

3. WEIGHTED EVALUATION CRITERIA ASSESSMENT

3.1 OVERVIEW

This section details the agreed final score for each of the components (that is, individual Schedule questions) of each weighted evaluation criterion for each Tender (and implementation strategy where relevant).

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This section details the raw and weighted scores for each question of each RFT Schedule applicable to the weighted evaluation criteria. The underpinning scores (actual, moderated and weighted (where applicable)) are detailed at the [Evaluation Supporting Information](#).

3.2 WEIGHTED EVALUATION CRITERIA ASSESSMENT - PROCESS

In accordance with **Sections 9.2, 9.3 and 9.4.** of the TEP, the Tender Evaluation Team conducted a detailed evaluation by assessing the responses to RFT Schedules 6 to 10 inclusive against the relevant weighted evaluation criteria. The outcome of the weighted evaluation criteria assessment process was a weighted score for each Tenderer reflecting the assessment of their response against the applicable criteria.

This assessment involved:

- individual TEWG Member Assessments;
- TEWG Assessment Confirmation;
- Evaluation Committee Assessment Confirmation; and
- Final Scoring.

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The following sections detail the assessment against the weighted evaluation criteria for RFT Schedules 6 to 10.

3.3 SCHEDULE 6 – BUSINESS SUITABILITY (BUSINESS REQUIREMENTS)

The results presented in this section relate to the assessment of Tenderer responses to each of the individual questions within RFT Schedule 6 – Business Suitability (Business Requirements).

The scores in this section take into account the assessment scores from the Business, ICT and Commercial and Financial TEWGs.

3.3.1 Schedule 6 Question 1 - Solution Summary

This question required Tenderers to provide a general description of the proposed IIIM Solution. Tenderers were required to include two implementation strategies. Implementation Strategy 1 being the Tenderer's preferred approach and Implementation Strategy 2 being the replacement of PROMIS functionality and the provision of additional capabilities.

As part of their response to Schedule 6 Question 1, all Tenderers were also required to provide a listing of all "commercial off the shelf" (COTS) products and any developed

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ANNEX A – BUSINESS EVALUATION REPORT

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ANNEX B – ICT EVALUATION REPORT

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RFT 65-2010 Tender Evaluation

Stage 3 Report

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1. EXECUTIVE SUMMARY

Stage 3 of the Tender evaluation involved the process to select a shortlist of Tenderers. This stage included three parts as follows:

- Stage 3A: Technical Assessment;
- Stage 3B: Price Assessment; and
- Stage 3C: Value for Money.

The **Stage 3A: Technical Assessment** had two distinct components, conducted concurrently:

- **Weighted Evaluation Criteria Assessment¹.** Stage 3A consisted of two phases:
 - **Phase 1 – Schedule Assessment.** This involved the assessment of each Tenderer's response to the applicable Request for Tender (RFT) Schedules (except for Conformance to the Business Requirements and the Solution Quality and Support Requirements (SQSRs) in Schedules 6 and 7, which were addressed in Phase 2) against the applicable weighted evaluation criteria.
 - **Phase 2 – Conformance Validation.** This involved the assessment of each Tenderer's response to the conformance to the Business Requirements and the SQSRs in RFT Schedules 6 and 7, against the applicable weighted evaluation criterion. This was done through the validation of each Tenderer's conformance self assessment to the AFP's Business Requirements and Solution Quality and Support Requirements as detailed in the Statement of Requirements.
- **Non Weighted Evaluation Criteria Assessment.** This involved the review and assessment of each Tenderer's response against the non weighted Evaluation Criteria, excluding price.

The **Stage 3B: Price Assessment** involved, in accordance with the Tender Evaluation Plan (TEP), the following activities:

- assessing the total (whole of life) cost to the AFP for each implementation strategy, for each Tenderer;
- calculating the estimated Net Present Value (NPV) of each implementation strategy for the term of the Draft Deed of Standing Offer;
- comparing the breakdown of the Tender with the approach described in the Tender, to identify any price excesses or omissions; and
- adjusting the Tender price where necessary to account for any matter that may need balancing in order to establish a common basis for the comparison of Tenders.

The following tables present Total Price rankings for Implementation Strategy 1 and Implementation Strategy 2 for each remaining Tenderer in terms of:

- Actual dollars over nine (9) years;
- NPV of the total price; and
- Tendered and Adjusted prices.

Note in the following tables:

- Pricing adjustments (which do not included AFP costs) have been made for:
 - integration;
 - implementation service desk;
 - reporting;
 - training; and
 - software.
- AFP costs are not included in the pricing adjustments with the exception of data migration. These costs will have no material impact on the remaining Tenderer pricing ranking as they will generally be consistent for all remaining Tenderers. In the main, the potential AFP costs cannot be accurately estimated until:

2. INTRODUCTION

2.1 PURPOSE

In accordance with the Request for Tender (**RFT**) and the Tender Evaluation Plan (**TEP**), Tenderers who complied with the mandatory requirements stated in the RFT Conditions of Tender (assessed during Stage 2 of the evaluation process) progressed to Stage 3.

Stage 3 of the Tender evaluation involved the process to select a shortlist of Tenderers. This stage included three parts as follows:

- **Stage 3A: Technical Assessment.** The technical assessment had two distinct components, conducted concurrently:
 - **Weighted Evaluation Criteria Assessment.** Stage 3A consisted of two phases:
 - **Phase 1 – Schedule Assessment.** This involved the assessment of each Tenderer's response to the applicable RFT Schedules (except for Conformance to the Business Requirements and the Solution Quality and Support Requirements (SQSRs) in Schedules 6 and 7, which were addressed in Phase 2) against the applicable weighted evaluation criteria. This incorporates schedule assessment scores and comments from the Business, ICT, and Commercial and Financial Tender Evaluation Working Groups (TEWGs).
 - **Phase 2 – Conformance Validation.** This involved the assessment of each Tenderer's response to the conformance to the Business Requirements and the SQSRs in RFT Schedules 6 and 7, against the applicable weighted evaluation criterion. This was done through the validation of each Tenderer's conformance self assessment to the AFP's Business Requirements and Solution Quality and Support Requirements as detailed in the Statement of Requirements.
 - **Non Weighted Evaluation Criteria Assessment.** This involved the review and assessment of each Tenderer's response against the non weighted Evaluation Criteria, excluding price.
- **Stage 3B: Price.** An assessment of price was undertaken in accordance with the methodology in the TEP.
- **Stage 3C: Value for Money.** Tenderers (and each implementation strategy for each Tenderer) were ranked according to overall value for money based on a consideration of the technical worth assessment (comprising the assessment against the weighted and non weighted criteria), price and the assessment of risk.

This assessment was primarily based on each Tenderer's response to the above assessment activities but was also supported by further assessment activities including:

- presentation by Tenderers;
- issue of clarification questions to Tenderers; and
- visits to Tenderer's client sites.

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The underpinning scores (actual, moderated and weighted (where applicable)) and on clarification questions, presentations, and site visits are detailed at the Evaluation Supporting Information.

The options available at the conclusion of this stage included the selection of a shortlist of Tenderers for further consideration in Stage 4, or the selection of a Preferred Tenderer for Stage 5. In addition, one or more other Tenderers could also be identified as being on a "Reserve Shortlist" that initially does not take part in Stage 4. However, at the AFP's absolute discretion, these Tenderers may be required to take part in the Stage 4 assessment if information or circumstances emerged during Stage 4 that improves their ranking against the previously shortlisted Tenderers.

This report outlines the outcomes of the Stage 3 evaluation. This report details the following assessments on which the outcomes were based:

- Stage 3A: Weighted Evaluation Criteria Assessment (refer to Section 3);
- Stage 3A: Non Weighted Evaluation Criteria Assessment (refer to Section 4);
- Stage 3B: Price Assessment (refer to Section 5); and
- Stage 3C: Value for Money Assessment (refer to Section 6).

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2.2 EVALUATION METHODOLOGY

The evaluation was conducted in accordance with the guidelines and evaluation methodology detailed in the TEP.

The Evaluation Methodology supporting the Evaluation Process was used to determine the overall assessment of value for money. The overall assessment of value for money included consideration by the Evaluation Committee of the following:

- the weighted score of each implementation strategy of each remaining Tender (including the supporting qualitative assessment);
- the assessment of remaining Tenders against the non weighted evaluation criteria;
- the price (on a whole of life cost basis) of each implementation strategy of each remaining Tender; and
- the risk of each remaining Tender for each implementation strategy.

The underpinning scores (actual, moderated and weighted (where applicable)) are detailed at the Evaluation Supporting Information.

Further assessment activities were undertaken in accordance with the TEP during the evaluation process. These are detailed in **Annex A**. The information obtained through

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these further assessment activities was considered by the relevant Tender Evaluation Team members who where appropriate adjusted their scoring/evaluation to take into account the additional information. Refer to the Evaluation Supporting Information for details on clarification questions, presentations, and site visits.

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3. STAGE 3A TECHNICAL ASSESSMENT – WEIGHTED EVALUATION CRITERIA

3.1 OVERVIEW

The Weighted Evaluation Criteria Assessment Report (see **Annex B**) details the quantitative outcomes and qualitative assessment of Stage 3A: Technical Assessment – Weighted Evaluation Criteria Assessment. The weighted evaluation criteria are as follows:

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3.2 OVERVIEW OF THE PROPOSED SOLUTIONS

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3.3 SUMMARY OF WEIGHTED EVALUATION CRITERIA ASSESSMENT

The outcomes of the Stage 3A: Technical Assessment – Weighted Evaluation Criteria Assessment are based on the Tenderer RFT Schedules 6-10 assessment scores and comments from the Business, ICT, and Commercial and Financial TEWGs (see **Annex B - Weighted Evaluation Criteria Assessment Report**).

4. STAGE 3A: TECHNICAL ASSESSMENT – NON WEIGHTED EVALUATION CRITERIA

4.1 OVERVIEW

Each Tender was assessed against the non-weighted evaluation criteria.

A ranking of the Tenders was produced based on the comparative assessment against the non-weighted evaluation criteria.

The outcomes of the Stage 3A: Technical Assessment – Non Weighted Evaluation Criteria Assessment are detailed in **Annex C - Non Weighted Evaluation Criteria Assessment Report**. This involved the review and assessment of each Tenderer's response to the following non weighted evaluation criteria, excluding price:

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4.2 RFT SCHEDULES ADDRESSING NON WEIGHTED CRITERIA

The Commercial and Financial TEWG undertook an evaluation of Tender responses from the perspective of the non weighted evaluation criteria components other than Price, being:

- compliance with the terms and conditions of the RFT including the Draft Deed of Standing Offer;
- the level of risk associated with the Tender;
- the Tenderer's financial capacity to provide the services; and
- other non weighted evaluation criteria.

² Schedule 18 (Statutory Declaration) is not included as it was assessed at the Stage 2 Report.

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Tenders were assessed against the evaluation criteria using the evaluation methodology specified in the RFT and the TEP. The Stage 3A evaluation of the non weighted Evaluation Criteria, excluding price, involved an assessment of the Tenders submitted as clarified by:

- Tenderer responses to clarification questions; and
- financial viability assessments undertaken by Corporate Scorecard Pty Ltd.

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4.3 SUMMARY OF NON WEIGHTED EVALUATION CRITERIA ASSESSMENT

The qualitative assessment rankings for the non weighted evaluation criteria assessment component of Stage 3A: Technical Assessment is as follows:

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5. STAGE 3B: PRICE

5.1 OVERVIEW

Tenderers were asked to provide details of the Tender Price in response to Schedule 13 (Tender Price) of the RFT. The Schedule provided Tenderers with a Pricing Model for each of the Implementation Strategies, as a guide to providing the required information.

It should be noted that Addendum Number 04 – RFT 65-2010 issued on 11 March 2010 requested an additional price component covering Service Desk Support Fee as part of Schedule 13.

The detailed pricing evaluation assessment undertaken by the Commercial and Financial TEWG can be found in the Pricing Evaluation Report at **Annex D**.

5.2 SUMMARY OF PRICING EVALUATION

Schedule 13 of the RFT required Tenderers to prepare a separate pricing schedule for the two required implementation strategies. Implementation Strategy 1 was the Tenderer's preferred implementation strategy and Implementation Strategy 2 was based upon implementing the business requirements to replace PROMIS, followed by implementation of additional capabilities.

The price variation between Implementation Strategy 1 and Implementation Strategy 2 was 47E(d) for both Elbit and 47E(d)

The following tables present Total Price rankings for Implementation Strategy 1 and Implementation Strategy 2 for each Tenderer in terms of:

- Actual dollars over nine (9) years;
- Net Present Value³ (NPV) of the total price; and
- Tendered and Adjusted prices.

Note in the following tables:

- Pricing is based on 1500 concurrent users as stated in the RFT. At the time of the release of the RFT this number reflected the expected future usage of the IIIM Solution. (PROMIS currently has 660 concurrent users).

³ Net Present Value (NPV) compares the value of a dollar today to the value of that same dollar in the future, taking inflation and returns into account. The purpose of calculating the NPV is to allow for the Tendered price to be represented in today's dollars. NPV has been calculated using a discount rate that was derived from the long term government bond rate of 5.47%.

6. STAGE 3C: VALUE FOR MONEY

6.1 OVERVIEW

Value for money is a comprehensive assessment that takes into account both cost as represented by the assessment of price, and value represented by technical and business assessment in the context of the risk profile presented by each Tender.

The Evaluation Committee has determined overall best value for money from the evaluation of all the Tenders, considering the:

- weighted score of each implementation strategy of each Tender (including the supporting qualitative assessment) (see **Section 6.4.2** of the TEP);
- assessment of Tenders against the non-weighted evaluation criteria (see **Section 6.4.3** of the TEP);
- price (on a whole of life cost basis) of each implementation strategy of each Tender (see **Section 6.4.4** of the TEP); and
- risk of each Tender for each implementation strategy (see **Section 6.4.5** of the TEP).

Note that the risks assessed as part of value for money determinations were identified by the TEWGs and Evaluation Committee members during Stage 3 of the Evaluation Process. These are detailed in **Annex D – Risk Assessment Report**.

Value for money has been assessed using costs (on a whole of life cost basis⁴) associated with each Tender's proposed solution and each implementation strategy.

The results of the weighted score, the non-weighted pricing assessment and the pricing assessment have all shown relatively little difference between Implementation Strategy 1 and Implementation Strategy 2 for each of the Tenderers. The variation in the overall score between Implementation Strategies was less than 1% and the variation in price was less than 5% for all Tenderers. Accordingly the variation between Implementation Strategy 1 and Implementation Strategy 2 does not have a material impact on the value for money assessment.

Note: The price related values and percentages discussed in this section have been drawn from the NPV of the adjusted Tenderer prices (see **Section 8.1** above).

6.2 TENDERER VALUE FOR MONEY RANKINGS

The Tenderer rankings of the overall value for money are:

⁴ The whole of life costing only applies to the Tendered prices. The calculation of AFP related whole of life costing is being conducted as a separate Spectrum Program activity.

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ANNEX B – NON WEIGHTED EVALUATION CRITERIA ASSESSMENT REPORT

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ANNEX C – WEIGHTED EVALUATION CRITERIA ASSESSMENT REPORT

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ANNEX E – RISK ASSESSMENT REPORT

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Risk Assessment Report

RFT 65-2010

Reference: IIIM Solution

Version: 2.3

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Risk Assessment Report
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1. EXECUTIVE SUMMARY

In accordance with section 6.4.5 of the Tender Evaluation Plan (TEP), risks associated with each Tender, as identified by the TEWGs and the Evaluation Committee, were assessed during a Risk Assessment Workshop. The assessed risks will be taken into account in determining overall value for money.

The detailed analysis of Tender responses demonstrated that all proposed solutions have some level of risk, even after a mitigation strategy is applied. The AFP must consider the risks it is prepared to manage and/or live with, associated with the solution that best meets its needs.

All risks were identified as part of a risk assessment process and allocated a pre and post-mitigation risk rating of Low, Medium, Significant, High or Critical. This document details the Critical, High and Significant risks (post-mitigation) that must be addressed in order to successfully procure, implement and maintain the chosen solution. All risks identified for the chosen Tenderer will need to be managed and reassessed regularly as implementation progresses.

For some Tenderers, the risks are mainly associated with the solution they are offering; with others there are commercial and capability risks, but for all of them it is a combination of risks with varying degrees of impact.

The post-mitigation risk assessment outcome summary listed below appears in the order of Tenderers with the highest percentage of risks rated Significant or above. All of the Tenders have different risk profiles depending on the risk categories (e.g. technical, commercial, etc.) allocated.

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More detail about individual risks and corresponding controls /mitigations are contained later in this document, and in the Risk Register (see **Annex A – Tender Risk Register**).

Many of the risks have mitigation strategies that require the Tenderer to provide further information and clarification in order to fully assess the risks and implications. This may be done as part of Stage 4 activities (such as due diligence or offer definition) for Tender(s) that continue to that stage (see **Section 10.3** of the Tender Evaluation Plan).

It should be noted that risk assessment was undertaken for each Tenderer taking into account each of their implementation strategies. It was discovered that, for the most part, the differences between Tenderers' implementation strategy 1 and 2 was the sequencing of implementation tasks and timing of functionality implementation. These differences had no material effect on the risks identified or the risk ratings applied.

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RFT 65-2010 Tender Evaluation

**Non Weighted Evaluation Criteria
Assessment Report**

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1. EXECUTIVE SUMMARY

This report details the outcomes of the Stage 3A: Technical Assessment – Non Weighted Evaluation Criteria Assessment. This involved the review and assessment of each Tenderer's response to the following non weighted Evaluation Criteria, excluding price:

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2. INTRODUCTION

In accordance with the RFT and the Tender Evaluation Plan (**TEP**), Tenderers who complied with the mandatory requirements stated in the RFT Conditions of Tender (assessed during Stage 2 of the evaluation process) progressed to Stage 3.

Stage 3 of the Tender evaluation involved the process to select a shortlist of Tenderers.

As detailed in the RFT and TEP, Stage 3 comprises:

- Stage 3A: Technical Assessment.
- Stage 3B: Price.
- Stage 3C: Value for Money.

This report details the outcomes of the Stage 3A: Technical Assessment – Non Weighted Evaluation Criteria Assessment. This involved the review and assessment of each Tenderer's response to the following non weighted Evaluation Criteria, excluding price:

- compliance with the terms and conditions of the Request for Tender 65-2010 (**RFT**) including the Draft Deed of Standing Offer (assessed by reviewing each Tenderer's response to RFT Schedule 5 (Statement of Compliance));
- the level of risk associated with the Tender (assessed by reviewing each Tenderer's response to RFT Schedule 11 (Risk and Insurance));
- each Tenderer's financial capacity to provide the Services (assessed by reviewing each Tenderer's response to RFT Schedule 12 (Tender Solvency Statement)); and
- compliance with Commonwealth policies (assessed by reviewing each Tenderer's response to Schedule 14 (AIP Plan and SME Participation), Schedule 15 (Confidentiality Deed), Schedule 16 (Equal Opportunity for Women), and Schedule 17 (Deed of Declaration, Disclosure and Acknowledgement))².

The Stage 3A evaluation of the non weighted Evaluation Criteria, excluding price, involved an assessment of the Tenders submitted as clarified by:

- Tenderer responses to clarification questions; and
- financial viability assessments undertaken by Corporate Scorecard Pty Ltd.

² Schedule 18 (Statutory Declaration) is not included as it was assessed at the Stage 2 Report.

3. NON-WEIGHTED EVALUATION CRITERIA ASSESSMENT

3.1 SCHEDULE 5 – STATEMENT OF COMPLIANCE

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3.2 SCHEDULE 11 – RISK AND INSURANCE

The Commercial and Financial TEWG evaluated the level of risk associated with each Tenderer's response to Schedule 11 with a focus on:

- (any) risks associated with the Tenderer's proposed risk management strategies and practices;
- the risks included and assessed by the Tenderer; and
- (any) risks associated with Tenderer's insurances.

The Commercial and Financial TEWG's evaluation of Schedule 11 responses are described in the following sections. This information contributes to the determination of the level of risk associated with each of the Tenders.

3.2.1 Risk Management Strategies

Tenderers provided details of their risk management strategies and practices in their responses to Schedule 11 (Risk and Insurance). The strategies and practices employed varied between Tenders.

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Overall, all Tenderers have demonstrated acceptable risk management strategies and practices.

3.2.2 Risk associated with the IIIM Solution and Project

Each of the Tenderers was required to identify the "risks associated with the IIIM Solution and the associated implementation of the IIIM Solution". At a minimum Tenderers were required to assess the following risks (**Minimum Risk Set**):

- availability of relevant skilled resources;
- level of configuration required to achieve the AFP's requirements;
- level of integration required between COTS software product(s) to achieve the AFP's requirements;
- level of customisation required of the COTS software product(s) to achieve the AFP's requirements;
- level of Developed Application(s) required to achieve the AFP's requirements; and
- alignment of the Tenderer's IIIM Solution with the AFP's architecture and standard products.

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3.4 SCHEDULE 14 –SME PARTICIPATION

The Government's Small and Medium Enterprise (SME) participation procurement policy⁵ states that during the tender evaluation phase, agencies should satisfy themselves that:

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<http://www.innovation.gov.au/Industry/InformationandCommunicationsTechnologies/Pages/SmallandMediumEnterpriseparticipationprocurementpolicy.aspx>

Annex B - Non Weighted Evaluation Criteria Report v2.3

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- the successful tenderer has offered to meet the specified minimum SME participation levels; and
- the tenderer has the capacity to actually deliver the minimum participation levels.

The policy does not require a competitive evaluation of each Tenderer's SME commitments during the selection process.

Based on Tender responses and the contents of Tenderer's AIP Plans (assessed in Stage 2), the TEWG was satisfied that:

- all Tenderers were aware of the requirement to provide "full, fair and reasonable opportunity" for Australian and New Zealand SMEs to participate in large ICT contracts through the delivery of products and/or services;
- the Tenderers responses did not give rise to any risks in relation to compliance with the Government's SME participation procurement policy; and
- the Tenderers responses did not detail any specific benefits arising in relation to compliance with the policy.

3.5 SCHEDULE 15 – CONFIDENTIALITY DEED

Clause 2.18 of the RFT contains discretion for the AFP to require Tenderers to execute a confidentiality deed in the form of Schedule 15 before access is granted to confidential information. As the AFP has not sought to release any confidential information Tenderers have not been required to execute a confidentiality deed

As such there is no requirement to evaluate Tenderer compliance with Schedule 15.

3.6 SCHEDULE 16 – EQUAL OPPORTUNITY FOR WOMEN

All Tenderers completed Schedule 16 as required by the RFT.

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3.7 SCHEDULE 17 – DEED OF DECLARATION, DISCLOSURE AND ACKNOWLEDGEMENT

All Tenderers submitted a completed and properly executed deed of declaration, disclosure and acknowledgment in the form of Schedule 17. As such, no response gave rise to any risk associated with non-compliance.

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ANNEX A – CONTRACT COMPLIANCE RISK REPORT

(Attached)

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ANNEX B – FINANCIAL VIABILITY REPORTS

(Attached)

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RFT 65-2010 Tender Evaluation

Pricing Evaluation Report

Reference: IIIM Solution

Version: 2.2

Last Saved: 21 September 2011

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