



DOING BUSINESS WITH DFAT

A GUIDE TO DFAT PROCUREMENT

DFAT IS ONE OF THE AUSTRALIAN GOVERNMENT'S MAJOR PURCHASERS OF GOODS AND SERVICES.

SUPPLIERS PLAY A KEY ROLE IN GIVING EFFECT TO THE GOVERNMENT'S FOREIGN, TRADE AND AID OBJECTIVE TO HELP MAKE AUSTRALIA STRONGER, SAFER AND MORE PROSPEROUS BY PROMOTING AND PROTECTING OUR INTERESTS INTERNATIONALLY AND CONTRIBUTING TO GLOBAL STABILITY AND ECONOMIC GROWTH.

DFAT WELCOMES THE PARTICIPATION OF NEW PLAYERS, INCLUDING THOSE BASED OVERSEAS.

DFAT provides foreign, trade and development policy advice to the Australian Government, working with other government agencies to ensure that Australia's pursuit of its global, regional and bilateral interests is coordinated effectively.

This guide describes DFAT procurement, outlines how to pursue business opportunities, and offers hints and tips on tendering for DFAT procurements.

PROCUREMENT IN DFAT

Corporate Goods and Services

DFAT procures a wide range of non-aid related [goods](#) and [services](#) for delivery both within Australia and overseas, including but not limited to:

- Training and development;
- Legal, accounting and other professional services;
- Construction and property;
- Security;
- IT hardware, software and associated services; and
- Food catering and hospitality.



The Australian Aid Program

On 26 April 2006, the Australian aid program was untied, enabling suppliers to bid for aid program procurements regardless of their country of origin. As such, DFAT partners with a wide range of organisations to deliver the Australian aid program. These include:

Commercial Suppliers support the achievement of DFAT outcomes domestically and internationally, and are integral to the delivery of Australia's aid program. They range from companies and organisations to individuals engaged as advisers. Visit DFAT's [Commercial Opportunities](#) page for more information.

Private Sector Partnerships assist DFAT to achieve its private sector development objectives and maximise development impact. The [Ministerial Statement on Engaging the Private Sector in Aid and Development](#) released in August 2015, invites the private sector to work with DFAT on social and economic development challenges. Visit DFAT's [Private Sector Partnerships](#) page for more information.

Non-Government Organisations and Civil Society maximise the impact and reach of Australian aid through mechanisms ranging from high level strategic partnerships to small grants schemes. Visit DFAT's [Non-Government Organisations](#) page for more information, including grant opportunities.

Multilateral Organisations, like the World Bank and the United Nations, extend the reach of Australia's aid program as their size enables them to undertake large scale projects on behalf of donors. They also facilitate the establishment of targeted programs for emergency assistance and long-term development. Visit DFAT's [Multilateral Aid Effectiveness](#) page for more information.

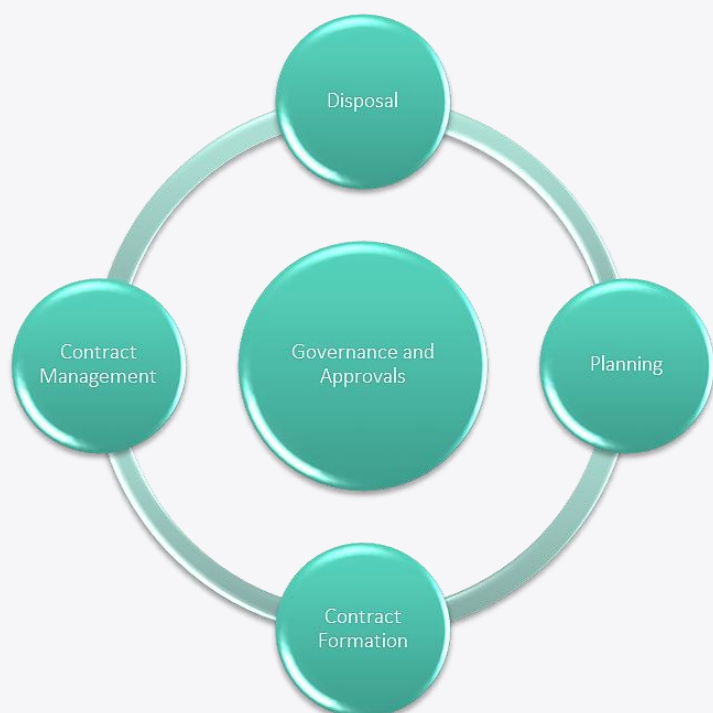
Bilateral Partnerships assist DFAT to achieve development objectives through government-level agreements or agency-level memoranda of understanding. Increasingly, they include policy collaboration to drive results in international fora. Visit DFAT's [Bilateral Partnerships](#) page for more information.

Whole of Government Organisations include a range of Australian Federal and State Government agencies working to reduce global poverty and improve prosperity and stability in our region. Visit DFAT's [Whole of Government](#) page for more information.

Educational Institutions, including Australian public Universities, assist DFAT to undertake capacity building activities in developing countries.

PROCUREMENT PRINCIPLES

Procurement refers to the entire process of purchasing goods and services: identifying the procurement need and defining requirements, approaching the market with a statement of requirement, evaluating tenders, negotiating and awarding the agreement. This is illustrated below:



The Commonwealth Procurement Rules

DFAT conducts procurements in accordance with the [Public Governance, Performance and Accountability Act \(PGPA Act\) 2013](#), which requires Commonwealth officials to ensure value for money through the efficient, effective, economical and ethical use of public resources. The [Commonwealth Procurement Rules \(CPRs\)](#) outline mandatory requirements.

Achieving value for money is the core rule of the CPRs, and this includes:

- encouraging competition and non-discrimination;
- using public resources in an efficient, effective, economical and ethical manner that is not inconsistent with the policies of the Commonwealth;
- facilitating accountable and transparent decision making;
- encouraging appropriate engagement with risk; and
- using procurement processes that are commensurate with the scale and scope of the business requirement.

Where the mandatory requirements apply, procurements must be openly tendered, unless a valid exemption can be used to conduct a limited tender.

Australia's aid program procurements, regardless of their value, are exempt from the mandatory procedures in the CPRs. However, as of 1 July 2005, DFAT applies the mandatory procedures procurements above \$500,000, but still retains the ability to use limited tender in certain instances.

Grants are not procurements and are subject to the [Commonwealth Grants Rules and Guidelines](#).

Identifying Business Opportunities

DFAT provides notification of all significant planned procurement opportunities in its [Annual Procurement Plan](#). These procurements are subject to revision or cancellation. Open tenders are advertised on [AusTender](#) and DFAT's [Business Notifications](#) page.

DFAT provides updates on the status of current tenders via its [Status of Current Tenders](#) page.



DFAT's Value for Money Principles

Achieving value for money is a requirement under the [PGPA Act \(2013\)](#) and the [CPRs](#). Complementing these requirements, are DFAT's Value for Money Principles:

- 1. Cost Consciousness:** DFAT seeks opportunities to reduce costs at every level of operations and scrutinises programming costs throughout the investment lifecycle to ensure the most cost-effective options are pursued. DFAT considers the priority of the task, alternative ways of achieving it and the costs and benefits of different approaches.
- 2. Encouraging Competition:** DFAT considers and compares competing methods and partners to select the option that offers the optimal mix of costs and benefits. Partners and contractors are selected through competitive selection processes, except where exemptions apply.
- 3. Evidence Based Decision Making:** DFAT uses empirical and qualitative evidence to inform agreement and program management and future management options.
- 4. Proportionality:** DFAT's processes, policies and systems consider transaction costs against potential benefits. The means of assessing value for money is also proportional to the scope and complexity of the investment being evaluated.
- 5. Performance and Risk Management:** DFAT regularly reviews agreements, other investments and programs to ensure that they are meeting their objectives and delivering maximum impact, that risk management measures remain appropriate, and that the effectiveness of investments is maximised.
- 6. Results Focus:** effective agreement, investment and program design, and robust implementation, are essential to ensure DFAT's objectives are met effectively and efficiently. Innovation and adaptability are also central to ensuring approaches can be adapted to achieve results in volatile environments with changing priorities.

7. Experimentation and Innovation: many of DFAT's investments are delivered in volatile environments. To maximise impact, creative and flexible approaches to the design and delivery of agreements, investments and programs are necessary, where there are reasonable grounds to expect better overall outcomes.

8. Accountability and Transparency: DFAT is held accountable by taxpayers and by intended targets and beneficiaries for delivering results. It holds partners accountable and demands transparency at all levels to facilitate honest dialogue about the overall impact of investments.

Commonwealth Indigenous Procurement Policy Considerations

DFAT applies the [Commonwealth Indigenous Procurement Policy](#) to:

- all new procurements conducted in Australia primarily delivered in defined [Remote Areas](#), regardless of value;
- all new procurements conducted in Australia with an estimated value between \$10,000 - \$200,000.

The policy contains three key components:

- 1. Indigenous procurement target:** Portfolios are aiming to award 3% of domestically procured contracts to Indigenous enterprises by 2019-20. DFAT is required to meet interim targets for each financial year from 2015-16 onwards.
- 2. Mandatory set-aside requirements:** Except where exemptions apply, the mandatory set-aside requires that Indigenous enterprises are given access to Commonwealth contracting opportunities, prior to approaching the broader market. Where an Indigenous enterprise is assessed as being able to deliver the goods/services on a value for money basis, DFAT must procure the goods/services from that business. The mandatory set-aside applies to all [Remote Area](#) procurements.
- 3. Minimum Indigenous participation requirements:** For all new contracts delivered in Australia with an estimated value of \$7.5 million or more (GST inclusive), minimum requirements for Indigenous participation and reporting obligations may apply, and would be outlined in the agreement.

PANELS/STANDING OFFERS

A panel or standing offer is a contractual arrangement under which a number of suppliers offer to provide goods/services at pre-negotiated terms and conditions, as agreed in a Deed of Standing Offer.

Details of suppliers on DFAT's panels and standing offers are published as "Standing Offer Notices" on the [AusTender](#) website. Potential suppliers interested in tendering for inclusion on a panel or standing offer should monitor the [AusTender](#) website for upcoming tender opportunities.

DFAT Panels

DFAT has a range of panels for procuring goods and services for both corporate and aid procurements. For further information on these panels, refer to [AusTender](#).

A list of DFAT's panels can also be found on DFAT's [Standing Offers](#) page.

In 2013, DFAT established the Aid Advisory Services Standing Offer (AAS) to facilitate access to pre-qualified technical expertise for the aid program. For details of the categories and related services covered by the AAS Standing Offer, please refer to the [Scope of Services](#). Significant procurements planned to be undertaken through the AAS Standing Offer are identified on the [Aid Advisory Services Forecast](#).

ADVICE FOR NEW TENDERERS

Getting Started

- Look for early notification of upcoming tender opportunities on DFAT's [Annual Procurement Plan](#) and its [Business Notifications](#) page.
- Target specific projects and opportunities where you or your organisation have particular expertise.
- Network with other consultants and contractors. Tenders from associated companies and consortia are commonplace.
- Seek subcontracting opportunities with contractors who have been awarded DFAT agreements (details of agreements awarded are published as "Contract Notices" on [AusTender](#)).

Tendering for DFAT Procurements

- Be informed about the country and project (see the [DFAT website](#) for more information).
- Attend industry briefings for procurements you are interested in (details of these are provided in the request for tender documentation).
- Identify local partners and possible associations in-country and understand local laws and customs.
- Respond accurately to technical specifications.
- Contact the relevant DFAT point of contact provided in the tender documentation for any clarifications required.

Writing Tender Proposals

- Read the tender documentation carefully and ensure your proposal meets the conformity requirements.
- Address the selection criteria and substantiate your claims explicitly and with evidence.
- Cite relevant technical and regional experience and prior experience with similar assignments.
- Identify and outline opportunities for innovative methodology/ies.
- Identify risks associated with the activity and detail how these will be managed.
- Ensure pricing reflects the cost of undertaking the activity and the task is adequately resourced.
- Identify costs and assumptions.

Evaluation Committee Interviews

Tenderers may be invited to interview by the tender evaluation committee, and may be required to deliver a brief presentation of their proposal or respond to questions:

- Keep the presentation focused and within the time limit.
- Ensure the team is conversant with the content of the proposal.
- The evaluation committee will already be familiar with the content of your proposal, so expand only on the key aspects of your approach and methodology.
- Let team members answer questions posed to them – avoid answering questions on their behalf.
- Bring along an observer to the meeting – this is an opportunity for senior managers to see how their teams perform and to understand comments provided in debriefs.

CONTRACTING WITH DFAT

Once a preferred supplier is selected through a procurement process and negotiations have concluded, an agreement may be executed. The agreement will contain details of the goods and services to be provided, payment terms and schedule, performance standards and terms and conditions that apply.

The format and content of the agreement will vary based on the scope, risk and value of the goods or services procured. A draft agreement is usually provided as part of the tender documentation.

Aid Adviser Remuneration Framework

The [Aid Adviser Remuneration Framework](#) (ARF) applies to all aid procurements and mandates that international advisers are paid in accordance with the prescribed set of rates, allowances and support costs. Some exemptions apply – these are outlined in the [ARF](#).

The ARF applies to advisers that are contracted:

- Commercially – either directly by DFAT, or through a managing contractor (including through NGOs); and
- Internationally – where adviser positions are classified as ‘international’ if the required expertise cannot be sourced locally.

The Commonwealth Contracting Suite

The [Commonwealth Contracting Suite](#) (CCS) aims to streamline procurement processes for low risk, low value procurements by using standardised templates and processes.

DFAT uses the CCS for low risk procurements up to \$500,000, unless:

- procurement and delivery is outside Australia;
- purchasing from an existing panel or standing offer arrangement;
- buying ICT goods and services and using Source IT documentation;
- buying construction services;
- using mandatory Whole of Government panels;

- the procurement is not low risk or the CCS clauses are not suitable; or
- the transaction is under \$10,000.

The CCS reduces process costs for suppliers by removing repetition and ambiguity, simplifying liability, insurance and indemnity requirements and creating consistency.

Laws, Rules, Guidelines, Codes and Policies

Contractors must comply with laws of the Commonwealth of Australia which may apply to corporate and aid activities, as well as with other rules, guidelines, codes and DFAT policies, as specified in the relevant agreement. Refer to the [List of Laws and Guidelines](#) page for more details.

Performance Management

Performance is a key component of agreement management and is undertaken to ensure that DFAT receives value for money throughout the life of the agreement, as required by the [PGPA Act \(2013\)](#).

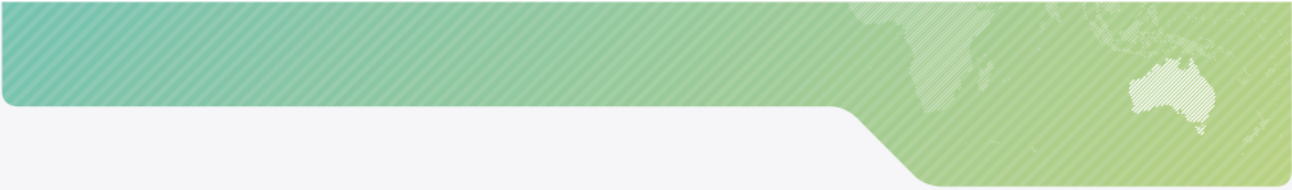
Contractor performance standards and management regimes will be stipulated in the agreement. DFAT may conduct an assessment of contractor performance at any time during the term of the agreement, in a form that it deems appropriate.

Aid Program Partner Performance Management

The Government’s performance framework for the Australian aid program [Making Performance Count: Enhancing the Accountability and Effectiveness of Australian Aid](#), released in June 2014, requires DFAT to work with the most effective partners and ensure value for money.

To achieve this, DFAT has an Aid Partner Performance Framework. The [Commercial Aid Partner and Adviser Performance Assessment Factsheet](#) sets out DFAT’s approach.

Partner Performance Assessments (PPAs) assist in ensuring that aid delivery partners deliver value for money. They are an important mechanism to measure performance and link performance and payment. PPAs are completed annually on commercial partners, NGOs and multilateral organisations



that hold agreements with DFAT greater than \$3 million (including GST), unless an exemption is approved.

Aid Adviser Performance Assessments (APAs) are completed annually, by DFAT or managing contractors, or at the end of an aid adviser's engagement, regardless of the agreement value.

Performance information is used by DFAT in the evaluation of tenderers' past performance and informs the award of future agreements.

TENDER DEBRIEFS

DFAT advises tenderers of the outcome of procurement activities, and on request provides tenderers with a tender debrief.

Debriefs outline the relative strengths and weaknesses of their proposals. Information provided is intended to assist suppliers to enhance the quality of future proposals.

FEEDBACK

DFAT welcomes feedback on its procurements. This may be provided to contracts@dfat.gov.au.

The [Complaints Handling in Procurement Guideline](#) outlines the process to manage complaints.

The process for dealing with complaints or disputes arising during the implementation of agreements is addressed in the relevant agreement.

HELPFUL LINKS

DFAT Website:	www.dfat.gov.au
Selling to Government:	www.sellingtogov.net.au
AusTender:	www.tenders.gov.au
Department of Finance:	www.finance.gov.au