

## DPTI TENDER EVALUATION GUIDELINES

### 1. INTRODUCTION

These guidelines are intended to provide a basic understanding of the most commonly used evaluation methodologies adopted by Department of Planning, Transport and Infrastructure (DPTI). Consistent with the State Procurement Board policies, every tenderer who has complied with the requirements specified in the Conditions of Tendering is afforded the opportunity to be able to compete fairly and be assessed in honest and impartial manner.

The approach to evaluating tenders will usually be included in Annexure B of the Request for Tender (RfT) documents. If a "Standard Evaluation Method" is referenced, the evaluation will follow that method, as outlined in these guidelines. Alternatively, a contract specific evaluation plan may be used, in which case the approach will be communicated to the tenderers. This document does not provide a comprehensive description of the methodology to be used on any particular contract; for example, there may be mandatory criteria that a company must meet before being considered further.

If weightings are used in the evaluation methodology, these may be contained in Annexure B of the RfT documents. Any weightings used in these guidelines are for the purpose of illustrating the method only.

The following applies to all methodologies:

- (a) The price under consideration by DPTI is the "Comparative Price", which is the tendered price with any relevant adjustments for other costs incurred by DPTI, such as estimated expenditure through provisional sums / quantities, whole of life costs, extra contract administration costs, delay costs, any qualifications in the tender and risk.
- (b) After receipt of tenders, DPTI will undertake an initial check and preliminary evaluation to verify that the submissions are complete and address all requirements specified in the Request for Tender. Where a tender:
  - does not comply with any mandatory requirements (such as the appropriate prequalification level or compliance with the National Code of Practice for the Construction Industry);
  - is substantially deficient;
  - the price is significantly higher for no related benefits; or
  - it is patently obvious that the tenderer will be unable to comply with the requirements of the contract,that tender may be excluded from further assessment at this stage.
- (c) The evaluation will be based on the written information provided in the submission, which may be supplemented by information from interviews or workshops. While DPTI may seek further information or clarification at its absolute discretion, it is under no obligation to do so.
- (d) DPTI may undertake negotiations with any tenderer concerning the impact of additions, deletions or amendments to the Scope of Contract or Specification / Statement of Requirements.

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### 1.1. Unrealistically Low Bids

If the DPTI Contract Manager is of the reasonable opinion that a tenderer has underestimated the cost of undertaking the work and as a consequence their bid is unrealistically low, the tender may be rejected. As a guide, a tenderer may be requested to demonstrate that they have a legitimate competitive advantage where their bid is more than 15% below the medium conforming bid and/or 10% below the second lowest conforming bid.

### 1.2. Scoring

If bids are to be assessed against Non-Price Evaluation Criteria, DPTI will use a predetermined scoring system. The following is an example of a typical scoring system:

	Score	Description
Superior	10	Satisfies <b>all</b> elements of the criteria to a <b>superior</b> level. Provides compelling evidence that can be readily verified by the panel. No omissions or weaknesses were identified.
	9	Satisfies <b>all</b> elements of the criteria to a <b>very high</b> level. Provides compelling evidence that can be readily verified by the panel. No omissions or weaknesses were identified.
	8	Satisfies <b>all</b> elements of the criteria to a <b>high</b> level. Provides compelling evidence that can be readily verified by the panel. No omissions or very minor weaknesses were identified.
Acceptable	7	Meets the requirements of <b>most</b> of the criteria to a <b>very high</b> level and provides enough evidence to satisfy the panel that it <b>can meet</b> the overall intent of the criteria. Minor omissions in addressing all of the criteria were identified and/or only very minor weaknesses were identified.
	6	Satisfies <b>all</b> elements of the criteria to a <b>satisfactory</b> level. Provides compelling evidence that can be readily verified by the panel. No omissions were identified and no major weaknesses were identified.
	5	Meets the requirements of <b>most</b> of the criteria to a <b>high level</b> and provides enough evidence to satisfy the panel that it <b>can meet</b> the overall intent of the criteria. Minor omissions in addressing all of the criteria were identified and no major weaknesses were identified.
Marginal	4	Meets the requirements of <b>some</b> of the elements of the criteria to a <b>high level</b> and provides enough evidence to satisfy the panel that it <b>can meet</b> the overall intent of the criteria. Minor omissions in addressing all of the criteria were identified and no fatal weaknesses were identified.
	3	Meets the requirements of <b>some</b> of the elements of the criteria to a <b>satisfactory level</b> and provides enough evidence to satisfy the panel that it <b>may meet</b> the overall intent of the criteria and no fatal weaknesses were identified.
Fail	2	<b>Does not</b> meet enough of the intent of the criteria or <b>does not</b> provide enough evidence to convince the panel that it has satisfied the intent of the criteria. Major deficiencies were identified and/or fatal weaknesses were identified.
	1	Meets <b>very little</b> of the intent of the criteria or <b>has minimal</b> evidence to convince the panel that it has satisfied the intent of the criteria, such that the Panel considers the submission has fatal deficiencies.
	0	Manifestly inadequate.

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If the criteria being assessed are fundamental to the success of the contract (e.g. availability of adequate resources, experience of key personnel) and all of the information relevant to the scoring of that criteria has been obtained, a score of 2 or less in one of these factors may result in disqualification of the submission.

### 1.3. Industry Participation Policy

The SA Government Industry Participation Policy applies to all procurement above \$22,000. Depending on a contract's value, location and classification, tenderers may be required to submit an Employment Contribution Test (ECT) or Industry Participation Plan (IPP) with their tender. Full details of the policy are available from:  
<https://www.diis.sa.gov.au/department/resources/publications-and-reports>

The ECT or IPP will be assessed and will be taken into consideration in the overall evaluation of the tender.

The Comparative Price (where calculated) will include an adjustment to the tendered price by application of the following formula:

$$\text{Adjustment} = 0.15 \times \left( 1.0 - \frac{\text{Score}}{\text{MaxScore}} \right) \times \text{tendered price}$$

where:

Score = the score assessed by the SA Government for the ECT or IPP submitted by the tenderer.

Max Score = the maximum score possible for the ECT or IPP

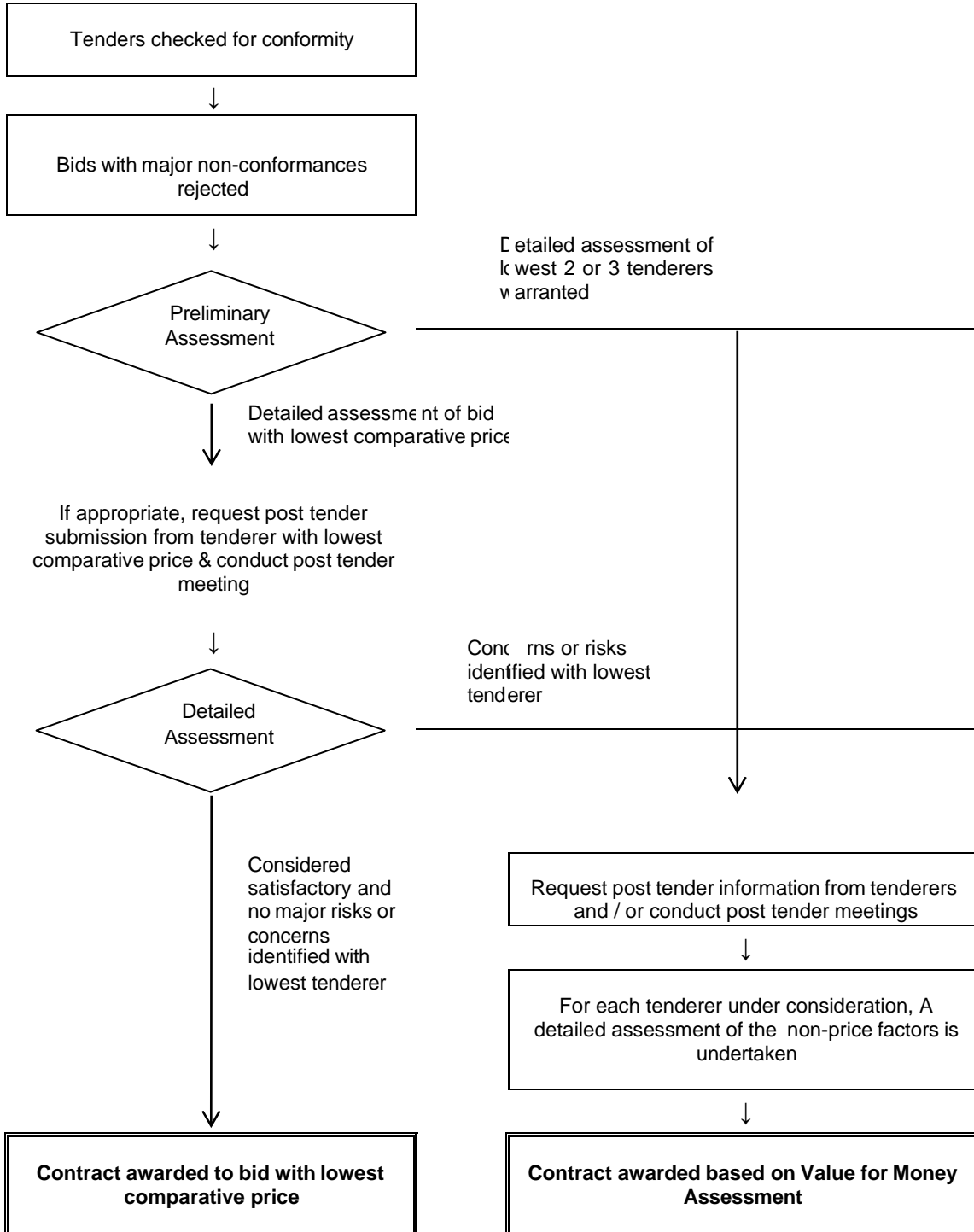
Note that the weighting in the above formula may be increased from 15% to 20% for some categories of procurement, including contracts that involve significant fabrication of structural steelwork and/or the purchase of significant amounts of structural and/or reinforcing steel.

The Comparative Price is for the purpose of tender evaluation only. Both the Comparative Price Method and the Adjusted Comparative Price Method incorporate the above adjustment.

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**3. COMPARATIVE PRICE METHOD**

*Generally used on straightforward contracts, particularly where there is a detailed specification and a pre-qualification or pre-registration process has been used. It saves tenderers who have little chance of success the expense of compiling a detailed post tender submission.*



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## 4. MATRIX METHOD

*To be used where the output of the contract cannot be precisely defined in the specification and other factors (eg timeliness, reliability, past performance) are important. It is suitable for use with Professional Services Contracts. A fully detailed submission is required from each tenderer under consideration.*

An example is given below:

## TENDER EVALUATION SUMMARY

Tenderer		A		E		C	
Tendered Price		\$2,762,590		\$3,182,540		\$3,071,440	
	WEIGHTING (%)	Point Score (out of 10)	Weighted Score	Point Score (out of 10)	Weighted Score	Point Score (out of 10)	Weighted Score
Price *	30	6.0	18.0	4.6	13.9	5.0	15.0
Relevant Experience / Track Record	15	3	4.5	5	7.5	9	13.5
Technical & Managerial Resources Allocated	25	3	9.0	8	24.0	10	30.0
Proposed Methodolgy	15	5	7.5	7	10.5	8	12.0
Industry Participation Plan	15	5	5.0	7	7.0	8	8.0
TOTAL (out of 100%)	100.0		44.0		62.9		78.5

Median Price = \$3,071,440

\* Point score for price =  $5 + 10 (\$M - \$T) / \$M$  where \$M = median price & \$T = tendered price

The tenderer with the highest point score is the preferred tenderer.

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## 5. ADJUSTED COMPARATIVE PRICE METHOD

Used for contracts where price is an important consideration and a full quantitative assessment of non-price factors is warranted, e.g. complex / major construction.

Non-price factors are assessed as in other methods and a portion of the tendered price is adjusted according to the non-price score. An example is given below:

### 5.1. Assessment of Non-price Score

Criteria	Weighting (%)	Tenderer A		Tenderer B		Tenderer C	
		Score (out of 10)	Weighted Score	Score (out of 10)	Weighted Score	Score (out of 10)	Weighted Score
Contractor's Project Team & Resources	30	6	18	9	27	7	21
Technical Details	35	5	20	9	36	6	24
Delivery Strategy & Methodology	35	7	21	7	21	6	18
<b>Total Weighted Score (TWS)</b>	<b>100</b>		<b>58</b>		<b>84</b>		<b>65</b>

*Note: Assessment of the Industry Participation Plan is taken into account by an adjustment to the Comparative Price and is therefore not included in the above table.*

### 5.2. Calculation of Adjusted Comparative Price

The Adjusted Comparative Price (ACP) is a hypothetical price which includes a conversion of the Non-Price Total Weighted Score into a dollar value. It does this by taking the Tenderer who had the best Total Weighted Score as the benchmark and comparing the other Tenderer's Total Weighted Scores against it. A proportion ( $y\%$ ) of each Tenderer's Comparative Price is then "factored up" accordingly.

The Adjusted Comparative Price is calculated as follows:

$$ACP = \chi \times CP + y \times CP \times I$$

where

**ACP** = Adjusted Comparative Price

**CP** = Comparative Price

**I** = Non Price Evaluation Index

and

$$y = 100 - \chi$$

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The value of  $y$  depends on how important non-prices factors are to the Principal; ie, it represents how much of a premium the Principal is prepared to pay for a company that performs well in the non-price assessment. Note that the Comparative Price will include an adjustment for the Industry Participation Plan in accordance with clause 1.3, in addition to it being included in the assessment of the non-price score.

Example if the value of  $y$  for a contract is 10%.

		Tenderer A	Tenderer B	Tenderer C
Comparative Price	<b>(CP)</b>	\$154 m	\$158 m	\$170 m
Total Weighted Scores (non-price elements)	<b>(TWS)</b>	60	85	70
Non-Price Evaluation Index ( $I$ )	$I = \frac{TWS(max)}{TWS}$	1.416	1	1.214
90% x <b>CP</b>		\$138.6M	\$142.2M	\$153.0M
10% x <b>CP</b> x $I$		\$21.8M	\$15.8M	\$20.6M
Weighted Comparative Price	<b>(WCP)</b>	\$160.4M	\$158.0M	\$173.6M

Tenderer B is the preferred Tenderer.

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### 6. RATIO METHOD

*It aims to achieve the best output / outcome for every dollar spent rather than considering the lowest purchase price. Not used for works contracts.*

Non-price factors are assessed as in other methods (eg based on Experience, Capability, Methodology, Industry Participation Plan etc); for example, refer to clause 5.1. Price is not considered at this stage.

Once the initial assessment has determined which bids are under consideration, the following ratios are determined:

- Value Added Ratio (VAR) = lowest tendered price / price of bid under consideration
- Final Score = Value Added Ratio x Weighted Score

For example:

COMPANY	A	B	C
<b>WEIGHTED SCORE (WS)</b>	82	77	76
<b>PRICE</b>	\$890K	\$840K	\$800K
<b>VALUE ADDED RATIO (VAR)</b> = lowest price / each tenderer's price (eg \$800k / \$890k = 0.90)	.90	.95	1
<b>FINAL RESULT</b> = WS x VAR (eg 82 x 0.90 = 74)	74	73	<b>76</b>

In this example, Company A has the highest non-price score, but after the value for money ratio is applied, Company C is the preferred tenderer.