2nd Buy Local Plan Compliance   
Report of the Buy Local Industry Advocate of the Northern Territory

December 2019



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Contents

[1. Executive Summary 4](#_Toc26539187)

[2. Background 5](#_Toc26539188)

[3. Northern Territory Government’s response to the 1st Buy Local Plan Compliance Report 6](#_Toc26539189)

[4. Advocacy 8](#_Toc26539190)

[5. Promoting Buy Local Principles to Industry and Government 10](#_Toc26539191)

[6. Value For Territory Assurance Program 11](#_Toc26539192)

[6.1. What is Value For Territory 11](#_Toc26539193)

[6.2. Value For Territory Assurance Program Framework 11](#_Toc26539194)

[6.3. Outcome of Value For Territory audit reviews 12](#_Toc26539195)

[6.4. Has Value For Territory been delivered? 14](#_Toc26539196)

[7. The Buy Local Plan 15](#_Toc26539197)

[7.1. Effectiveness of the Buy Local Plan 15](#_Toc26539198)

[7.2. Investigation of Complaints 16](#_Toc26539199)

[7.3. Unintended Consequences 17](#_Toc26539200)

[7.4. ICAC 17](#_Toc26539201)

[8. Opportunities For Improvement 18](#_Toc26539202)

[8.1. Whole of Government Procurement and Reporting System 18](#_Toc26539203)

[8.2. Contract Management 18](#_Toc26539204)

[8.3. Industry Capability Network NT 19](#_Toc26539205)

[8.4. Procurement Staff Career Development 20](#_Toc26539206)

[8.5. Alternative Tenders 20](#_Toc26539207)

[8.6. Tender Specifications 20](#_Toc26539208)

[8.7. Tender Debriefs 21](#_Toc26539209)

[8.8. Agency Procurement Resourcing 21](#_Toc26539210)

[8.9. Local Content Assessment and scoring 21](#_Toc26539211)

[8.10. Grants 22](#_Toc26539212)

[8.11. Statutory Authorities 22](#_Toc26539213)

[8.12. Value For Territory 23](#_Toc26539214)

[8.13. Assessment of VFT in Tier 1 & 2 procurement activities 23](#_Toc26539215)

[8.14. Across Government Baseline Spending Data 23](#_Toc26539216)

[8.15. Value to the NT economy of the NTG spend with Territory Enterprises 23](#_Toc26539217)

[8.16. Normalised Scoring 24](#_Toc26539218)

[8.17. Defensible Decision Making 24](#_Toc26539219)

[8.18. Territory Enterprise 24](#_Toc26539220)

[8.19. Pre Tender Market Assessment 25](#_Toc26539221)

[8.20. Improved Consistency in Scoring of Past Performance, Timeliness and Capacity 25](#_Toc26539222)

[8.21. Referee Checking 26](#_Toc26539223)

[8.22. Past Experience 26](#_Toc26539224)

[9. Conclusion 27](#_Toc26539225)

[9.1. Effectiveness of the Buy Local Plan 27](#_Toc26539226)

[9.2. Delivery of Value For Territory 27](#_Toc26539227)

# Executive Summary

Last year I was unable to form a conclusive view as to whether the Buy Local Plan had had a positive effect in increasing spending by the NT Government with Territory Enterprises. Due to the reasons outlined throughout this report I still hold reservations about the effectiveness of the Buy Local Plan and its measurement, but on balance I believe it has had a positive effect in delivering an increased amount of government procurement outcomes to Territory Enterprises in this past year.

Delivery of Value For Territory procurement outcomes still remains a challenge for some government agencies and staff. I note that there has been some improvement by certain agencies and individuals, however there are still too many examples being bought to my attentions where best Value For Territory does not appear to have been delivered. I again consider this year that optimisation of Value For Territory outcomes in individual procurement transactions remains inconsistent.

There were 17 matters that were identified in my previous annual report which I believe needed attention to maximise the effectiveness of the Buy Local Plan, and enable the measurement of its effectiveness. In **Section 3** of this report I summarise those matters and my understanding of the current status of the actions taken to address them.

**Section 8** of this report contains various Opportunities For Improvement that I believe would contribute to a further improved procurement framework, more effective Buy Local Plan and more consistent delivery of Value For Territory outcomes. Many of these opportunities for improvement remain from last year or in my view have only been partly addressed since last year.

In general I have experienced an increased willingness by many agencies to improve their procurement processes with many of them making significant changes to their internal systems to accommodate this. Changes invariably do not deliver immediate results but become a platform to deliver future improvements. I commend those agencies for the efforts they have made and encourage them to continue to build on the good work they have accomplished so far.

A number of agencies have changed their attitude towards me and I believe they now see me as someone who can support them to improve their processes and deliver better procurement outcomes, rather than someone who is just there to criticise and frustrate them.

I believe industry continues to be generally supportive of my efforts to advocate on their behalf, and to lead discussion around changes to the procurement process. They do express dissatisfaction at times with the length of time it takes to effect change, as they are accustomed to being nimble and able to respond quickly to changing circumstances. I ask that industry continues to be patient and support my efforts to advocate for them even though it can be frustrating at times.

Finally, I would like to thank my Executive Officer, Brylie Neve for her invaluable support over the last year. Without it I would have struggled to deal with the myriad of matters that my role encompasses.

# Background

The position of the Buy Local Industry Advocate was established as part of a series of major procurement reforms announced by the Northern Territory Government (NTG) in February 2017, and which came into force on 1st July 2017.

Under the terms of my appointment my responsibilities are:

1. Advocacy.

* Acting as an independent link between local business and the Northern Territory Government;
* Providing information and assistance to local businesses to strengthen their capability and competitiveness in the NT Government procurement system;
* Representing the interests of local business and industry as a member of the Procurement Review Board;

1. Promoting the adoption of Buy Local principles to industry and government.
2. Undertaking a Value for Territory Assurance Program, comprised of internal and external audits, designed to measure the effectiveness of agency implementation of the Buy Local Plan.
3. The Buy Local Plan.
   * + With the assistance of the Buy Local Subcommittee of the Procurement Review Board:

* overseeing agency and industry compliance with the Buy Local Plan; and
* monitoring the overall effectiveness and impact of the Buy Local Plan, including monitoring for unintended consequences;
  + - Preparing reports for public release on Buy Local Plan compliance;
    - Investigating complaints relating to adherence to the Buy Local Plan;
    - Making recommendations to government on ways to improve the Buy Local Plan.

The following sections of this report outline my findings and observations insofar as they are relevant to the performance of each of my responsibilities.

# Northern Territory Government’s response to the 1st Buy Local Plan Compliance Report

My last report, published on 12 December 2018, identified 17 matters that I recommended be actioned to maximise and enable measurement of the effectiveness of the Buy Local Plan, and to maximise Value For Territory procurement outcomes.

I find it very disappointing that despite numerous enquiries by me, and assurances by government that a formal response by the government to my first annual report will be provided, that at the date of writing this my second annual report some eleven months later, that no such response has been received.

The following table identifies each of the matters referred to in my previous annual report and provides my understanding of the actions (if any) taken to address to them.

| Matter identified for attention | Assessment of actions taken to address matters raised |
| --- | --- |
| The establishment of an integrated whole of government procurement management and reporting system to facilitate, monitor and report on both agency and whole of government procurement activities at all procurement Tier levels | **Refer Section 8.1** |
| Increased effort by agencies to undertake more effective contract management and reporting as required under procurement rules and policy | **Refer Section 8.2** |
| More consistent and appropriate use of the Industry Capability Network NT by NTG procurement staff | **Refer Section 8.3** |
| Better structured and improved career development pathways for procurement staff within the NTG | **Refer Section 8.4** |
| Appropriate use of alternate tenders | **Refer Section 8.5** |
| Improved accuracy and relevance of tender scoping specifications and information | **Refer Section 8.6.** |
| More transparent and instructive tender debriefs including disclosing to tenderers their scores for each scoring criteria | **Refer Section 8.7** |
| Adequate agency resourcing to properly implement correct procurement processes and policies, particularly at peak times with time sensitive delivery time frames, and also for appropriate and timely contract management of awarded contracts | **Refer Section 8.8** |
| Increased consistency and transparency of Local Content assessment and scoring | **Refer Section 8.9** |
| Development of clear guidelines for procurement staff when making individual procurement choices under across government and panel contracts | **An updated policy on Using Existing Panel Contracts was issued by procurement NT in July 2019. This policy provides, among other things, guidance to procurers on how to deal with this issue.** |
| Clear direction to grant recipients of how Buy Local policy intent is to be applied, assessed and enforced in respect to all NTG grant funding | **Refer Section 8.10** |
| Clear direction to all Statutory Authorities of how Buy Local policy intent is to be applied, assessed and enforced in respect to NTG funding provided to these bodies | **Refer Section 8.11** |
| Clarification and formalisation of the role of the Buy Local Industry Advocate in respect to procurement activities undertaken by GOC’s | **During the year I was able to agree with Power Water, Jacana Energy and Territory Generation guidelines of how they will interact with my office. While their procurement policies will remain independent of the NTG procurement rules, I am happy that we have established a working relationship that should ensure I have an oversight role to scrutinise delivery of the best VFT outcomes through their procurement regimes.** |
| Wider and more detailed education of both industry and NTG staff of the concept of Value For Territory, its benefits, how it is assessed, and its impact on procurement decision making | **Refer Section 8.12** |
| Development of guidance for NTG staff on how to assess Value For Territory in Tier 1 & 2 procurement activities | **Refer Section 8.13** |
| Determination of accurate across government baseline data to inform the assessment of the effectiveness of the Buy Local Plan | **Refer Section 8.14** |
| Undertake an economic impact assessment on the value and impact on the NT economy of spending by the NTG with Territory Enterprises | **Refer Section 8.15** |

# Advocacy

I continue to engage as much as possible one on one with industry participants, and more generally through industry bodies, seminars and conferences whenever the opportunity presents itself.

In addition I continue to engage on a regular basis with various NTG agencies to provide industry feedback and assist with and support education and development of agency staff, as well as dealing with agency specific procurement issues.

Some in government are critical of me for always putting forward industries views. I will not apologise for this. Putting forward industries views is a vital part of my role – I am the Industry Advocate.

Providing an industry perspective on procurement matters to agencies is at times challenging as they sometimes have no appetite for feedback or change, nor do they always have the appreciation of how things look from an industry perspective. I try and give them that perspective wherever possible. I acknowledge that the willingness to accept the views I put forward on behalf of industry has improved over the past year as agencies have started to realise that I am trying to get the most workable procurement outcome for both industry and government.

I do not believe I put forward industry views which are not sensible or reasonable, however those in government often do not see this. In addition, those within government are not aware of the many conversations I have with industry where I attempt to inject balanced thinking into views as to what is fair and reasonable in the context of government procurement.

When I put forward views to government I also suggest solutions and options for improvement. I am always happy to discuss and refine these suggestions with both industry and government to get a workable outcome for all parties.

The issues raised by industry with me are many and varied. Some of the below matters were mentioned in my previous annual report, and still continue to be raised by me with government:

* Inconsistent scoring of Local Content criteria by tender assessment panels;
* Why a Local Content assessment in one tender response results in a different score than in another tender response, both within the one agency and across various government agencies;
* Poor scoping and description of goods/services within tender documentation;
* Perceived lack of technical experience or expertise of tender assessment panel members;
* Quality of tender debriefs and tenderers ability to obtain sufficient information to improve future responses;
* Inadequate contract management and performance reporting by procuring agencies;
* Substitution of suppliers and subcontractors by successful tenderers post tender award;
* The lack of understanding and clarity around why one business is considered to be more “local” than another;
* What exactly is a “Territory Enterprise”;
* Why is the NTG still procuring from interstate business when a local alternative exists;
* Allowance for alternate tenders where it is perceived that there was never any intention for alternate tenders to be properly considered and assessed;
* Lack of consistency regarding assessment of Past Performance, Capacity and Timeliness.
* Why do we have to nominate referees when they are not checked?
* Is my past performance and timeliness judged on previous non NTG projects given the same weight as NTG projects?
* Are potential conflicts of interest by tender assessment panel members properly identified and managed?

My efforts this past year in advocating for changes with the government have focused generally around all of the above matters, but have had a specific focus on:

* Clarification of my oversight role in procurement activities undertaken by Government Owned Corporations. This has led to arrangements being agreed with PowerWater, Jacana Energy and Territory Generation.
* Increased focus on effective contract management by all agencies. This has led to improved contract management processes and outcomes within various agencies, but there is still further work to be done before it could be concluded that the process works as anticipated across all government agencies (see **Section 8.2**).
* Releasing of scores and improved debrief feedback to tenderers. This resulted in a 12 month pilot program being commenced by DIPL on 1 July 2019 (see **Section 8.7**).
* Development of a Local Content assessment framework. In May 2019 the Procurement Review Board resolved that Procurement NT was to progress the local content assessment framework, however progression of the matter has not reached conclusion at the date of this report (see **Section 8.9**).
* Normalisation of non-price assessment scores to maximise their value to all tenderers. This has resulted in a commitment for roll out of this across all government agencies (see **Section 8.16**).

As I concluded last year, changes to government policy and process often involves considerable time and effort, and invariably does not happen as quickly as industry would like. This still applies, but I do acknowledge the co-operation and willingness of government to support the changes that have been made to date.

Again this year, I leave it to industry to judge the effectiveness of my advocacy efforts.

# Promoting Buy Local Principles to Industry and Government

The following Table contains details of the number of consultation activities undertaken by my office over the 8 quarters ending on 31 August 2019. In addition to these formal consultations I continue to engage in informal consultation opportunities whenever the opportunity presents itself. The promotion of Buy Local principles is at the core of all of these consultations.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Dec 17 –Feb 18 | Mar 18 – May 18 | Jun 18 – Aug 18 | Sept 18 -  Nov 18 | Dec 18 -  Feb 19 | Mar 19 -  May 19 | Jun 19 -  Aug 19 |
| Industry consultations | 16 | 51 | 32 | 39 | 31 | 36 | 23 |
| Government agency consultations | 4 | 16 | 13 | 31 | 32 | 38 | 28 |
| Ministerial and Parliamentary consultations | - | - | 2 | 1 | 1 | 2 | 1 |

An important part of my consultations to both industry and government focuses around promoting Buy Local principles. As stated in my previous annual report, and again in other sections of this report, there is varying opinion as to what “Buying Local” looks like, or at least should look like. I will continue to promote the principles of what buying local looks like under the Buy Local Plan.

The concept of buying locally and supporting other NT businesses is still a focus for many Territory businesses, and I am aware of many NT businesses that have policies in place that actively support other NT businesses over interstate competitors, often at the disadvantage of paying more for those goods or services.

I am also aware of instances where such business to business support has enabled the establishment or growth of skills and knowledge available within the NT.

It appears to me that awareness of the value of buying locally is gaining momentum within the business community, and I must acknowledge the efforts of both the NTG and industry bodies in continuing to focus efforts around educating business on the benefits of supporting other local businesses.

In my previous annual report I recommended the preparation of an economic impact assessment on the value and impact on the NT economy of spending by the NTG with Territory Enterprises. Again I urge the government to undertake this work as I believe the results will prove to be a powerful tool in influencing a change in attitude and behaviour of those who currently do not see the true value of supporting local business.

# Value For Territory Assurance Program

## What is Value For Territory

Up until the 1st August 2019, the term Value For Territory was not defined in NTG procurement rules or policies. It was referred to as the first key procurement principle, the objective of which is:

*Procurement expenditure is a key driver in the cost effective realisation of NTG economic, social, environmental and cultural objectives.*

A definition of Value For Territory was introduced into the Procurement Governance Policy on 1st August 2019, which defines Value For Territory as:

*Achieving value for Territory involves determining the extent to which a response will deliver the best combination of whole-of-life costs and quality (non-cost) factors.*

*Factors that may be considered in assessing Value for Territory include:*

*• fit for purpose and quality*

*• whole of life costs (including support, warranty, licensing and disposal)*

*• efficiency and effectiveness*

*• timeliness*

*• flexibility*

*• innovation*

*• local benefit*

*• intangible costs and benefits*

*• contribution to NTG priorities*

The Buy Local Plan provides further context to the concept of Value For Territory, wherein it states:

*The primary objective of the Buy Local Plan is to ensure that the largest possible proportion of every dollar spent by the NTG 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 indigenous 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.*

## Value For Territory Assurance Program Framework

The Buy Local Plan requires the Buy Local Industry Advocate to have overall responsibility for the Value For Territory Assurance Program. The Value For Territory Assurance Program is not described by legislation or regulation. As a result it has been left to me to determine what aspects the Value For Territory Assurance Program will cover.

During the year certain aspects of the Procurement Rules changed and the Value For Territory Assurance Program was modified to accommodate those changes. In addition the provision of Value For Territory Audit Reports to be provided by all government agencies have been aligned to a common submission date and reporting period. All agencies are now required to report once annually (in contrast to large agencies who previously reported twice a year and small agencies who reported only once a year), and that the report is to cover the period from their previous report to 31 December. For future years this will be the period of 1 January to 31 December each year.

There are 5 key principles that must be applied to every NTG procurement activity. They are:

1. Value For Territory
2. Ethical Behaviour and Fair Dealing
3. Open & Effective Communication
4. Enhancing the Capabilities of Territory Enterprises and Industries
5. Environmental Protection

The procurement framework used by the NT government is described as a Value For Territory procurement framework, and if followed, should as a matter of course provide the best Value For Territory outcome for each single procurement activity delivered under it. It therefore follows that an effective Value For Territory Assurance Program must focus on all aspects of compliance with the procurement framework, not just those aspects relating to Local Content. Assessing agency compliance with all aspects of the procurement framework therefore continues to underpin the Value For Territory Assurance Program.

The program aims to measure the effectiveness of agency compliance with procurement rules and policies, which is achieved through;

* Monitoring and providing feedback on the results of regular Value For Territory audits undertaken by procuring agencies. These audits test agency compliance with all mandatory procurement rules and procedures;
* Review of specific Procurement activities as directed by me;
* Review of procurement complaints referred to me for investigation;
* Industry consultation and feedback;
* Agency consultation and feedback.

The Value For Territory Assurance Program aims to provide me with the information to determine if Value For Territory has been delivered by the government during the period since my previous annual report.

## Outcome of Value For Territory audit reviews

There are 21 government agencies who are required to provide Value For Territory Audit Reports to me for review and consideration. These reports are used by me as an integral part in my determination of whether agency procurement processes are being followed to the extent required to deliver Value For Territory. The reports are required to cover the calendar year ending 31 December 2018, and were due for submission to me by 30 April 2019.

Of the 21 agencies required to provide the report to me 19 of them provided their final reports by either the required date or by an agreed extended date for submission. At the date of preparation of this report the following two agencies are yet to provide me with their final report;

* *NT Electoral Commission*

I am currently assisting the NT Electoral Commission with the provision of their report, which I expect to receive by mid December 2019.

* *Office of the Ombudsman*

I am currently assisting the Office of the Ombudsman with the provision of their report, which I expect to receive by the end of December 2019.

Of the 19 completed reviews I have concluded that 14 agencies have delivered satisfactory Value For Territory through their procurement process during the period 1 January 2018 to 31 December 2018.

I have determined that the following 5 agencies have not delivered satisfactory Value For Territory during the same period:

* *Territory Families*

I note that Territory Families have acknowledged the deficiencies within their procurement process and I am aware that they are currently working to put in place measures to address them. I look forward to continuing to work with them to assist improved compliance with the procurement rules, and therefore improved delivery of Value For Territory.

* *Department of Health (DoH)*

I note that DoH have acknowledged the deficiencies within their procurement process and I am aware of changes that have been implemented to update their procurement process to address them. I look forward to continuing to work with them to assist improved compliance with the procurement rules, and therefore improved delivery of Value For Territory.

* *Department of Local Government, Housing and Community Development (DLGHCD*)

I my previous annual report I considered that DLGHCD had not delivered satisfactory Value For Territory. I went on to acknowledge that DLGHCD had commenced implementation of a series of structural changes within their procurement group to address these deficiencies. These changes were not able to be implemented by the agency until the second half of last calendar year and so their impact on procurement activities undertaken during this year’s review period was expected to be minimal.

Notwithstanding that I again consider Value For Territory has not been delivered for the second year running, I acknowledge the considerable progress made by the agency in improving their procurement process, and their willingness to engage with me to assist in those improvements.

I have been particularly impressed by the attention to detail displayed by DLGHCD in designing the procurement process used for the $100M Housing Stimulus Package commenced in mid 2018. While some may disagree with me I believe that the process being used, along with the considerable industry consultation and transparency, has been an excellent example of how a large volume of procurement activities can be undertaken in compliance with the Procurement Rules and in delivery of maximum Value For Territory.

* *NT Police, Fire and Emergency Services (NTPFES)*

I my previous annual report I considered that NTPFES had not delivered satisfactory Value For Territory. I went on to acknowledge that NTPFES had commenced implementation of a series of structural changes within their procurement group to address these deficiencies. These changes were not able to be implemented by the agency until part way through last calendar year and so their impact on procurement activities undertaken during this year’s review period was expected to be minimal.

Notwithstanding that I again consider Value For Territory has not been delivered for the second year running, I acknowledge the considerable progress made by the agency in improving their procurement process, and their willingness to engage with me to assist in those improvements.

* *Land Development Corporation (LDC)*

The LDC Audit Report identified a number of non-compliance issues in the samples selected for testing. While the agency is a relatively small procuring agency the volume of the non-compliance instances identified is unacceptable. I look forward to working with them to assist improved compliance with the procurement rules, and therefore improved delivery of Value For Territory.

## Has Value For Territory been delivered?

The focus on delivery of Value For Territory in individual procurement activities still remains a challenge for some agencies and individuals within agencies. This can be as a result of issues such as poor understanding of the concept of Value For Territory, poor knowledge or understanding of the procurement rules and framework, poorly operating internal systems and processes, reluctance to properly apply procurement rules, and unwillingness to embrace the 5 key procurement principles.

I have seen several specific instances of procurement activities that I do not believe delivered the best Value For Territory due to departures from the procurement framework. In addition the results of the VFT audits (5 unsatisfactory ratings) suggests that Value For Territory may not always have been delivered by those agencies, as evidenced by the volume and nature of non-compliance issues noted by their auditors.

The current framework for assessment of Value For Territory within procurement activities contains several elements which require subjective evaluation to be made by those undertaking assessment of offers. In circumstances where subjectivity forms part of the decision making process to determine the best Value For Territory across a number of offers, different people may have conflicting views as to which offer, in their opinion, delivers the best Value For Territory. It is for this reason that I am prepared to accept that if the proper procurement process has been followed then the outcome reached will deliver the best Value For Territory. Others may challenge this view, which they are entitled to do.

While there are instances where I do not believe Value For Territory has been delivered, I do believe that these instances are the exception and not the rule. Therefore I have concluded that the majority of procurement activities undertaken by the NTG in the last year are likely to have adhered to the procurement rules and policies and therefore are likely to have delivered the best Value For Territory as anticipated under the procurement framework, however in my opinion delivery of best Value For Territory still remains inconsistent.

# The Buy Local Plan

The Buy Local Plan is an overarching policy document of the government which sets out a broad framework for how it intends to meet its primary objective of ensuring that the largest possible proportion of every dollar spent by the NTG is retained within, and delivers benefit for, the Territory economy and community.

The Buy Local Subcommittee was established at the same time as the role of the Buy Local Industry Advocate, and since my last annual report has met on 4 occasions. The members of that subcommittee are;

* + Denys Stedman – Buy Local Industry Advocate (chair)
  + Andrea Moriaty – Killarney Homes – industry representative
  + Margaret Michaels – Clayton Utz – industry representative
  + Kevin Peters – ICNNT representative
  + Greg Bicknell – NT Chamber of Commerce representative

In addition, the chair of the Procurement Review Board, Mr Doug Phillips, is invited to attend as an observer at the sub-committee meetings, as is a representative from Procurement NT.

I would like to thank the members for their input and counsel in respect to matters which the Sub Committee has considered, and for their ability to bring an industry related focus to our discussions.

## Effectiveness of the Buy Local Plan

In my previous annual report I pointed out that measuring the effectiveness of the Buy Local Plan was subjective in nature. I still hold that view.

I am of the view that the Buy Local Plan would be strengthened by incorporating a number of changes into the procurement framework, as discussed in **Section 8** and elsewhere in this report.

I am pleased to report however that I believe the principles contained in the Buy Local Plan have received increased focus both within government and industry around the importance of supporting Territory Enterprises and buying local.

Year on Year Comparison of Contracts Awarded

In my previous annual report I lamented the absence of a single government procurement management and reporting system that enabled reporting of agency and whole of government spending over all procurement Tier levels. At this point in time no such system has yet been implemented, and I again urge the government to commit the resources required to introduce such a system.

The current NTG system provides NTG contract award data for Tier 2 to 5 procurements (excluding government owned corporations and pre-existing period contracts). The number and value of contracts awarded by the government over the last 3 years is as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Financial Year | Total Contracts Awarded | | Contracts awarded to Territory Enterprises | | | |
| No of contracts | Value of contracts | No of contracts | % of Total | Value of contracts | % of Total |
| 2016/17 | 1860 | $657,297,081 | 1493 | 80.27% | $536,519,272 | 81.63% |
| 2017/18 | 2319 | $1,492,627,918 | 1892 | 81.59% | $1,134,262,795 | 75.99% |
| 2018/19 | 1645 | $935,873,098 | 1497 | 81.9% | $848,667,326 | 90.7% |

As can be seen from the above table the number of contracts awarded to Territory Enterprises for the 2019 financial year has declined in comparison to the previous year (as has the total number of contracts awarded overall), however the percentage of total contracts awarded to Territory Enterprises has marginally increased to 81.9%. A similar picture emerges in respect to the value of contracts awarded to Territory Enterprises declining from the previous year while the percentage of the total has significantly increased to 90.7%.

The contracts awarded by government for Tier 2 to 5 procurements for the first quarter of the 2019 financial year is shown in the following table, and it too highlights that the percentage and value of contracts awarded to Territory Enterprises has risen further in this quarter in comparison to the previous full financial year.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Qtr | Total Contracts Awarded | | Contracts awarded to Territory Enterprises | | | |
| No of contracts | Value of contracts | No of contracts | % of Total | Value of contracts | % of Total |
| Sept 19 | 518 | $362,585,029 | 491 | 87.2% | $340,772,427 | 94.0% |

The above figures indicate that since my previous annual report, the awarding of contracts to Territory Enterprises has risen on a proportionate basis to total NTG procurement spending for Tiers 2 through 5.

The primary objective of the Buy Local Plan is to ensure that the largest possible proportion of every dollar spent by the NTG is retained within and delivers benefits for the Territory economy and community. The above figures suggest that this objective is being met when compared to previous years.

## Investigation of Complaints

The receipt and review of complaints can sometimes take a considerable amount of time to reach a conclusion. It is my aim to provide constructive feedback to both the complainant and the agency as to the findings of my review as quickly as I can.

Often a business may contact me to raise a complaint, but after initial discussions with the business it is identified that the matter is not in fact a complaint, but rather an opportunity to engage with the business to improve their understanding of the procurement process. These contacts are not treated as complaints, but rather as consultations.

It is always made clear to the complainant at the outset of any review that I am unable to alter the outcome of the tender award, and that I will attempt to provide additional context and feedback relating to the tender process, the tenderers submission and provide suggestions about how future tenders may be improved. Often the outcome of the review highlights the tenderers misunderstanding of the procurement process and/or the quality of their tender submission.

When providing feedback to agencies I highlight where I believe there has been any departures from the procurement framework and suggest how processes may be changed moving forward to avoid similar outcomes in the future. Often the review shows the correct procurement process has been applied by the agency and no further feedback is required.

The first nine months of this calendar year has seen an increase in the number of complaints that I have been asked to review and report on. These complaints come from businesses across many different industry groups, and while the complainants generally have a reasonable basis for complaint, the number of complaints are also perhaps a reflection of the more competitive business environment and difficult times that the NT economy is currently experiencing.

The following table sets out on a quarterly basis the number of complaints received and actioned by my office.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Dec 17 –Feb 18 | Mar 18 – May 18 | Jun 18 – Aug 18 | Sept 18 -  Nov 18 | Dec 18 -  Feb 19 | Mar 19 -  May 19 | Jun 19 -  Aug 19 |
| Open complaints b/f | 10 | 6 | 8 | 10 | 5 | 7 | 15 |
| Complaints raised | 7 | 6 | 11 | 7 | 16 | 19 | 9 |
| Complaints closed | 11 | 4 | 9 | 12 | 14 | 11 | 11 |
| Open complaints c/f | 6 | 8 | 10 | 5 | 7 | 15 | 13 |

## Unintended Consequences

In my previous annual report I identified two unintended consequences:

* Increased awareness by business of the benefits of supporting other local businesses; and
* Potential for inflation of pricing by up to 30%

Both of these matters appear to me to continue to impact procurement decisions.

In respect to businesses supporting other local businesses the conversation within industry about the importance of Buying Local and supporting Territory businesses since the introduction of the Buy Local Plan seems to have gained further momentum from last year. I see this as a positive outcome.

In respect to the instances bought to my attention that appear to involve some price inflation, I am happy to report that this has diminished. Again this is a positive outcome notwithstanding that further improvement is still required.

I have not identified any further unintended consequences from the introduction of the Buy Local Plan.

## ICAC

The Independent Commission Against Corruption (ICAC) commenced receiving reports on 30 November 2018.

As a Public Officer as defined under the ICAC Act I have a mandatory obligation to report improper conduct, whether real or suspected. Improper conduct includes Corrupt Conduct, Misconduct and Unsatisfactory Conduct.

Since my previous annual report I have referred three matters to ICAC, one for suspected Corrupt Conduct and two for Unsatisfactory Conduct.

At the date of this report I am unaware what, if any, action has been taken by ICAC in relation to these matters.

# Opportunities For Improvement

There are a number of matters that in my opinion present an opportunity for the government to strengthen and improve the procurement framework to deliver more consistent Value For Territory outcomes, strengthen the intent of the Buy Local Plan, and enable meaningful measurement of the effectiveness of the Buy Local Plan. These matters are outlined below.

## Whole of Government Procurement and Reporting System

Currently the NTG captures data relating to its procurement spending across a number of systems. There is not one single whole of government system that collects and collates this information.

In order for any valid assessment of the effectiveness of the Buy Local Plan to occur, reliable baseline and ongoing spending data needs to be captured and reported at an agency level which can then be consolidated into whole of government data.

I note that as of 1 July 2019 Machinery of Government changes implemented by the government centralised many procurement activities into the Department of Corporate & Information Systems. I believe that this centralisation provides an opportunity to consider implementing an integrated whole of government procurement and management system to accurately record and report all procurement data.

I therefore again call on the government to establish an integrated whole of government procurement management and reporting system to facilitate, monitor and report on both agency and whole of government procurement activities at all procurement Tier levels.

## Contract Management

Poor contract management was identified in my previous annual report as an area that needed attention.

My review of Value For Territory Audit Reports this year indicates that the overall instances of non-compliance in the application of procurement rules relating to contract management has decreased marginally from last year. Reviews of procurement activities undertaken by me since my previous annual report have also highlighted that instances of non-compliance with these rules has reduced in the second half of this year. I believe that the adoption of the Contrax contract management and reporting platform has contributed to improved contract management outcomes by those agencies that have embraced it.

As mentioned elsewhere in this report I have been encouraged by certain agencies commitment to improving this aspect of their procurement process. The introduction of Contrax by those agencies who have embraced it has no doubt supported this improved outcome. It is however disappointing to note that some agencies have still not fully implemented Contrax.

The “substitution” of nominated sub-contractors and suppliers post tender award is an area of considerable concern from an industry perspective. I am pleased to report that strengthened agency monitoring and processes to counter this behaviour has led to fewer concerns being raised with me in respect to this issue in the latter part of this year.

Poor contract management contributes to the delivery of poor contract outcomes including cost overruns, subcontractor/supplier substitution, increased whole of life costs and ineffective relationships between the agency and supplier. These outcomes do not support delivery of optimal Value For Territory outcomes.

Another positive step taken by agencies has been the improved commitment to providing timely and honest contractor performance feedback. While industry still has concerns about specific issues raised in Contractor Performance Reports (CPR), their regular and timely issue has generally been positively supported by industry. The next step for agencies is now to ensure that the feedback contained in recent CPR’s is properly and appropriately considered when making future assessments of contractor past performance.

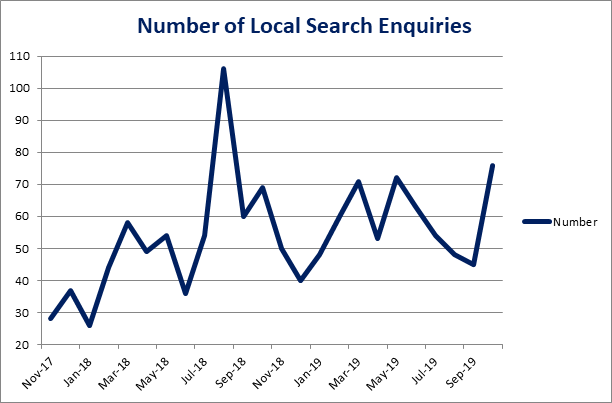
Poor contract performance reporting contributes to inaccurate perceptions of suppliers’ abilities, poor delivery outcomes and inaccurate assessment of past performance in future tender assessments. These outcomes do not support delivery of optimal Value For Territory.

I recognise the efforts made to improve contract management and reporting and recommend that the commitment to improved contract management remains a focus for all agencies, and I strongly urge all agencies to commit to the full implementation of Contrax as soon as possible.

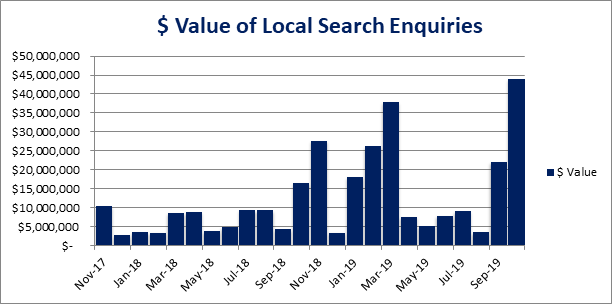
## Industry Capability Network NT

ICNNT have indicated to me that they have noticed a significant increase in the number of enquiries received from NT government agencies requesting their assistance. They have also been very encouraged by the increased willingness for NTG agencies to engage with them to assist in identifying procurement options which had previously not always been considered at all tier levels.

The following graph shows the monthly volume of enquiries made by NT government agencies over the last two years, with a noticeable upward trend over the last 12 months.



In addition to an increase in the volume of enquiries the total value of enquiries also shows a significant increase over the same period.

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I would like to acknowledge and recognise the efforts made by agencies to ensure the appropriate use of ICNNT and recommend that they maintain a continued focus on its proper use in the procurement process.

## Procurement Staff Career Development

I am aware that procurement NT have undertaken a considerable amount of work in developing clearer career pathways for procurement staff. This is a clear indication from the government that they are committed to improved procurement staff career development. I note that the roll out of the completed framework is unlikely to be achieved until next year.

I commend the government for the progress so far and urge them to commit to the timely implementation of the framework.

## Alternative Tenders

In my previous annual report I raised the issue of how the use of alternate tenders was managed, and how they were assessed.

The Buy Local Sub-committee have been looking at this issue for some time and my office is currently in the process of undertaking jurisdictional research to understand how they are managed in other states in order for a recommendation to be developed and endorsed by the sub-committee for consideration by the Procurement Review Board.

The research is planned to be completed by mid February 2020, and once completed will be used by the sub-committee to determine next steps.

## Tender Specifications

The accuracy and relevance of tender scoping specifications and information was mentioned in my previous annual report, and continues to be raised with me by industry on a regular basis.

Some of the feedback I receive indicates that agencies are sometimes reluctant to acknowledge deficiencies in specifications, which can lead to the procurement of goods or services that are not always fit for purpose, or which require expensive variations or have legacy maintenance, redundancy or rectification issues.

I am also aware that tender documents are still being released to market that contain inappropriate or out of date technical specifications, which would indicate that they been copied from other tender documents. While I understand that copying this information can lead to efficiencies in document generation, it must be recognised that those issuing the documents have a responsibility to ensure they are accurate.

Poorly specified tenders are unlikely to lead to an optimal Value For Territory procurement outcome. Agencies need to continue to focus on up-skilling of staff where required to ensure they have the knowledge to ensure specifications are up to date and accurate, including undertaking appropriate research to determine if new or alternate products are available which will give a similar or improved outcome.

Agencies also need to ensure they devote sufficient resources to undertake appropriate evaluation of new products to ensure they meet or exceed the required standards. An investment of effort in this area has the potential to lead to the development of innovative and improved product development, and to enhance the capabilities of Territory Enterprises and Industries.

Government needs to focus on ensuring that agencies are provided with the necessary resources to allow the above to occur.

## Tender Debriefs

On 1st July 2019 the Department of Infrastructure, Planning & Logistics (DIPL) agreed to pilot a program where tenderers scores were to be released to them upon request at their tender debrief. The pilot is to be run for a period of twelve months, and if deemed successful will become policy for all agencies. As part of the pilot DIPL identified that the information provided to tenderers needed to be more structured, detailed and forthright so that it identified opportunities for tenderers to improve future tender responses.

The feedback I have received from industry since the pilot’s introduction is that generally the quality and value of debriefs from DIPL has improved. The instances where DIPL tenderers are not satisfied with their debrief have decreased since the pilots introduction, but they still occur. In respect to other agencies the feedback relating to the quality of debriefs is still mixed, and remains at a similar level to last year.

Noting the progress made by DIPL in respect to tender debriefs I am confident that a review of its effectiveness will recommend it continue at the end of the trial period. I encourage government to ensure it becomes policy to be adopted by all agencies. In the meantime I also encourage all agencies to remain focused on improving the quality of their tender debrief process, notwithstanding the outcome of the pilot program.

## Agency Procurement Resourcing

The Machinery of Government (SCR3) changes implemented from on 1st July 2019 effectively centralised responsibility for the delivery of procurement functions for all agencies (except the Department of Infrastructure, Planning & Logistics and the Department of Local Government, Housing & Community Development) into the Department of Corporate and Information Systems. The implementation of this process is nearing completion and has required a significant reallocation of existing procurement resources between agencies.

Government needs to remain vigilant to ensure that every agency is adequately resourced to support their day to day procurement activities, and in particular their contract management and reporting obligations.

Care also needs to be exercised to ensure agencies are provided with additional resourcing to achieve peaks in procurement activity which may occur due to previously unplanned significant program implementation and compressed delivery timeframes. The delivery of agencies business as usual procurement obligations should not be allowed to be adversely impacted by any such peaks.

## Local Content Assessment and scoring

The consistent scoring of local content responses continues to be a problem due to a lack of guidance available for procurement staff in what matters are to be considered in a local content assessment and the weightings to be applied to the responses received.

I spent a considerable amount of time during October 2018 engaging with industry bodies in respect to the development of a standardised Local Content Assessment Framework that could be used by tender assessment panels. The aim of the framework was to introduce improved clarity for tender assessors in respect to local content assessment and scoring with the aim of producing more consistent scoring of tender responses. The resulting framework that was settled upon with these industry groups was then presented to the Buy Local Sub-Committee for its consideration.

The Buy Local Sub-Committee endorsed the framework in February 2019 and referred it to the Procurement Review Board for consideration, and further action if considered appropriate. The PRB at its May 2019 meeting requested Procurement NT to progress the development of the Local Content Assessment Framework. At the November 2019 PRB meeting the matter was again raised and it was agreed that the framework is to be finalised and implemented across government by the end of March 2020. This will be undertaken as the first stage of a broader review of the Value For Territory assessment framework.

The importance of the development of relevant, consistent and transparent local content assessments is a vital part of improving the understanding and confidence in the process, and ultimately the confidence in delivery of best Value For Territory procurement outcomes. I applaud the governments intent to action this matter, albeit I am disappointed with the length of time required to get the matter to its current state.

## Grants

I continue to receive reports from industry of grant recipients who continue to support non NT based businesses through their procurement activities, without any consideration it seems of Buy Local principles.

The terms and conditions of the standard NTG grant funding agreement contains provisions at Item 7 in relation to Buy Local. These provisions outline the requirements for the consideration of Buy local principles in the expenditure of the granted funds.

While these provisions provide a clear framework for recipients to follow in respect to Local Content considerations for capital expenditure (which attempt to mirror those required in the NTG Procurement Rules as far as practical), they do not in my view provide adequate direction on how Local Content is to be considered when expending non capital grant funding. The use of language which “encourages grant recipients to acquire goods and services from Territory Enterprises” and only “strongly encourages successful subcontractors to engage Territory Enterprises” does not fully reflect the importance of the Buy Local principles encompassed in the Buy Local Plan, nor the intent of government policy.

The terms and conditions now applicable to grants contain provisions for the government to obtain information to determine if these conditions have been met, and also to withdraw funding if they have not. I am however concerned that government does not have the will or the capacity to enforce these provisions. In my opinion a strengthened approach to audit and enforcement of these provisions is needed.

If the NT is to gain more Buy Local benefit from the spending of grant funds these provisions need to be further strengthened.

## Statutory Authorities

I raised this matter in my previous annual report, and I continue to receive feedback from industry about what appears to be continued support by Statutory Authorities of non NT based businesses at the expense of Territory Enterprises. I acknowledge that there are some Statutory Authorities that do try and apply the NTG Procurement Framework in their procurement activities.

Compliance with Buy Local principles by Statutory Authorities still appears to me to be haphazard. I have raised this matter through the Buy Local Sub-committee, and the Procurement Review Board.

There has been uncertainty around which of the various statutory authorities either comply, or are required to comply, with the NTG Procurement Framework. The Department of Trade Business & Innovation is currently gathering information from the Chief Executives of all agencies to determine the status of the Authorities for which they are responsible.

The longer the uncertainty exists around the application of the NTG Procurement Framework to Statutory Authorities the perception of the value of the Buy local Plan will be continue to be diminished.

This matter still requires a co-ordinated and well considered policy approach to be developed and implemented by government.

## Value For Territory

While I have seen an improvement over the last year in the understanding of the concept of Value For Territory (particularly in certain government agencies), it still continues to be misinterpreted and misunderstood by both industry and government. The uncertainty that results from this continues to lead to unrealistic expectations by industry regarding their ability/inability to secure contracts, and to the awarding of procurements to tenderers who do not necessarily demonstrate the best Value For Territory outcome.

I again this year call on the government to devote further resourcing to educate industry and government staff as to what Value For Territory is and how to determine it fairly and correctly.

## Assessment of VFT in Tier 1 & 2 procurement activities

I have had instances raised with me where procurement staff have struggled with how to properly and consistently assess Local Content and more broadly best Value For Territory when undertaking Tier 1 & 2 procurement activities. This matter is complex and not may be solved by a one size fits all policy approach, however in the interests of enabling procurement staff to be able to substantiate a defensible decision in their procurement decisions, it is important that guidance is issued and applied.

I urge the government to consider the development of such guidance together with a decision framework for use by procurement staff to support their procurement decisions.

## Across Government Baseline Spending Data

As I stated in my previous annual report there was no accurate across government baseline spending data established at the introduction of the Buy local Plan, upon which subsequent periodic comparisons could be made to measure changes. This is still the case.

The absence of this information leaves me, and anyone else for that matter, unable to make a reliable assessment of the effectiveness of the Buy Local Plan based on verifiable data. Any such assessment that is made currently will be based on incomplete statistical information and anecdotal information. Given the importance of government policy expressed through the Buy Local Plan, and the requirement for me to report on its effectiveness, the lack of this information continues to cause me concern.

## Value to the NT economy of the NTG spend with Territory Enterprises

In my previous annual report I suggested that the government undertake an economic impact assessment to determine the value and impact on the NT economy of spending by the NT government with Territory Enterprises. Such an assessment would ideally result in some measure whereby it can be demonstrated that this expenditure has a certain multiplier effect on its value to the NT economy.

I have been questioned by various people within government and industry as to the value of a study and what it can tell us, and therefore whether there is a need to undertake this work.

I believe that any effective policy needs to be able to be evaluated as to its overall impact and value. Without understanding the current impact of the principles contained in the Buy Local Plan on the NT economy how can its future impact be measured and assessed to see if it has had a positive or negative ongoing effect? Without the ability to do this how can the government be expected to make sensible decisions about its continued use and application?

In addition the distillation of the potential benefits of the NT government procurement spend down to a single multiplier can have the effect of crystallising that value in the minds of people making procurement decisions, which then supports an improved understanding of the concept of Value For Territory.

## Normalised Scoring

When scoring tenders the lowest priced tenderer receives the maximum points for price (for example 30 out of a possible 30). All other tenderers scores for price are then “normalised” against this price using a mathematical formula.

It is more often than not the case that no tenderer will receive the maximum score for any or all of the non-price criteria. Some agencies “normalise” the score for non-price criteria against the highest scoring tenderer, and some do not. There is a clear inconsistency between agencies. This needs to be corrected by ensuring all agencies either “normalise” scores or do not normalise scores.

I believe that the normalisation of price scores, and the non-normalisation of non-price scores leads to a bias towards a Value for Money outcome rather than a Value of Territory outcome, as the best priced (lowest) tenderer gets maximum points, whereas the best rated non-price tenderer does not get the maximum points available. I have been advocating that this aspect of scoring needed to be reviewed and standardised right across all government agencies.

I am pleased to advise that commitments have recently been made by the government to ensure that all agencies will use the same normalisation process for non-price scores from 1 April 2020. I look forward to seeing this being rolled out and for it to be formally adopted into the Procurement Framework.

## Defensible Decision Making

Adequate documentation of defensible decision making is still a problem. I continue to see instances of poorly constructed procurement files which do not contain the necessary evidence to support the procurement outcome reached.

I was expecting that the appointment of the ICAC Commissioner would have focused procurement staff’s attention on the importance of following proper process and delivering defensible decisions.

I have seen several examples where the defensibility of a decision is called into question due to the poor record keeping supporting the decision. The importance of this does not seem to have been fully appreciated by some procurement staff, and I have found it necessary to refer two specific instances of potential Unsatisfactory Conduct to ICAC for review.

A lack of defensible decision making undermines confidence that the procurement outcome was reached through proper due process, and therefore that optimal Value For Territory has been delivered.

Continued focus is needed to ensure that people remain aware of the importance of adequate and relevant record keeping.

## Territory Enterprise

The definition of a Territory Enterprise is as follows:

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

On the face of it this definition seems to be relatively simple, however I have encountered many versions of its interpretation, and it is often difficult to get two parties to agree on whether a specific example is or is not a Territory Enterprise. It needs to be accepted and recognised by all that the definition of Territory Enterprise contemplates that an interstate or overseas based business can still be regarded as a Territory Enterprise by demonstrating that they meet the three components of the definition.

Even though there is still some confusion as to the definition I believe that it is a workable definition that just needs some common sense applied in its consideration. Confusion I have seen has resulted in whether such things as running a business from under a house is a significant permanent presence, or if the absence of employees means you can’t be a Territory Enterprise. The application of common sense in assessing these circumstances cant be over stressed, as different business models may give different outcomes when applied to the definition. For example, for the two examples noted above I would consider them as follows:

* Operating from a room under a house – a micro business run by a sole trader with no employees I consider would meet the definition, but a large mutli-national company would not, or alternatively the same multi-national business with a serviced or shared office facility which is not staffed on a regular basis also would not; and
* No employees – a business with no employees that uses various NT subcontractors to deliver its product I consider would meet the definition, but a business with interstate domiciled subcontractors that fly in and fly out to the NT to deliver its product would not.

The use of the term Territory Enterprise is expanding from its original application to the NT procurement framework. It is now used in the NTG Grants terms and conditions, various NTG contracts, Industry Participation Plans and increasingly by businesses who develop their own Buy Local procurement policies.

While the definition may not be perfect, in my view if it is applied with common sense the outcome will generally be logical.

I urge agencies to ensure that procurement staff are both encouraged and supported to apply common sense when assessing the Territory Enterprise status of a business, and that they are not instructed to classify them as such to improve the profile of agency and government spending with Territory Enterprises.

## Pre Tender Market Assessment

I continue to see examples of poorly researched and constructed procurement planning, where one or more of the five key procurement principles are not considered or applied. This is most obvious in situations when procurement planning tends to default to a known supplier (either within or outside the NT) without consideration of other potential providers in the NT, whether the procurement could be structured to promote the building of industry capacity within the NT, or even whether testing and consideration of alternative products is an option.

Until proper and well considered market assessment is undertaken for all procurement activities it is unlikely that optimum Value For Territory will be delivered for every procurement activity.

## Improved Consistency in Scoring of Past Performance, Timeliness and Capacity

Of more recent times I have seen examples where the scoring of the Past Performance, Timeliness and Capacity criteria have been inconsistent between individual tenderers within a procurement, and between different procurement activities within an agency.

Not surprisingly industry is cynical about the assessment of these criteria when they see instances where they consider inconsistency has occurred. The development of a more prescriptive framework for assessing Past Performance, Capacity and Timeliness to provide more consistent and defensible assessment outcomes should be a priority for the government.

I understand that consideration of this will occur under the review foreshadowed in **Section 8.9** above. Once again I applaud the governments announced intention on addressing this issue and encourage them to proceed to implementation in a timely manner.

## Referee Checking

During reviews of various procurement activities that I undertake it is apparent that there is an inconsistent approach by agencies as to the level of referee checking that is undertaken. This sometimes manifests in situations where no referees are checked, only selected referees are checked, or referees are not followed up when they have initially been unavailable to provide information.

From an industry perspective the provision of referee details is an important part of tender responses. If there is no intention to check referees then the question can be rightly asked as to why they should be requested.

The inconsistency of approach on this matter needs to be eliminated. There should be an established policy on how and when referees are checked, what is asked and recorded, and how the information obtained is weighted and evaluated. Currently this remains a decision for each tender assessment panel and its inconsistent application is undermining industry’s confidence in the procurement process.

Development of clear policy on when and what level of referee checks are required when assessing past performance of tenderers is required. This could form part of the review foreshadowed in **Section 8.9** above.

## Past Experience

My review of procurement files has also highlighted inconsistencies around the weight given to previous NT government experience when compared to non NT government experience. I have seen instances where previous work done for a non NT government agency has been weighted and scored at a lower level than for the equivalent work done for an NT government agency. This makes no sense to me, and also to industry.

I acknowledge that from the NT governments perspective that NT government experience may be considered to be preferable to non NT government experience, however the criteria being assessed is not limited to NT government experience, and therefore any assessment of similar past experience for other organisations should be given an equivalent weighting. If NT government experience is to be given a higher weighting then this should be clearly articulated in the criteria outlined in the Request For Tender or Request For Quotation.

There is a need for the development of clearer policy to be used by procurement staff and tender assessment panels on the weighting to be given to non NT government past experience when assessing Past Performance and Capacity. This could form part of the review foreshadowed in **Section 8.9** above.

# Conclusion

Measurement of the effectiveness of the Buy local Plan continues to be a challenge due to the lack of reliable whole of government spending data. In addition the measure of what is “effective” was not defined at the introduction of the Buy Local Plan, which also impedes the ability to measure effectiveness.

The contracts awarded data shown in the tables at **Section 7.1** highlights that while the number and total contracts awarded by the NTG last financial year declined from the previous year, that in percentage terms the number and value of contract awards to Territory Enterprises both increased. The data available for the first quarter of FY2020 also shows a further increase in these percentages. This data suggest that the primary objective of the Buy Local Plan, being; “*to ensure that the largest possible proportion of every dollar spent by the NTG is retained within and delivers benefits for the Territory economy and community”*, is being delivered. It should however be noted that this data does not cover all NTG procurement spending.

Some will hold the view that the percentage of the value of contracts awarded to Territory Enterprises of 90.7% or 94% remains insufficient. I prefer to focus on the comparative improvement from previous periods, and therefore I acknowledge the progress which the data suggests has been made by government in fulfilling the primary objective of the Buy Local Plan.

Anecdotally it appears to me that within government there seems to be a change in culture within government to apply the principles outlined in the Buy Local Plan on a more consistent basis than has previously been the case. I believe that this has led to an increased amount of procurement decisions having been made on the basis of the best Value For Territory outcome. I would like to thank those within government who have contributed to this result, and encourage them to keep up the focus on further improvement as there are still too many instances bought to my attention where I do not believe the Buy Local principles have been properly applied.

The positive progress made during this last year must also be tempered by the worsening results highlighted through the Value For Territory Assurance Program. This year 2 agencies have not yet completed their Audits and five agencies have been determined not to have delivered satisfactory Value For Territory. In the previous year only two agencies were identified as having not delivered satisfactory Value For Territory. This worsening result undermines confidence that as a whole the government is delivering the primary objective of the Buy local Plan, and best Value For Territory.

The views of industry about the effectiveness of the Buy local Plan remain mixed, with some industry participants being very cynical about the ability of government agencies to properly implement the intent of the Buy Local Plan through the procurement process. It should be recognised that mixed views are likely to occur indefinitely no matter how well, or otherwise, the procurement framework is applied by agencies, as industry views are influenced almost daily by individual procurement experiences and outcomes.

## Effectiveness of the Buy Local Plan

Last year I was unable to form a conclusive view as to whether the Buy Local Plan had had a positive effect in increasing spending by the NT Government with Territory Enterprises. Due to the reasons outlined elsewhere throughout this report I still hold reservations about the effectiveness of the Buy Local Plan and its measurement, but on balance I believe it has had a positive effect in delivering an increased amount of government procurement outcomes to Territory Enterprises in this past year.

## Delivery of Value For Territory

Delivery of Value For Territory procurement outcomes still remains a challenge for some government agencies and staff. I note that there has been some improvement by certain agencies and individuals, however there are still too many examples being bought to my attentions where best Value For Territory does not appear to have been delivered. I again consider this year that optimisation of Value For Territory outcomes in individual procurement transactions remains inconsistent.

Denys Stedman

Buy Local Industry Advocate

December 2019