

Consideration of broader economic benefits in procurement

Key Considerations

- Requirements for economic benefits should be commensurate with the scale, scope and risk of the procurement.
- Be aware of the potentially disproportionate burden on small and medium enterprises associated with the consideration of broader economic benefits.
- Make clear the priority outcomes of the procurement, where appropriate, and consider including these as an item separate to the requirements relating to broader economic benefits.
- Treat suppliers equitably and do not discriminate against suppliers on the basis of their size, degree of foreign affiliation or ownership, location, or the origin of their goods and services.
- Include economic benefit commitments from the successful tenderer in the contract, where appropriate.

Introduction

1. The Australian Government is committed to building a stronger, more prosperous and resilient economy where Australian businesses can be competitive on a domestic and international level.
2. A range of measures are in place to promote domestic economic growth through Australian Government procurement. This includes:
 - the commitments to source from SMEs at least 25 per cent of all procurements by value for contracts valued up to \$1 billion, and 40 per cent of procurements by value for contracts valued up to \$20 million;
 - the Indigenous Procurement Policy;
 - publishing annual procurement plans for significant procurements, in order to engage early with the market;
 - the requirement for procuring officials to consider the disaggregation of large projects where appropriate;
 - requirements under the Australian Industry Participation National Framework, the Australian Skills Guarantee and the Environmentally Sustainable Procurement Policy; and
 - the Buy Australian Plan.
3. For significant procurements, paragraphs 4.7 and 4.8 of the Commonwealth Procurement Rules (CPRs) require officials to consider the economic benefit of a

procurement to the Australian economy in the context of determining value for money. This consideration is in addition to the requirements of paragraphs 4.5 – 4.6 of the CPRs, any applicable procurement-connected policies and the measures listed in Point 2 above.

CPR Paragraph 4.7

In addition to the value for money considerations at paragraphs 4.4 – 4.6, for procurements above \$1 million (or \$7.5 million for construction services) (except procurements covered by Appendix A and procurements from standing offers), officials are required to consider the economic benefit of the procurement to the Australian economy.

CPR Paragraph 4.8

The policy operates within the context of relevant national and international agreements and procurement policies to which Australia is a signatory, including free trade agreements and the Australia and New Zealand Government Procurement Agreement.

4. CPRs paragraph 4.7 requires officials to gather appropriate information on economic benefits as part of the tender process and document how economic benefit has been considered as part of the overall value for money assessment.
5. CPRs paragraph 4.8 indicates that the requirement operates within the context of Australia's trade agreements. These agreements require officials, among other things, to treat all potential suppliers equitably and not to discriminate against suppliers on the basis of their size, location or ownership (paragraphs 5.3 and 5.4 of the CPRs).

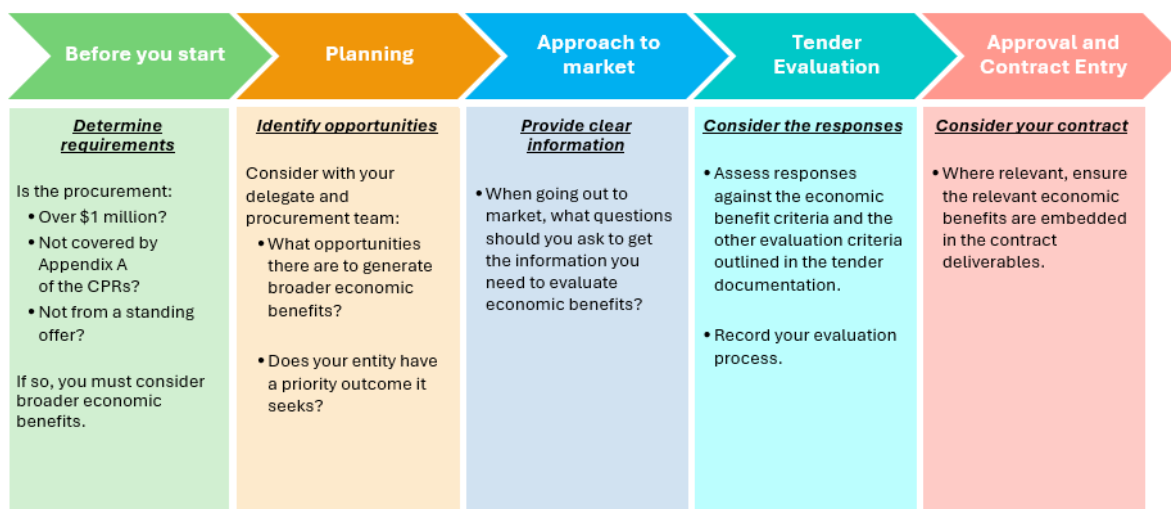
What is an economic benefit?

6. In general terms, economic benefits to the Australian economy result when the goods or services being procured:
 - make better use of Australian resources that would otherwise be under-utilised (for example employing people who would otherwise be under or unemployed, using spare industrial capacity);
 - otherwise increase productivity (for example by adopting new know-how or innovative workplace practices, or enabling more people to acquire in-demand skills, or allocating resources to sectors in which Australia has a comparative advantage); or
 - provides broader benefits that support the development and sustainment of industry capabilities;
 - for example, enhancing key industry sectors through the Department of Defence's Sovereign Defence Industrial Priorities.
7. An increase in productivity-enhancing technology development and adoption can also deliver economic benefit, for example through:
 - research and development related activities and investments (including those undertaken with universities); or
 - transfer of technology to Australian businesses such as through licensing arrangements for Intellectual Property.

8. Further examples of how economic benefit can also be delivered include:
 - increased Indigenous workforce participation;
 - engaging a business that provides services of persons with a disability;
 - increasing employee work health and safety;
 - traineeships or apprenticeships in areas of skills shortage;
 - boosting a businesses' domestic supply chain and/or international competitiveness (e.g. through greater efficiency or product innovation);
 - improving material productivity and circularity; or
 - supporting the transition to net zero emissions.
9. For consistency and efficiency, only direct effects to the Australian economy should be identified and assessed. For example, officials may consider the economic benefit of employing unemployed people, but should exclude second round effects, such as those employees buying additional goods and services due to the income from their employment.

What do procurement officials need to do?

Quick Reference Checklist



Before you start

10. Consider the value of the procurement, and whether the consideration of broader economic benefits to the Australian economy must be included as part of the procurement process (that is, the procurement isn't being conducted from a standing offer (also known as a panel), or through the use of an Appendix A exemption). While procurements from panels are exempt from the requirement to consider economic benefits, the head agreement may allow for economic benefits to be considered. This is discussed further in the section on panel procurement.

Procurement Planning

11. Entities have flexibility in the way in which they assess value for money, including the economic benefit to Australia, depending on their business need and the nature and scope of the procurement.
12. During planning, procuring officials should consider how the Australian economy may benefit from the procurement process. For example, will the procurement require the expertise of individuals where Australia has a skills shortage, with potential for economic benefit through training opportunities?
13. Officials should also consider what economic benefit information will be collected, how it will be collected and how it will be used as an evaluation criteria to assess value for money. These considerations can be informed by appropriate market research. Early market research can also help to understand what economic benefits could be achieved through the procurement process.
14. The type and amount of information collected should be commensurate with the scale, scope and risk of the procurement. It should not introduce excessive red tape and cost for tenderers bidding for government contracts.
15. Procuring officials should be careful to ensure that the requirement for tenderers to provide information for economic benefit considerations does not inadvertently disadvantage SMEs. For example, the inclusion of additional requirements in tender documentation could result in a proportionally greater burden on SMEs than larger businesses due to the SME possessing fewer resources to demonstrate their capability to meet the requirements.
16. Throughout the procurement process, procuring officials are required to treat all potential suppliers equitably and not discriminate against suppliers on the basis of their size, location, degree of foreign affiliation or ownership, or the origins of their goods and services (CPRs paragraph 5.4 refers). In considering and applying requirements regarding economic benefits, suppliers must not be disadvantaged or excluded from consideration in the tender on the basis that they do not have a presence in Australia or do not provide or utilise Australian goods or services.
17. Procuring officials should also be mindful that the procurement complaints mechanism established under the *Government Procurement (Judicial Review) Act 2018* provides a legal framework for suppliers to make complaints regarding suspected breaches of relevant provisions in the CPRs, including conduct that may be contrary to paragraph 5.4. The complaints mechanism applies to procurements that are subject to both Divisions 1 and 2 of the CPRs unless a measure is applied under paragraph 2.6 of the CPRs. It therefore applies to all procurements that require the consideration of economic benefit.

Approach to market

18. In approaching the market, procuring officials may provide relevant information and prompts, such as scenarios and examples, to assist potential suppliers with understanding and responding to the economic benefits criteria. However, it should be clear in the documentation that suppliers do not have to demonstrate any particular type of economic benefit in their response. Instead, suppliers can respond to the economic benefits requirement by providing information relating to economic benefits that are relevant to their business operations, such as operational location, employee demographics and subcontractor and supply chain arrangements.
19. Procuring officials should make clear in request documentation that only direct effects, or first round economic effects to the Australian economy are considered in the tender

evaluation of economic benefit. This will help to provide clarity around the requirement and reduce the likelihood of claimed benefits that will not be considered. Where feasible, quantitative and qualitative economic benefits considered in tender submissions should be verified at the appropriate stage of the procurement, for example during tender evaluation or contract negotiations.

20. Officials must include the evaluation criteria to be used in the approach to market documentation (in accordance with paragraph 10.6 of the CPRs), including where applicable to the evaluation, the relative importance of those criteria.
21. Officials may decide to include weighting of criteria. Any weighting of the criteria may not be used in a manner that discriminates against suppliers on the basis of their size, location, degree of foreign affiliation or ownership, or the origin of their goods and services. Any weighted criteria must be made explicit in tender documentation. The evaluation criteria used in the approach to market must also be included in the evaluation plan and the evaluation report. This includes information on weighted criteria, where relevant.
22. When considering evaluation criteria, officials should consider whether there are likely elements of suppliers' economic benefits response that may enable direct comparison. For example, it may be possible to compare potential workforce impacts (through the employment of apprentices) across all submitted bids. However, it may not be possible to directly compare suppliers' responses where some have focused on the innovation of their proposal, others have focused on the environmental impact and others have focused on workforce issues.
 - Officials should consider whether the nature of their procurement does enable a direct comparison between all suppliers for a specific element of economic benefit, and if so, set this out clearly in the Approach to Market documentation.
 - In such a scenario, the evaluation criteria should also reflect that economic benefits responses outside of those specific criteria will also be assessed. A supplier response that does not specifically address that criteria should still be considered against the broader economic benefits that their submission provides.
 - For example, this might present itself as:
 - A specific quantitative measure on one aspect (number of apprentices) which then feeds into a more qualitative measure of overall economic benefit.
23. Officials may wish to consider whether a specific benefit is better identified as a priority outcome and evaluated separately. It is important that procuring entities engage clearly with the market, to ensure that industry is aware of the desired outcomes. See section on Priority Outcomes below.

Tender Evaluation

24. Economic benefit consideration is in addition to the assessment of other evaluation criteria, such as those set out in paragraphs 4.5 – 4.6 of the CPRs, including the quality of the goods and services, fitness for purpose, a potential supplier's experience and performance history, flexibility of the proposal (including innovation and adaptability), environmental sustainability (such as energy efficiency, environmental and climate change impact, and the use of recycled products), and whole-of-life costs.
25. Suppliers have flexibility in how they address economic benefits criteria and a wide range of economic benefit responses may be received from potential suppliers in any particular procurement. Procuring officials should evaluate whether a potential supplier would provide an economic benefit, and whether there is an appropriate level of information provided to support their claim.

26. The evaluation of the economic benefit to the Australian economy should be balanced with the efficient and effective use of Australian Government resources. For example, the economic advantages of using under-utilised capacity to produce goods in a particular location may be outweighed by the lower cost of similar goods produced elsewhere.
27. In considering economic benefits an official can also consider input against other criteria, including, for example, procurement-connected policy criteria, even if the supplier has not specifically included that input in the direct response to the economic benefits criteria.
28. Assessment of a supplier's tender response may result in a conclusion that the supplier's tender would not provide any specific economic benefit to Australia (for example all work and inputs are occurring overseas). Such an outcome would contribute into the overall value for money assessment. However, the supplier's response could still be competitive if its other elements are assessed as providing value for money (for example, through higher quality of goods or services, competitive pricing or a significantly innovative proposal).
29. Feedback on a supplier's demonstration of economic benefit in the tender response should be covered in tender debriefing.
30. Documentation of the consideration of economic benefit should be maintained in accordance with paragraph 7.2 of the CPRs.

Approval and Contract Entry

31. The economic benefit commitments set-out in the successful tenderer's submission should be appropriately reflected in the contract to ensure these benefits are captured. This may take the form of reporting requirements, key performance indicators or other metrics, where appropriate. The contract should be clear as to the frequency and content of reports required from the supplier.
32. If the supplier's economic benefit response advised it would achieve certain benefits, the contract could include the requirement for the supplier to deliver those benefits, such as:
 - details of relevant subcontractor or purchasing arrangements, such as those relating to Indigenous businesses, SMEs, or a business that provides services of persons with a disability;
 - information on the business' workforce, such as details of their full time equivalent workforce in Australia, the number of apprentices and trainees employed, or the engagement of unemployed people; and/or
 - details of how knowledge transfer or skills development will take place, including training and support that will be offered throughout the contract, and mentoring opportunities that the supplier will provide to the entity.
33. The performance of the supplier against the economic benefit contract requirements should be reviewed as part of the broader contract management processes. For detailed guidance on contract management, please refer to the [Australian Government Contract Management Guide](#).

Panel arrangements

34. Economic benefit considerations apply to the process of establishing standing offers (panel arrangements), including mandated whole of government coordinated procurement panels, when, in accordance with paragraph 4.7 of the CPRs, the total

value of work orders under the arrangement is estimated to be at or above the relevant thresholds (\$1 million for non-construction goods and services and above \$7.5 million for construction services).

- Where the value of work orders cannot be estimated, they should be treated as meeting the threshold.
35. In planning a procurement to establish a panel arrangement, consideration should be given to what economic benefit information may be collected during the tender process. This will vary based on the particulars of each panel arrangement, including the scope and breadth of the potential work under the panel.
 36. As there is no guarantee of work for suppliers selected to be on a panel, tenderers should generally be asked to demonstrate broad economic benefit credentials. For procurements to establish a standing arrangement with one provider, the potential suppliers may be able to provide more detailed information to demonstrate economic benefit.
 37. When establishing a panel, procuring officials should also consider whether economic benefit clauses will be included in the head agreement. This may provide some flexibility downstream. For example, the head agreement may specify that when a request for quote is issued to a member of the panel, economic benefit considerations in the panelist's responses will be evaluated. This may be appropriate where the specific nature of work orders may have a reasonable impact on the economic benefits that may be provided by panelists.
 38. Typically, economic benefit considerations do not apply to procurements made from a panel arrangement. In procuring from a panel, procuring officials should only request and evaluate economic benefits if the head agreement specifically requires work orders under the panel to assess economic benefits. Should you be unsure whether a panel requires such an assessment, you should ask the panel owner.

Interactions with other procurement policies.

39. The procurement framework includes a range of procurement-connected policies, being policies for which procurement has been identified as a means of delivery. An up-to-date list of the procurement-connected policies is available on the Department of Finance website¹ and includes links to relevant policy webpages and contact details for the relevant policy owners.
40. The procurement-connected policies have varying criteria, such as thresholds and specified categories of goods and services, for determining their applicability to individual procurement activities. A procurement may be subject to multiple procurement-connected policies in addition to the consideration of economic benefits.
41. Several of the procurement-connected policies include requirements or elements that may also be examples of economic benefit, such as employing apprentices, engaging Indigenous businesses and demonstrating environmental sustainability. In responding to a tender, a supplier will need to address any requirements relating to the applicable procurement-connected policies, as outlined in the request documentation. A supplier may include the relevant elements from their response to any applicable procurement-connected policies as part of the information they provide in response to economic benefits.

¹ <https://www.finance.gov.au/government/procurement/buying-australian-government/procurement-connected-policies>

Can priority outcomes be supported through economic benefit considerations?

42. In planning a procurement, officials may identify opportunities to align the economic benefits consideration to their mandates or priority outcomes. However, this should only be considered where it can be implemented in a manner that is consistent with the requirements in the CPRs. This includes the requirement to treat suppliers equitably and not discriminate against them on the basis of their size, degree of foreign affiliation or ownership, location, or the origin of their goods and services.
43. If a priority outcome is identified for procurement, it is recommended that tender requirements relating to the outcome are included as a separate item to the requirements relating to broader economic benefits. This will provide clarity to suppliers regarding the various requirements of the tender.

How can a supplier provide an economic benefit?

44. There are many ways that a supplier can provide an economic benefit to the Australian economy. The policy provides flexibility for potential suppliers to provide information on the economic benefits that are relevant to their business operations.
45. Some examples of economic benefits that suppliers may provide in their tender responses include, but are not limited to:
 - building, leasing or procuring infrastructure that benefit Australian communities;
 - providing skills and training that benefit Australian communities;
 - employing workers in Australia;
 - employing apprentices or trainees in Australia;
 - contributing to net zero targets through reduced greenhouse gas emissions;
 - improving material productivity e.g. through reuse, using recycled materials and designing out waste;
 - reducing environmental impacts e.g. reducing pollution or land clearing;
 - contributing to positive social outcomes in Australian communities, such as engaging unemployed people, women in male dominated industries, or minority groups in underrepresented sectors;
 - contributing to positive progress against Closing the Gap [targets, objectives and outcomes](#);
 - using SMEs in delivering goods and services, either directly or as a subcontractor or a supplier;
 - developing and adopting innovative products or practices that benefit Australian communities;
 - sharing knowledge, skills and technology with SMEs;
 - creating export opportunities for Australian goods and services;
 - using goods and services from a business that provides services of persons with a disability; and
 - developing Australian industry capabilities or industrial capacity.
46. A potential supplier should seek to provide specific information regarding the economic benefit they would provide if successful in the tender process. For example, if a potential supplier will be employing apprentices or trainees in Australia (outside of the

requirements of the relevant procurement-connected policies), the potential supplier may wish to provide figures relating to the number of new entry level employees they would expect to engage and train throughout the contract delivery, and/or the number of labour hours that would be undertaken by trainees or entry level employees.

47. The information a potential supplier provides with respect to economic benefit may be utilised to set performance measures in the awarded contract. Where an official chooses to do so, the metrics should be verifiable and measurable.

Practical Examples

The following examples are provided to assist procuring officials when evaluating economic benefit and are not intended to prescribe a specific process. Procuring officials should ensure that considerations of economic benefit reflect the scale, scope and risk of the procurement.

Example one

The Australian Public Service Commission (APSC) is establishing a panel for training services through an open tender process. The APSC estimate the total value of procurements under the arrangement to be \$22 million. The APSC must consider the economic benefit of the panel arrangement to the Australian economy as one of the evaluation criteria. Other evaluation criteria included quality of the services and price.

The approach to market documentation included a mandatory question requiring potential suppliers to demonstrate in a short response (free text) what economic benefits they provide to the Australian economy. Four example responses are outlined below.

<i>Tenderer</i>	<i>Tender response</i>	<i>Evaluation</i>
<i>Tenderer 1</i>	The tenderer submitted that they are an SME employing 30 workers in Australia across two offices.	Tenderer 1 is found to have proposed economic benefit.
<i>Tenderer 2</i>	The tenderer submitted that they provide low cost training services across Australia, lease real estate in several states and cities, and use SMEs as subcontractors across Australia.	Tenderer 2 is found to have proposed economic benefit.

<i>Tenderer 3</i>	<p>The tenderer submitted that they use goods and services from a business that provides services of persons with a disability.</p> <p>The tenderer also noted further economic benefits given these employees, previously on income support, are buying additional goods and services.</p>	<p>Officials consider the use of goods and services from a business that provides services of persons with a disability is found to have proposed economic benefit.</p> <p>The flow on benefits of buying additional goods and services because the employees are no longer on income support <u>cannot be considered</u>, as this is a second round economic benefit, not a direct economic benefit of the procurement to the Australian economy.</p> <p>Overall, Tenderer 3 is found to have proposed economic benefit.</p>
<i>Tenderer 4</i>	<p>No response addressing economic benefit was provided.</p>	<p>Tenderer 4 did not address the mandatory question.</p>

At the conclusion of the evaluation process, the four tenderers were summarised as:

Tenderer	Quality of Services	Price	Economic Benefits	Final Value for Money
Tenderer 1	Acceptable	Acceptable	Acceptable	Preferred
Tenderer 2	Poor	Poor	Acceptable	Not preferred
Tenderer 3	Acceptable	Acceptable	Acceptable	Preferred
Tenderer 4	Not Assessed	Not Assessed	Not Submitted	Not Assessed

As part of the overall evaluation process:

- Tenderers 1 and 3 demonstrated acceptable results across all criteria and were assessed as preferred tenderers.
- Even though Tenderer 2 was assessed as demonstrating economic benefits, they were assessed as not preferred as they were unable to demonstrate their quality of services and their submitted price was significantly higher.
- Tenderer 4 did not address economic benefit considerations, which were a mandatory requirement of the tender response, and therefore the tender response was not assessed.

Once on the panel, tenderers are not required to further demonstrate the economic benefits to the Australian economy when providing goods and services under the panel arrangement.

Example two

The Department of Agriculture, Fisheries and Forestry undertake an open tender for the provision of shipping containers with an estimated value of \$13.2 million over a period of five years.

As part of their tender response, tenderers were required to address the economic benefit

criteria in two ways – a specific section on re-use and disposal of assets, and a short response (free text) on other potential economic benefits. The Approach to Market outlined that the assessment of re-use and disposal would be a direct comparison across responses, would form a subset of the overall economic benefits evaluation and would be required to be included as a measurable outcome as a contract key performance indicator. In this instance, the documentation was clear that evaluation of that subset would be on a scale of 0 to 5.

Four responses to this criteria were provided.

<i>Tenderer</i>	<i>Tender response</i>	<i>Evaluation</i>
<i>Tenderer 1</i>	The tenderer is an SME that employs 100 staff nationally to provide the goods (including office staff, drivers etc). The tenderer outlined the arrangements it had in place for re-use and disposal of the shipping containers.	Tenderer's 1, 2 and 4 were ranked 5/5 for re-use and disposal of assets, with Tenderer 3 ranked 2/5 noting that limited information was provided regarding their proposed arrangement. These assessments then fed into the broader economic benefits assessment, where it was noted that all tenderers were providing economic benefit, with Tenderer 3 providing significant workforce and SME engagement compared to the other tenderers. As a result, all tenderers were ranked similarly against this criteria, as the evaluation team determined that all responses offered economic benefit to the Australian economy, albeit in different ways.
<i>Tenderer 2</i>	The tenderer is a foreign business and states they have a partnering arrangement with an SME to ensure adaptive reuse of end-of-life containers as structural components.	
<i>Tenderer 3</i>	The tenderer is a foreign business but submits that if they were awarded the contract, they would engage 20 staff located in Australia and subcontract the transporting of the containers to local SMEs across Australia. The tenderer advises that it currently does not have any arrangements in place for disposal and re-use but would subcontract to an Australian firm with appropriate skills and capabilities.	
<i>Tenderer 4</i>	The tenderer partners with Indigenous businesses to build and deliver the containers across Australia, and offers an apprenticeship program. For this contract, they will be able to take on two new apprentices. The tenderer outlined the arrangements it had in place for re-use and disposal of the shipping containers.	

At the conclusion of the evaluation process, the four tenderers were summarised as:

Tenderer	Price (Amount – Highest (4) to Lowest (1))	Quality of Goods	Economic Benefits (including re-use and disposal)	Final Value for Money
Tenderer 1	4	Poor	Acceptable	Not preferred
Tenderer 2	1	Poor	Acceptable	Not preferred
Tenderer 3	2	Acceptable	Acceptable	Preferred
Tenderer 4	3	Acceptable	Acceptable	Not preferred

As part of the overall evaluation process:

- Tenderer 3 was selected as the successful tenderer based on their overall score and value for money assessment. The successful tenderer's commitment to enter into a subcontracting arrangement for re-use and disposal was incorporated into the contract, including a mechanism to enable Commonwealth officials to check whether this had occurred.
- Tenderer 4 was assessed as demonstrating economic benefits, however on an overall value for money assessment was not preferred.
- Tenderers 1 and 2 were assessed as demonstrating economic benefits, however they were assessed as not preferred as they were unable to demonstrate the quality of goods, and therefore were not considered value for money.

Example three

The Department of Finance (Finance) undertake an open tender approach to market for professional engineering services with an estimated value of \$1.2 million over a period of three years with two one-year extension options.

As part of their tender response, tenderers were required to address the economic benefit criteria in a short response (free text). Finance determines that assessment of economic benefits will focus on what can be measured over the life of the contract. The Approach to Tender documentation identified that criteria would be weighted and included details of the weightings that would be applied.

Four example responses are provided below.

<i>Tenderer</i>	<i>Tender response</i>	<i>Evaluation</i>
<i>Tenderer 1</i>	The tenderer is an SME that employs 10 staff in Australia.	Tenderer 1 is found to have proposed a <i>measurable</i> economic benefit.
<i>Tenderer 2</i>	The tenderer is a foreign business that states their proposal contains a significant price discount and note their strong international reputation, extensive relevant experience and effective performance history.	Pricing, experience and previous performance was considered under other criteria, and were not relevant in the consideration of economic benefit. Tenderer 2 is found to have proposed no economic benefit.
<i>Tenderer 3</i>	The tenderer is a foreign business that notes that they would subcontract to SMEs in Australia when required to meet workload requirements. The tenderer has demonstrated their expertise in designing for sustainability.	Tenderer 3 is found to have proposed <i>potential</i> economic benefit. The 'potential' rating was due to the lack of detail regarding both the proposed subcontracting arrangements and sustainable design expertise will be delivered through the contract.
<i>Tenderer 4</i>	The tenderer is a foreign business that has an office in Australia employing 30 staff and states that the contracted work will be undertaken by employees in its Australian office.	Tenderer 4 is found to have proposed <i>measurable</i> economic benefit.

At the conclusion of the evaluation process, the four tenderers were summarised as:

Tenderer	Price (\$m) 50%	Quality of Services 20%	Performance history 20%	Economic Benefits 10%	Final Value for Money
Tenderer 1	1.2	Acceptable	Poor	Measurable	Not preferred
Tenderer 2	0.9	High	High	Nil	Preferred
Tenderer 3	1.3	Acceptable	Poor	Potential	Not preferred
Tenderer 4	1.2	Poor	Acceptable	Measurable	Not preferred

As part of the overall evaluation process:

- Economic benefit was considered as part of the broader value for money assessment during the evaluation process for all tenderers. In this instance, while Tenderer 2's submission was assessed as providing no measurable broader economic benefit, consideration of price and performance history supported them as providing best value for money, in accordance with the requirements and criteria specified in the approach to market documentation. Tenderer 2 was selected as the successful tenderer.
- Tenderers 1 and 3 were assessed as having demonstrated economic benefits; however, the assessment indicated a poor performance history and therefore does not reflect a value for money outcome.
- Tenderer 4 was assessed as demonstrating economic benefit, however, the assessment determined a poor quality of services and therefore does not reflect value for money outcome.

Example four

The Digital Transformation Agency is establishing a panel for a custom software solution to collect complex data through an open tender with an estimated value of \$9 million.

In addition to broader economic benefits, evaluation criteria included knowledge transfer, training and the relevant experience of the organisation.

The approach to market documentation included a mandatory question requiring potential suppliers to demonstrate in a short response (free text) what economic benefits they provide to the Australian economy. The approach to market documentation identified that economic benefit would comprise 20 per cent of the overall rating. Four example responses are outlined below.

Tenderer	Tender response	Evaluation
<i>Tenderer 1</i>	Tenderer is a foreign business that has an office in Australia. The tenderer states that it will reduce the businesses carbon footprint for the Australian office by encouraging employees to work remotely.	Tenderer 1 is found to have proposed economic benefits; however information regarding the expected contract workload to be undertaken at the Australian office was not provided and therefore those benefits could not be measured for the purpose of the contract.
<i>Tenderer 2</i>	Tenderer is an SME that employs 50 staff in Australia. They have a partnering arrangement with an Employment Agency to provide formal education and training in the ICT sector. For this contract they will be able to take on 3 new trainees.	Tenderer 2 is found to have proposed economic benefits.
<i>Tenderer 3</i>	Tenderer is an Indigenous SME based in remote Australia, and has identified clear steps on how it will address the Australian Government's Closing the Gap targets.	Tenderer 3 is found to have proposed economic benefits.
<i>Tenderer 4</i>	Tenderer is a foreign business that has established an office in Australia. The Australian office employs 100 staff, and the contracted work will be undertaken by the staff in the Australian office.	Tenderer 4 is found to have proposed economic benefits.

Tenderer	Price (40%)	Quality of Services (20%)	Performance history (20%)	Economic Benefits (20%)	Final Value for Money
Tenderer 1	30	18	14	0	Total = 62% Not preferred
Tenderer 2	30	20	20	20	Total = 90% Preferred
Tenderer 3	28	20	16	20	Total = 84% Not preferred
Tenderer 4	25	15	15	20	Total = 75% Not preferred

As part of the overall evaluation process:

- Tenderer 2 was selected as the successful tenderer based on their overall value for money score. The successful tenderer's economic benefit commitment

(regarding trainees) was incorporated into the contract.

- Tenderer 1 was assessed as not providing sufficient economic benefits as the reduction of the businesses carbon footprint was broadly generic and did not include a measurable outcome to track the offset. Officials assessed that tenderer did not include sufficient outcomes to demonstrate economic benefits to the Australian economy and scored the criteria as zero.
- Tenderer 3 was assessed as demonstrating economic benefit, however the remainder of its Tender response, while considered appropriate, was not as strong as the preferred tenderer.
- Tenderer 4 was assessed as demonstrating economic benefit, however the overall assessment determined a lower quality of service, and is not reflective of value for money.

Once on the panel, tenderers are not required to further demonstrate the economic benefits to the Australian economy when providing goods and services under the panel arrangement.

Advice

Procuring officials seeking advice in relation to the consideration of economic benefits should contact their entity's central procurement team (CPT) in the first instance. Should your CPT require additional guidance they can seek further advice via email at procurementagencyadvice@finance.gov.au.