



**Australian Government**  
**Department of Defence**  
Estate and Infrastructure Group

## **GUIDANCE**

# **ALTERNATIVE PROPOSALS**

The Infrastructure Division Defence Estate Quality Management System (DEQMS) Evaluation Protocols (EP), which guide the conduct of the evaluation processes for the procurement of various infrastructure related services, provide at paragraphs 49 - 51 high level guidance on the approach to be taken when assessing any “Alternative Proposals” that may have been received, usually in response to an invitation in the Approach to Market documents.

**Those provisions state:**

49. *Each Tenderer will be advised that Tenderers must provide a conforming Tender before alternatives can be considered.*
50. *All alternative proposals will be considered where submitted with a conforming Tender.*
51. *Alternative proposals are not scored, but are given a subjective evaluation based on VFM following the VFM assessment for all competitive conforming Tender(s). In evaluating alternatives, consideration should be given as to whether the proposal offers additional benefit to Defence such as reduced risk, more product, financial savings or early completion where time is critical. If there is any uncertainty regarding how alternative proposals are to be considered, advice will be sought from the Probity Adviser, where a Probity Adviser has been engaged, or from DPA where no Probity Adviser has been appointed.*
52. *Advice must be sought from DPA for any alternative proposals proposing changes to standard terms and conditions of the Contract in Part 5 of the RFT, or to the terms of any current Deed of Standing Offer for panel arrangements.*

Evaluation Boards are not always clear on the correct procedure to adopt when assessing Alternative Proposal and this Guidance Note is intended to provide Boards with some more specific guidance to help ensure the procedure is understood and applied consistently.

**To summarise the evaluation process:**

1. Complete the Value for Money (VFM) stage in respect of all remaining competitive and conforming tender responses (Conforming Submissions).
2. Completion of the VFM stage should result in the determination of a Conforming Submissions VFM ranking list of the tenderers who have been assessed as at that point to be competitive.
3. Identify **all** Tenderers (even those that have been excluded prior to the commencement of the Comparative Assessment or the VFM Assessment Stages under paragraphs 43 or 47 respectively, or excluded during the VFM Assessment Stage) who have offered Alternative Proposals.
4. Provided a Conforming Submission has been submitted, **all** Alternative Proposals must be assessed, even if the Conforming Submission does not offer VFM. This is because:

- a. an Alternative Proposal may offer a completely new solution that does offer VFM, and Defence will not know this if it is not assessed;
  - b. tenderers may wish to be debriefed on the merits of their Alternative Proposal; and
  - c. the EP, at paragraph 50, expressly directs that: “*All alternative proposals will be considered where submitted with a conforming Tender*”.
5. Assess each Alternative Proposal and test it to determine: “**Does the Alternative Proposal offer a better VFM solution than the best VFM Conforming Submission?**”
  6. If an Alternative Proposal **does not** offer better VFM than the best VFM Conforming Submission, it can be recommended for rejection and the next Alternative Proposal considered.
  7. If an Alternative Proposal **does** offer better VFM than the best VFM Conforming Submission, it then becomes the recommended solution at that point. Any further Alternative Proposals being assessed will then be assessed as to whether they offer better VFM than the then best VFM Alternative Proposal.
  8. Where it is not possible to assess the merits of an Alternative Proposal because, for example, it requires technical expertise or input, it may be necessary to adjourn the Board and obtain the relevant specialist advice or a report (e.g. from the Design Consultant). When that advice or report is available, the Board will then reconvene, consider the specialist advice and make a determination of whether the Alternative Proposal is both an acceptable option and offers better VFM.
  9. As noted above, paragraph 52 of the EP directs that DPA must be consulted prior to recommending any proposed changes to the standard Contract or Panel terms.
  10. If an Alternative Proposal proposes amendments to the Standard Contract or Panel Terms, DPA must be consulted prior to recommending any acceptance of the proposed changes.
  11. Finally, make sure there is a clear and complete record of these deliberations for inclusion in the Evaluation Board Report.