Government of South Australia
Department for Infrastructure and Transport

1. INTRODUCTION

These guidelines are intended to provide a basic understanding of the most commonly used evaluation methodologies adopted by Department for Infrastructure and Transport (the Department). Consistent with the Procurement SA 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 an 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 the Department is the “Comparative Price”, which is the tendered price with any relevant adjustments for other costs incurred by the Department, 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, the Department will undertake an initial conformance check and preliminary evaluation to verify that submissions have included all mandatory requirements and have address all conditions specified in the RfT.

Where a tender:

- does not comply with mandatory requirements (such as the appropriate prequalification level or compliance with the National Code of Practice for the Construction Industry);
- includes contractual qualifications;
- is substantially deficient;
- the price is significantly higher with no related benefits;
- it is evident 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 the Department may seek further information or clarification at its absolute discretion, it is under no obligation to do so.

d) The Department may undertake negotiations with any tenderer concerning the impact of additions, deletions or amendments to the Scope of Contract or Specification / Statement of Requirements.

1.1 Unrealistically Low Bids

If the Departments Director, Procurement Services is of the reasonable opinion that a Tenderer has underestimated the cost of undertaking the work and as consequence their bid is unrealistically low, the tender may be excluded from further consideration. 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 median 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, the Department will use a predetermined scoring system. The following is an example of a typical scoring system:

	Score	Description	Criteria	Evidence	Omissions	Weakness
			Level to which criteria has been addressed	Level of evidence provided to satisfy the panel that the intent of the criteria has been addressed.	Omissions identified by the panel. NB.: An omission is when something is missing.	Weaknesses identified in the submission. NB.: A weakness is that something has been addressed but an issue has been identified.
Superior	10	Response demonstrates exceptional capability, capacity and understanding of the requirements of the evaluation criterion, such that the panel is satisfied that it is highly likely that the requirements of the contract will be met.	All to a superior / exceptional level.	Highly compelling and readily verifiable.	No omissions.	No weaknesses.
Superior	9	Response demonstrates outstanding capability, capacity and understanding of the requirements of the evaluation criterion such that the panel is satisfied that it is highly likely that the requirements of the contract will be met.	All to a very high level.	Compelling and readily verifiable.	No omissions.	No weaknesses
Superior	8	Response demonstrates very good capability, capacity and understanding of the requirements of the evaluation criterion.	All to a high level.	Compelling and readily verifiable.	No material omissions.	Minor weaknesses
Acceptable	7	Response demonstrates good capability, capacity and understanding of the requirements of the evaluation criterion.	All to a satisfactory level with most criteria to a high level.	Enough evidence that is readily verifiable.	No material omissions.	Minor weaknesses.
Acceptable	6	Response demonstrates reasonable to good capability, capacity and understanding of the requirements of the evaluation criterion.	All to a satisfactory level with some criteria to a high level.	Enough evidence that is readily verifiable.	No material omissions.	Minor weaknesses.
Acceptable	5	Response demonstrates reasonable capability, capacity and understanding of the requirements of the evaluation criterion.	All criteria to a satisfactory level.	Enough evidence provided to satisfy the panel.	Minor omissions.	Minor weaknesses.
Marginal	4	Response demonstrates acceptable capability, capacity and understanding of the requirements of the evaluation criterion.	Most criteria to a satisfactory level.	Enough evidence provided to satisfy the panel.	Moderate omissions.	Moderate weaknesses or minor weaknesses across all/most of the criteria.
Marginal	3	Response provides concerns regarding capability, capacity or understanding of the requirements of the evaluation criteria.	Some to a satisfactory level.	Marginally adequate evidence provided to satisfy the panel.	Significant omissions.	Major weaknesses.
Fail	2	Response provides concerns regarding competency or capacity and ability to successfully fulfil the contract requirements.	Does not meet enough of the intent of the criteria to convince the panel that it has satisfied the intent of the criteria.	Does not provide enough evidence to satisfy the panel.	Unacceptable omissions.	Unacceptable weaknesses

1	Concerns regarding competency or capacity and ability to successfully fulfil the contract requirements.	Meets very little of the intent of the criteria.	Minimal evidence to convince the panel that it has satisfied the intent of the criteria.	Unacceptable omissions.	Critical weaknesses.
0	Significant concerns regarding competency or capacity and ability to successfully fulfil the contract requirements.	Minimum level of requested information was not provided and/or nominated restrictions were contravened.	Manifestly inadequate.	Unacceptable omissions.	Critical weaknesses.

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 $550,000 (including GST). Depending on a contract's value, location and classification, tenderers are required to submit an Industry Participation Plan (IPP) with their tender. Full details of the policy are available from:

Industry Participation Policy.

The 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 with IPP Adjustment example for 15% weighting:

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

where:

Score = the score for the IPP being assessed.

Max Score = the maximum score that can be obtained in the assessment.

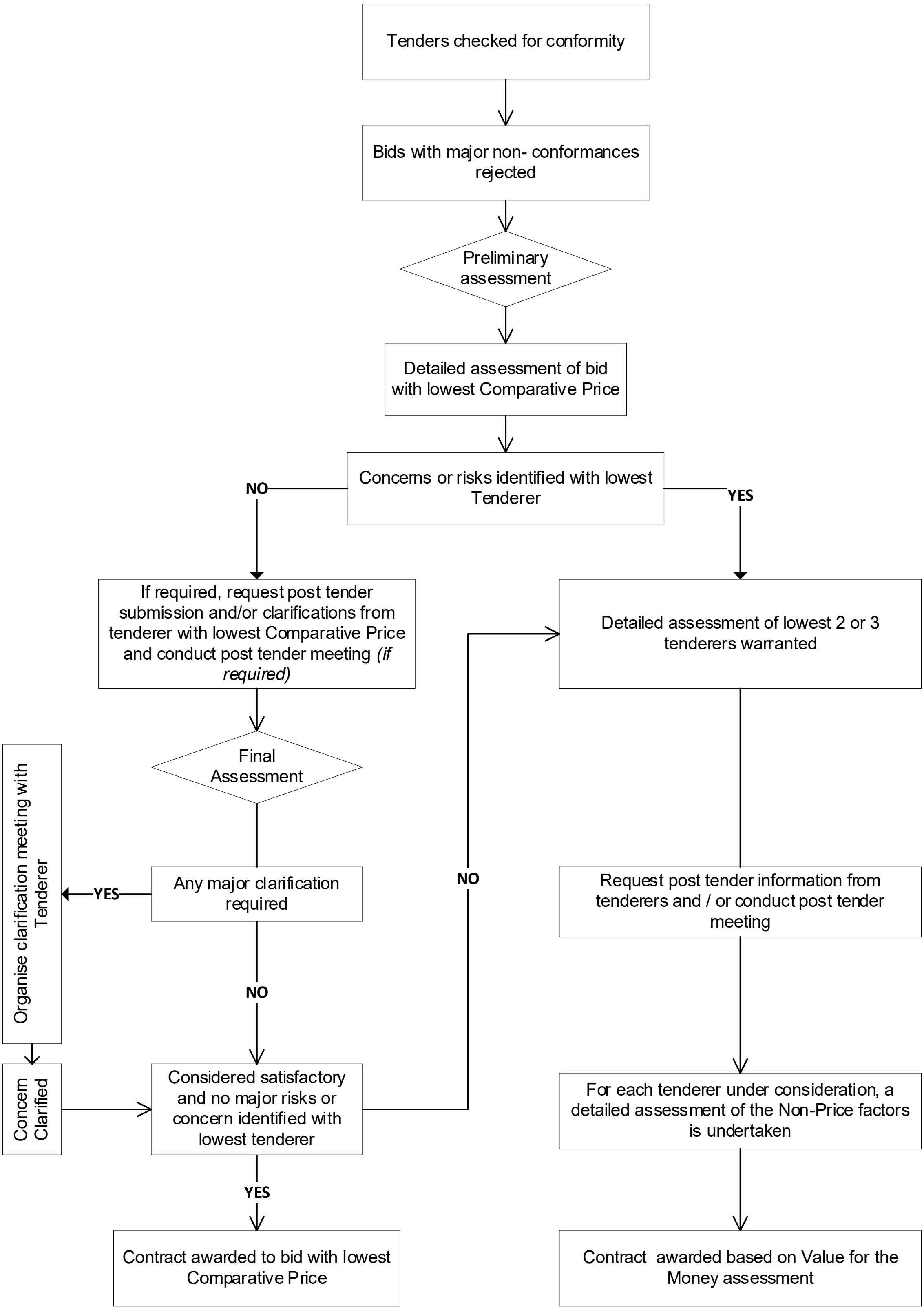
The Score and Max Score are determined by the OIA.

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.

2. 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.



3. MATRIX METHOD

To be used where the output of the contract cannot be precisely defined in the specification and other factors (e.g. 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		B		C	
Tendered Price		*$2,762,590*		*$3,182,540*		***$3,071,440***	
	WEIGHTING (%)	Point Score	Weighted	Point Score	Weighted	Point Score	**Weighted**
		(out of 10)	Score	(out of 10)	Score	(out of 10)	**Score**
Price *	*30*	*6*	18.0	*4.6*	13.8	*5.0*	**15.0**
Relevant Experience / Track Record	*15*	*3*	4.5	*5*	7.5	*9*	**13.5**
Technical & Managerial Resources Allocated	*25*	*3*	7.5	*8*	20.0	*10*	**25.0**
Proposed Methodology	*15*	*5*	7.5	*7*	10.5	*8*	**12.0**
Industry Participation Plan	*15*	*5*	7.5	*7*	10.5	*8*	**12..0**
TOTAL (out of 100%)	**100.0**		**45.0**		**62.3**		**77.5**

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.

4. ADJUSTED COMPARATIVE PRICE METHOD

Used for contracts where price is an important consideration and a full quantitative assessment of non-price factors is warranted.

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:

4.1 Assessment of Non-price Scores

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	*15*	*6*	9.0	*9*	13.5	*4*	**6.0**
Technical Details	*10*	*5*	5.0	*9*	9.0	*3*	**3.0**
Delivery Strategy & Methodology	*30*	*8*	24.0	*5*	15.0	*6*	**18.0**
Approach to Task	*45*	*4*	18.0	*7*	31.5	*4*	**18.0**
Total Weighted Score (TWS)	***100***		**56.0**		**69.0**		**45.0**
Ranking			**2**		**1**		**3**

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.*

4.2 Calculation of Adjusted Comparative Price

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 (*refer 1.3 above)*

I = Non-Price Evaluation Index

and

$$y = 100 - \chi$$

The value of y depends on how important Non-Price factors are to the Principal, i.e., it represents how much of a premium the Principal is prepared to pay for a company that performs well in the Non–Price assessment.

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

x (%) = 80 x (%) = 80 TWS (max) = 69		Tenderer A	Tenderer B	Tenderer C
Comparative Price	(*CP*)	**$96**	**$98**	**$107**
Total Weighted Scores (Non-Price elements)	(*TWS*)	**56**	**69**	**45**
Non-Price Evaluation Index (I)	*I=TWS(max)/TWS*	**1.23**	**1.00**	**1.53**
	X x *CP*	**$76.8**	**$78.4**	**$85.6**
	Y x *CP* x *I*	**$23.62**	**$19.60**	**$32.74**
Adjusted Comparative Price ($m)	(*ACP*)	**$100.42M**	**$98.00M**	**$118.32M**
Ranking		**2**	**1**	**3**

Tenderer B is the preferred Tenderer.