Proactive release by
NSW Department of Education and Communities

Records relevant to Assisted School Travel Program

Item (c)
Briefings to Director-General, Deputy Directors-General and Chief Procurement Officer about changes to the Assisted School Travel Program
(1 September 2010 – 30 January 2012)
DEPARTMENT OF EDUCATION AND TRAINING

Submission to the Chief Procurement Officer

Request for Tender (RFT) DETP 1028
Travel Support to the Assisted School Travel Program

BACKGROUND:

General:
The Department of Education and Communities’ Assisted School Travel Program (ASTP) provides transport services to support eligible students with disability in NSW to access education in Government and Non-Government Schools. The Program engages contractors to provide approximately 2,232 transport services daily for an average of more than 9,200 school students to access educational services. Transport services are commonly referred to by the Departments as “Runs”

The current arrangements were established under open tender in most areas of NSW and have been in place since 2002. In 2007 an attempt to refresh the program by a release of a new tender failed due to lack of agreement by all agencies involved in the ASTP Steering Group.

Procurement Directorate commenced a new market approach in 2010; this approach was approved by PAC September 2010. An open Request for Tender (RFT) DETP1028 was released on 4 November 2010 and it was expected that the Department would receive over 900 respondents to the tender process, (similar to the 2002 tender results). Only 675 compliant tenders were received and the evaluation process commenced in January 2011.

Finalisation of the aforementioned tender process was delayed due to an injunction lodged by NSW Taxi Council pertaining to the tender process. The Supreme Court subsequently resolved this dispute in favour of the Department of Education and Communities (DEC) on 5 September 2011 with the Taxi council given until 4 October 2011 to lodge an appeal if desired. There was no appeal to the Judgement lodged by the Taxi council and from 4 October 2011 the Department is now authorised to proceed with the tender process.

The tender evaluation has now concluded, and the Tender Evaluation Report has been endorsed by the ASTP Steering Group on Thursday 13 October 2011.

The Tender Evaluation Report determined that:

- Insufficient capacity existed in respondents tenders to meet current operational requirements for all runs; and
- Tendered cost for the services cannot justify value for money and would require a significant addition to the budget.
The following table summarises the level of acceptable proposals against offered runs:

<table>
<thead>
<tr>
<th>Description</th>
<th>Runs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Runs required under the Program</td>
<td>2231</td>
</tr>
<tr>
<td>Run capacity determined by the Evaluation</td>
<td>1800</td>
</tr>
<tr>
<td>Program Shortfall</td>
<td>431</td>
</tr>
</tbody>
</table>

The program cost 2010/11 for the operation of Runs was $62M and the anticipated cost based on tender results is now $89M. The Department has anticipated that there would be an increase in cost and has an approved budget commencing 2011/12 at $72M.

During the Evaluation Process it was evident that there was a significant variance in pricing offered by respondents with kilometre rates starting at prices under $2 a kilometre to upper limits of over $18 a kilometre for the same vehicle in the same location. The Department established a set of benchmark prices for the evaluation process, but these benchmarks were not tested as being a representation of true market costs. In order to better understand pricing, Professor David Hensher Sydney University, authority for RTA Transport reviews, was engaged to provide a pricing summary (TAB A).

Professor Henshers report established price expectations based on market influences, this report was further expanded by an Information Paper and Tender Report to the Steering Group (TAB B and C) to provide application especially to the ASTP. This document was used by the Steering Group in the strategy approval process.

Based on the analysis it has been approved that all pricing submitted by respondents under DETP1028 be rejected and an alternative pricing model be used.

**COMMENT:**

The Tender Evaluation Report (TAB D) made the following recommendations,

- Reject non-conforming and non-compliant tenders;
- Reject tenders with technical assessment scores of 14 or less;
- Reject tenders from respondent who are not current service providers that scored zero in their referee check;
- Accept technical assessment of tenders (for respondents with technical scores of 15 or more) to establish a base level of capacity for service delivery;
- Seek to expand the pool of Eligible Service Providers by
  - Negotiating with successful Eligible Service Providers to increase their assessed capacity; and
  - Release an Expression of Interest to invite new respondents and allow respondents who have had their initial tenders
rejected another opportunity to demonstrate their capacity to deliver services under the program.

- Negotiate with those respondents assessed as having acceptable technical scores in terms of implementing an approved alternative pricing model that will deliver value for money.

The recommendations above have now been accepted by the Steering Group with the exception of rejecting tenders outright that scored 14 or less, tenderers that scored 14 or less will be given an opportunity to provide further clarification of fact to avoid being rejected outright.

Significantly the purpose of this paper is now to approve a new approach to the market that will provide an opportunity to increase the run capacity required by the Program and provide a pricing model that is tested as being consistent with market costs and provides a value for money solution.

In order to achieve the new market approach the following milestones are required.

<table>
<thead>
<tr>
<th>Date</th>
<th>Milestone</th>
</tr>
</thead>
<tbody>
<tr>
<td>17/10/11</td>
<td>Issue Letters to conditionally accepted tenderers – allow two weeks for responses</td>
</tr>
<tr>
<td>20/10/11</td>
<td>Release rejection letters</td>
</tr>
<tr>
<td>24/10/11</td>
<td>Acceptance letters returned to DEC Procurement</td>
</tr>
<tr>
<td>28/10/11</td>
<td>RFT released</td>
</tr>
<tr>
<td>21/11/11</td>
<td>Tender Close</td>
</tr>
<tr>
<td>02/12/11</td>
<td>Tender Evaluation Completed</td>
</tr>
<tr>
<td>08/12/11</td>
<td>TER Completed and Endorsed</td>
</tr>
<tr>
<td>14/12/11</td>
<td>Approval to award contracts obtained</td>
</tr>
<tr>
<td>23/12/11</td>
<td>All Tenderers notified of outcome</td>
</tr>
</tbody>
</table>

Please refer to Tab E – Project Plan which provides granular detail pertaining to the above milestones.

**FUNDING IMPLICATIONS:**

Current budget - $65M  
Budget FY 2012/12 - $72M  
Proposed recommendation outcome - $72M to $75M (projected)

**CONSULTATION:**

DEC Shared Services  
ASTP Steering Committee

**RECOMMENDATION(S):**
1. That DECP approve the approach to market based on the Project Plan at TAB E.
2. That DECP reject price offers of Respondents to DETP 1028
3. That DECP negotiate with Respondents of DETP1028 who were determined technically competent to increase their run capacity and accept the DEC pricing model.

Drafted by:

David Lloyd
**Procurement Project Manager**

Contents and accuracy endorsed by:

Peter Troy
**Strategy Administrator**

Paul Davies
**Commercial Director Sourcing and Contract Management**

Paul Hopkins
**Chief Procurement Officer**
Pages 5 through 51 redacted for the following reasons:

Already released under Item (a), 22 - see Item (a) pages 258-274.
Already released under Item (a), 22 - see Item (a) pages 275-291.
Already released under Item (a), 22 - see Item (a) pages 292-294.
Already released under Item (a), 22 - see Item (a) pages 295-304.
Task Name

M4 days?

T1 day?

S3 days?

T1 day?

T

Summary

7 days

Thu 29/09/11

6 days?

Tender RFx loaded

Project Approval, Plan and Schedule signed off by Steering Group

1 day?

Mon 17/10/11

S17 Oct '11

Mon 21/11/11

TENDER DEVELOPMENT PHASE - David Lloyd

RFT Number obtained

Project Approval document completed and signed off by PAC

1 day?

Mon 24/10/11

T

Development of Strategy Documents

Fri 28/10/11

T

1 day?

Fri 27/01/12

Tender Evaluation Plan finalised and signed off by all parties

Tender Opening completed

Interviews conducted & requirements checklist completed

Agreements executed

All Tenderers notified

Tender Advertisement prepared and approved

Legal approval for RFT package

Tender Negotiation completed & approved (if applicable)

Approval given to award contract

Legal approval for RFT package

Finalise Results

Tender Close

Approve to Release Tender given by CPO

5 Sep '11

Wed 7/12/11

W4 days?

T1 day?

Fri 27/01/12

W4 days?

T1 day?

Fri 27/01/12

W4 days?

T1 day?

Fri 27/01/12

Tender Open period

External Milestone

Tender Opening completed

Debriefings conducted (if applicable)

Addenda issued (if applicable)

Project Plan and Schedule Released to Steering Group

Project Approval, Plan and Schedule signed off by Steering Group

Summary

7 days

Thu 29/09/11

6 days?

Tender RFx loaded

Project Approval, Plan and Schedule signed off by Steering Group

1 day?

Mon 17/10/11

S17 Oct '11

Mon 21/11/11

TENDER EVALUATION AND CONTRACT AWARDS PHASE - David Lloyd

Tender Open period

External Milestone

Tender Opening completed

Interviews conducted & requirements checklist completed

Agreements executed

All Tenderers notified

Tender Advertisement prepared and approved

Legal approval for RFT package

Finalise Results

Tender Close

Approve to Release Tender given by CPO

5 Sep '11

Wed 7/12/11

W4 days?

T1 day?

Fri 27/01/12

W4 days?

T1 day?

Fri 27/01/12

W4 days?

T1 day?

Fri 27/01/22

Tender Open period

External Milestone

Tender Opening completed

Interviews conducted & requirements checklist completed

Agreements executed

All Tenderers notified

Tender Advertisement prepared and approved

Legal approval for RFT package

Finalise Results

Tender Close

Approve to Release Tender given by CPO

5 Sep '11

Wed 7/12/11

W4 days?

T1 day?

Fri 27/01/22

W4 days?

T1 day?

Fri 27/01/22

W4 days?

T1 day?

Fri 27/01/22

21 days?

Lower apex of M

40 days?

S

11 days?

F

14 days?

T

12 days?

T

14 days?

T

15 days?

F

All Tenderers notified

Tender Advertisement prepared and approved

Legal approval for RFT package

Finalise Results

Tender Close

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Lower apex of M

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11 days?

F

14 days?

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12 days?

T

14 days?

T

15 days?

F

All Tenderers notified

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Finalise Results

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W4 days?

T1 day?

Fri 27/01/22

W4 days?

T1 day?

Fri 27/01/22

W4 days?

T1 day?