

The benefits of a nationally consistently approach to rail procurement

New national standards could simplify government tendering processes for rail projects and help speed the post COVID-19 recovery. The ARA has launched its new tendering framework for rolling stock and signalling tenders to help guide the creation of a new approach. Informed by industry experts, we have identified 21 recommendations to make rail procurement easier and get more jobs-creating rail projects off the ground faster.



Market sounding and pre-project engagement

Pre-project industry engagement is good practice and widely supported by industry. Two-way information sharing that helps inform both the supplier's and purchaser's planning should be encouraged.

- ✓ The intent should not be to obtain intellectual property or 'free consultancy'
- ✓ Make submission requirements minimal and flexible to encourage suppliers to take part
- ✓ Be open about the objectives of the project and the relative significance of the intended evaluation criteria. Be clear about the role price will play in purchasing decisions
- ✓ Make time for face-to-face meetings to provide additional context



Pre-qualification

Simplifying the pre-qualification process can save time and money and put the focus on the project requirements.

- ✓ A one-time-only national pre-qualification scheme that allows data to be provided once and for all tenders is needed. Qualified suppliers could review and update this regularly. When tendering, suppliers would provide their registration number and confirm no material change has occurred since registration



Probity management

It is essential that both purchasers and suppliers meet their obligations and act responsibly during the tender process. Simplified probity management will ensure this can occur, without the need for additional red tape.

- ✓ A single, organisation-wide commitment to manage confidentiality should be made, listing all staff the commitment includes
- ✓ Confidentiality documents should be signed by authorised company officers on the company's behalf. This should be done once and cover the entire tender process
- ✓ Early Contractor Involvement processes can be valuable, but only when the purchaser has the time and resources to engage in effective discussions with suppliers
- ✓ The probity process should start with a clear and published statement of the risks it intends to address
- ✓ Probity requirements should be risk-based and ensure the costs and impact of mitigations are proportionate to the risks involved



Early Contractor Involvement (ECI)

ECI can be valuable when there is a clearly defined scope for the project and the appropriate time and resources can be invested in the process.

- ✓ Purchasers should not initiate an ECI process without first ensuring the intended requirements are realistically researched and stable
- ✓ There should be fair recompense for any intellectual property generated as part of the ECI or any other phase of the tender
- ✓ There should be a fair and reasonable variation process for significant scope changes or time extensions during the ECI or subsequent tender process



Standardised terms and conditions

Standard terms and conditions can save time and reduce administration costs during the tender process.

- ✓ A standardised base set of terms and conditions should be used for all rail contracts in Australia



Contract models and risk mitigation

The NSW Government Action Plan sets the standard for better, faster and easier procurement processes.

- ✓ The NSW Government's Action Plan should be the benchmark for tendering, development of contracting models and the associated allocation of risk



Harmonisation of specifications

Nationally consistent standards improve efficiencies both during the tendering process and the life of the project. A streamlined approach would deliver better outcomes for both purchasers and suppliers.

- ✓ Common and internationally recognised standards should be adopted when they are available. When Australian variations are needed, they should be applied nationally and controlled by RISSB



Formatting of tender documentation

The tender process produces large amounts of information, which is often managed using Digital Rights Management (DRM) systems. This can make completing required forms and templates take longer.

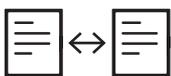
- ✓ The use of DRM should be justified on a case by case basis and restricted to only the most genuinely sensitive materials. Documents that may need to be edited should be provided in the native editable format by default



Compliance management

Narrow definitions of compliance or requirements that are not clearly articulated can make it harder to complete statements of compliance and track progress. This could lead to more expensive options being selected. A more effective approach is needed to help purchasers make the right selection.

- ✓ Suppliers should be able to outline minor, non-material variations in statements of compliance through the creation of a 'Fully Comply but in the Stated Manner' category
- ✓ Tender specifications (functional requirements) should be issued in a format that can be easily analysed and tracked during the tender process and the project implementation



Standardised templates

Standardised templates could streamline tender processes and make it easier for suppliers to submit relevant information in a timely manner.

- ✓ Standardised forms with minimal variations across all jurisdictions or a nationally agreed set of minimum standardised management plan architecture should be implemented



Cost of procuring rolling stock

The cost of planning and designing new rolling stock can be expensive. When design forms part of a competitive tender process, cost recovery mechanisms for unsuccessful bidders would support greater participation.

- ✓ A stipend should be provided to non-successful tenderers to help recover design costs associated with a competitive tender process

The Australasian Railway Association (ARA) is the peak body for the rail sector in Australia and New Zealand. We represent more than 150 member organisations including passenger and freight operators, track owners and managers, suppliers, manufacturers, contractors and consultants. Our members include listed and private rail-related companies, government agencies and franchisees.

Want to find out more?

For more information on procurement in the rail industry, contact ARA General Manager – Supply Chain **Natalie Currey** at ncurrey@ara.net.au