

**Senate Standing Committee on Economics**  
**ANSWERS TO QUESTIONS ON NOTICE**  
Innovation, Industry, Science and Research Portfolio  
Additional Estimates Hearing 2010-11  
23 February 2011

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**AGENCY/DEPARTMENT:** COMMONWEALTH SCIENTIFIC AND INDUSTRIAL RESEARCH ORGANISATION

**TOPIC:** CSIRO Research Vessels

**REFERENCE:** Written Question – Senator Colbeck

**QUESTION No.:** AI-46

1. How many applications were made for the contract for design and construction of the *RV Investigator*, the CSIRO's new research vessel. And, of these, how many were from Australian companies?
2. What was the financial value of the contract for design and construction of the ship that was awarded to Teekay?
3. When was the procurement process for assessing applications to design and construct the ship completed, and when was the contract signed?
4. Was consideration of Teekay's Australian Industry Participation Plan completed as part of the assessment of the original application, or was that requested and/or assessed at a later stage?
5. Was the impact on local investment and jobs of the outcome of the process a part of the criteria in awarding the contract?

**ANSWER**

1. Nine companies responded to the Request for Proposals (RFP), with one company providing two separate responses. Four Australian companies submitted five proposals. One proposal was deemed to be non-compliant and was excluded from the process. One proposal was not shortlisted to move from the RFP to the Request for Refined Offers (RRO). Two Australian companies withdrew during the early stages of the RRO. Teekay Holdings Australia Pty Ltd was the successful respondent.
2. The financial value of the contract with Teekay Holdings Australia Pty Ltd (Teekay) is SGD 123,600,000 (approximately AUD \$96 million, GST exclusive).
3. Evaluation of proposals concluded in December 2010. A contract for the design and construction of the *RV Investigator* was signed with Teekay on 17 January 2011.
4. It was a minimum format and content requirement for both the request for proposal (RFP) and the request for refined offer (RRO) that proposals included an Australian Industry Participation (AIP) Plan. The AIP Plan was to be in accordance with the AIP Plan criteria provided by the

Department of Innovation, Industry, Science and Research (Innovation). All proposals received in response to the RFP and RRO were assessed by an Innovation representative for minimum content compliance prior to commencement of evaluation. In accordance with the Commonwealth Procurement Guidelines prospective respondents were advised that CSIRO would not evaluate the level of Australian participation in the AIP Plan. However, CSIRO expected the successful Respondent to abide by any commitments made in its AIP Plan and report on the implementation of its AIP Plan under any resultant contract. Teekay provided an AIP Plan at both stages of the procurement, and both were deemed compliant by Innovation in that aspect of the assessment of mandatory compliance.

5. The Commonwealth Procurement Guidelines (CPGs) prevent consideration of the impact on local investment and jobs in awarding the contract. The CPGs require CSIRO to be non-discriminatory when selecting suppliers. This includes not discriminating due to the degree of foreign affiliation or ownership, location or size.

In conducting the process of vessel procurement and proposal evaluation, CSIRO was required to comply with Divisions 1 and 2 of the Commonwealth Procurement Guidelines (CPGs) under section 5 of the Finance Minister's (CAC Act Procurement) Directions (2009). In summary, these policy obligations required CSIRO to:

- encourage competition;
- promote efficient, effective and ethical use of its resources;
- ensure accountability and transparency in decision making; and
- follow mandatory procedural requirements in relation to the conduct of the procurement process.

CSIRO was also required to comply with its internal procurement policy (the CSIRO Procurement Policy: Mandatory Procedures), which, in all material respects regarding evaluation for the procurement, is identical to the CPGs.

Key criteria that were considered in the evaluation of the proposals were:

- **Technical Solution** – the extent to which the Refined Offer met the requirements of the Statement of Work.
- **Compliance with Draft Contract** – the extent to which the Refined Offer complied with the Draft Contract.
- **Capability of Respondent** – the extent to which the respondent demonstrated that they had the necessary experience; compliance with health, safety, and environment requirements; track record; human, financial and technical resources required to manage development and deliver the vessel on time, on budget and to meet CSIRO's requirements.
- **Cost** – the cost to CSIRO of implementing the Respondent's Refined Offer.

CSIRO engaged the Australian Government Solicitor (AGS) as its probity adviser. Probity sign off was provided on all documentation and tender evaluation recommendations.