to ensure successful contract delivery.
- Timeliness, for example, proximity and responsiveness of supply chain.
- Innovation, for example, development of any new products, business models or other capabilities within the NT as a result of the contract.



6. OPPORTUNITIES FOR TERRITORY ENTERPRISES TO QUOTE

Inviting at least one quote from a Territory enterprise for tier 1 and 2 procurement

Under the NT Government procurement framework, tier 1 and 2 procurements are able to be conducted through a simplified quotation process, rather than through a public tender process. As a result, local businesses are often unaware of the opportunities that may be present at these levels. The Buy Local Plan addresses this by requiring that, for all tier 1 and 2 procurements, agencies invite at least one quote from a Territory enterprise.

A Territory enterprise is an enterprise operating in the NT, with a significant permanent presence in the NT and employing NT residents.

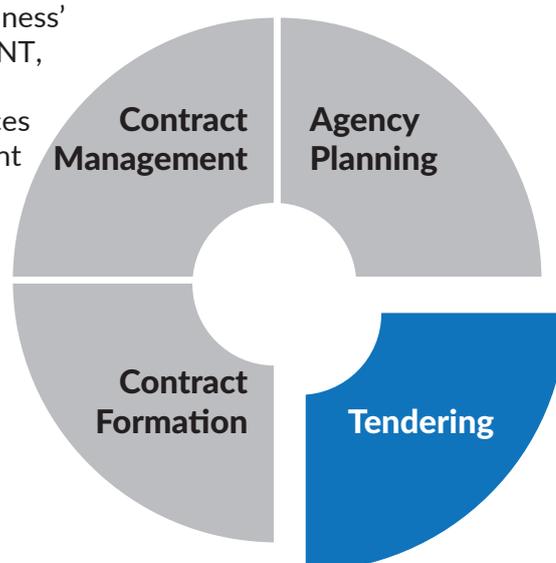
Whether or not an entity is a Territory enterprise is not a one-time 'accreditation', but rather is considered by the NT Government procurement team each time they go to market.

Territory enterprises must satisfy all three elements of the definition:

- Operating in the NT - the enterprise is currently engaged in productive activities (for example, production of goods or delivery of services) within the NT.
- Significant permanent presence - the enterprise maintains an office, manufacturing facilities or other permanent base within the NT.
- Employing NT residents - the enterprise employs Territorians. An enterprise which relies exclusively on transient, interstate / international labour or a fly-in, fly-out workforce will not satisfy this element.

Whether or not an entity is deemed a Territory enterprise is for procurement purposes only directly relevant at the point of determining who receives an invitation to quote. Being a Territory enterprise alone may allow a business to tender for work, but to successfully win work, the business must still put their best case forward in their response so as to demonstrate the value they offer. It is in business' best interests to ensure they are registered with ICNNT, their profile is thorough and up-to-date, and there is sufficient information contained in other public sources (for example, their website), to inform NT Government and the broader market about the business and its capabilities.

Government also uses Territory enterprise to track and monitor the level of work awarded to local businesses.



7. BUY LOCAL INDUSTRY ADVOCATE

An independent advocacy function to government on behalf of the local industry

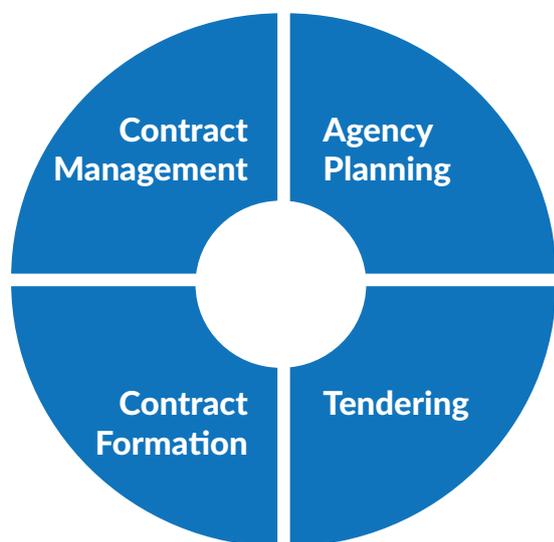
The Buy Local Industry Advocate is an independent link between local business and the NT Government. The role of the Buy Local Industry Advocate is to:

- provide an independent advocacy function
- focus on promoting the Buy Local principles to both industry and government
- provide an audit and assurance role with respect to government procurement (the value for Territory assurance program)
- monitor the effectiveness of the Buy Local Plan, including monitoring for unintended consequences.

The advocate is a member of a reformed Procurement Review Board and chairs a subcommittee of that board which focuses on Buy Local policies. The advocate can investigate complaints directly from industry and act on their own initiative to randomly audit the awarding of contracts and the implementation of those contracts.

The Buy Local Industry Advocate ensures that Territory enterprises are provided full, fair and reasonable opportunity to compete for government contracts, that value for Territory is considered in all aspects of government contracting, and promotes the adoption of Buy Local principles by industry.

The advocate can be contacted on (08) 8999 7799, via email to buylocal.advocate@nt.gov.au



8. CONTRACTUAL TERMS AND CONDITIONS

Amending standard NT Government contractual terms and conditions to incorporate the successful tenderer's local content commitments.

Under the Buy Local Plan, a tenderer's local content commitments and undertakings specific to the contract will be incorporated into the contract as a legally binding commitment. This includes names of local sub-contractors and suppliers that will be used, employment or training targets, and other local development commitments included in a tender response. This measure addresses, for example, the situation where a local sub-contractor is included in a tender response (and assessed favourably on that basis), but is then replaced with a cheaper, interstate option after contract award.

NT Government understands that circumstances may change during the course of a contract which are genuinely unforeseen, outside a contractor's control and alter the local content makeup of a contract. NT Government's approach to enforcing these clauses will therefore be pragmatic and reasonable - businesses will not be held in breach for changes outside their control, however they will be expected to advise NT Government of such changes, and work collaboratively with government to ensure that local content is maintained to optimum levels throughout the contract duration.



9. CONTRACT MANAGEMENT FRAMEWORK

Establishing a robust contract management framework to improve NT Government and supplier relationships and contractual compliance.

Effective contract management is integral to realising the value of good planning and procurement. As such, the main focus of the Buy Local Plan in this stage is to ensure that local benefits recognised in the planning stage, sought through tender, then reflected in the contract, are subsequently delivered upon during the term of the contract.

Historically, contract management practices across NT Government have varied considerably between agencies. The Buy Local Plan is developing a standardised contract management framework, to be used as a model by agencies in their contract management activities. The purpose of a contract management framework is to provide a clear, uniform approach to managing and administering contracts for goods and services. Whilst the intent of this measure is specifically targeted at managing local content obligations throughout the contract term, it will also have broader impact by allowing more accurate management of other contractual obligations, and the overall relationship between government and its suppliers.

Any contract management framework adopted by NT Government needs to be proportionately relative to the value, complexity and significance of the contract. By taking this approach of understanding and applying contract management effort where it is most needed, efficiencies are achieved and the overall procurement contract management life cycle benefits.



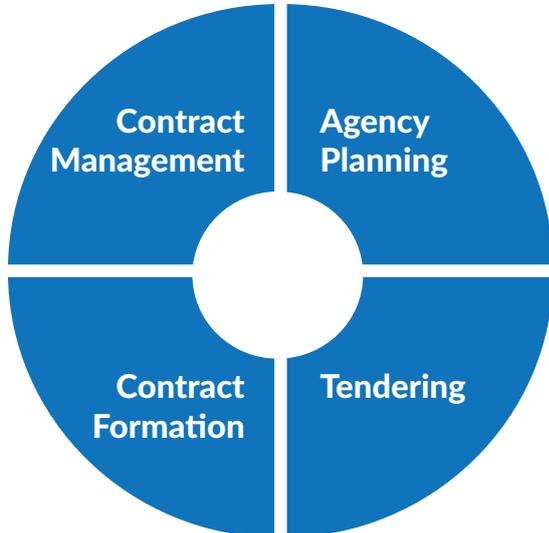
10. CAPABILITY DEVELOPMENT

Focusing on capability development across the end-to-end procurement and contract management lifecycle, including industry where appropriate

Capability underpins good procurement and contract management, both in general and for local content considerations especially. The various stage-specific measures in the Buy Local Plan are supplemented by an overarching focus on capability development, to ensure that the changes to policy and practice introduced by the plan are entrenched and NT Government continues its ongoing program of professionalising its procurement capability. This includes:

- developing a whole-of-government procurement capability strategy, to identify capability requirements across agencies and determine an up-skilling approach.
- clear delineation of roles and accountabilities by all those involved in the procurement process.
- focused training for procurement practitioners on key areas along the procurement and contract management lifecycle that influence local benefit outcomes.

The plan also includes measures to improve industry knowledge and capability in tendering to NT Government, and specifically in demonstrating their local content and local benefits. The plan will target industry through a variety of avenues, such as roadshows and through the [How To tender Upskills workshop](#)¹ run by Business and Innovation NT.



¹ <https://nt.gov.au/industry/start-run-and-grow-a-business/workshops-to-grow-your-business/finance>