



Australian Government
Department of Defence

NAVY
FLEET COMMAND

S10429022

s22

~~DMB-FC~~

~~Ms Jodi Backhouse~~

23/6/16 (FHQ L4)

(for Finance advice)

DP-N

Mr John Whitelaw

Digitally signed by (L13 DPS)
John.Whitelaw
Date: 2016.06.24
10:15:41 +10'00'

(for Specialist Procurement
advice)

COMMHP

CAPT M. Harris, RAN

mick.harris@defence.gov.au
Defence
Department of Defence
Commonwealth of Australia
6000 Canberra ACT
Australia

(FHQ L4)

(for Commitment Approval)

**SECTION 23 COMMITMENT APPROVAL FOR THE PROCUREMENT OF
SPECIALIST SAFETY SUPPORT SERVICES TO ASSIST PATROL BOAT GROUP
(PBGRP) ACHIEVE SAFETY MANAGEMENT SYSTEM (SMS) COMPLIANCE
WITH ABR 6303 ED 5**

References:

- A. COMMHP Decision Brief For FC Funding For Contractor Supported SMS Implementation Within PBGRP - OBJ S 10329057 dated 31 May 2016 (attached)
- B. Business Case for approval of Specialist Support to PBGRP SMS (attached)
- C. MSB/PBGRP SMS Implementation V 1.1 dated March 2016
- D. DCPO Endorsement To Proceed DCPO/1516/1206 dated 6 June 2016
- E. Defence Procurement Policy Manual Sep 2015
- F. Commonwealth Procurement Rules Jul 2014
- G. Capability Acquisition and Sustainment Support Services Panel (SON48590) Rules (as applicable)
- H. Public Governance, Performance and Accountability Act 2013

RECOMMENDATIONS

That you:

(i) **APPROVE** the commitment and expenditure of relevant money up to \$320,000 (inclusive of GST) with SME Gateway Pty Ltd (SME Gateway) ABN 51106981560, under Section 23 of the Public Governance, Performance and Accountability Act, for procurement of specialist safety support services for the Patrol Boat Group (PBGRP) Safety Management Systems (SMS) to achieve compliance with ABR 6303 Ed 5. The Delegate confirms that the arrangement will be a proper use of relevant money, promotes the achievement of the

purposes and financial stability of the entity and is not inconsistent with the policies of the Australian government.

BACKGROUND

1. PBGRP requires the services of a suitably qualified and experienced contractor to be part of an Integrated Tiger Team (ITT) being brought together to expedite work required to meet CN's deadline for the completion of the update of OIP to align with ABR 6303 Edition 5 (references A and B).
2. PBGRP has identified shortfalls in the implementation of an ABR6303-compliant SMS and require external support to achieve this by CN's deadline of August 2016. This was verified in the PBGRP SMS Implementation Assessment activity, the report of which (reference C) was delivered in March 2016. The purpose of the independent assessment was to provide an evaluation of the work that had been undertaken to date, assess the plan for further development and make considered recommendations to Director Maritime Safety Bureau (DMSB) and Captain Patrol Boats (CPB). The assessment report forecasts that, with the current available PBGRP human resourcing, the CN deadline will be missed by four to five months and, consequently, recommends engagement of a qualified, motivated and innovative industry partner to be part of an Integrated Tiger Team (ITT), that will provide the additional skilled resourcing required to meet the August 2016 deadline.

REQUIREMENT

3. The identified work will require the service provider to conduct and or/assist in undertaking the activities summarised as:
 - a. update and develop remaining OIP to comply with ABR6303 Ed5 by August 2016, and
 - b. provide safety support to address outstanding safety issues.
4. To complete this work, PBGRP will require the services of a suitably qualified and experienced contractor.
5. SME Gateway, s47E(d) has prior detailed familiarity with the task required and with PBGRP systems of work and key personnel; and the ability to put the right people on task in a very rapid timeframe. The resources required to achieve PBGRP compliance with SMS with ABR 6303 Ed 5 are those same people who have previously undertaken similar DMSB tasking, and other tasking within PBGRP, earlier this year.

SUMMARY OF THE PROCUREMENT PROCESS

6. SME Gateway will be engaged for a contract period from approximately 4 July 2016 to 31 August 2016 through the Capability Acquisition and Sustainment Support Services (CAS-SS) Panel which is consistent with the requirements of the:
 - a. Endorsement to Proceed DCPO/1516/1206 (reference D), as adjusted by enclosure 2 (Mr Sid Ramsay email of 21 Jun 16)
 - b. DPPM Section 3.1 Procurement Methods, Section 5.3 Selecting a Procurement Process – Standing offers Paragraphs 8 to 11, and Section 4.8 Standing Offer – paragraphs 37 to 45 (reference E);
 - c. CPRs Sections 9 and 10 (reference F);

- d. CAS-SS Panel Rules (as applicable) (reference G); and
- e. Public Governance, Performance and Accountability Act 2013 (reference H).

7. The RFQTS was issued to SME Gateway on 8 June 2016 and a response received from the company on 15 June 2016.

CONSIDERATIONS INCLUDING VALUE FOR MONEY ASSESSMENT

8. The use of the CAS-SS panel is an acknowledged method of achieving a value for money solution. The proposed procurement is assessed as being in accordance with the PGPA Act, DPPM and the CPRs, is an efficient, effective, economical and ethical use of relevant resources.

9. The SME Gateway s47E(d)
s47E(d)

10. s47E(d)

11. This procurement is considered low risk as:

a. the proposed supplier (SME Gateway) is being engaged under the CASSS panel terms and conditions;

b. s47E(d)

c.

d.

e.

f. the Commonwealth has the skill sets to provide continuing informed monitoring, quality control checking and reporting of product on a progressive basis.

12. The proposed procurement is subject to the additional rules for procurements at or above the relevant procurement threshold as detailed in Division 2 of the Commonwealth Procurement Rules (CPRs) and is not subject to an exemption.

FUNDS AVAILABILITY

13. The cost is based on SME Gateway 's response to the RFQTS.

14. Note that some travel by the contractor is predicted. However, as it not considered possible to define the exact travel requirements, Navy will pay for the contract's travel on a case by case basis (in accordance with CAS-SS panel and DPPM rules - refer to DPPM 4.10

Services Contracts and Agency Relationships/ Travelling Arrangements for Contracted Personnel/ paragraphs 26 to 30). It is envisaged that up to \$40,000 (GST inclusive) should be set aside for travel costs.

15. The funding identified is adequate for the proposed commitment and expenditure and is consistent with the purpose for which it was allocated.

16. The following financial codes will be used for this procurement:

Account Code:	Cost Centre:	WBS:	Fund No:
22042	212120	N/A	99998

17. Contingency is not being used to fund the proposal.

18. The planned spread of commitment and expenditure for this proposal is contained in Table 1.

FY	16/17	Total
Commitment/ Expenditure	\$320,000 (inclusive of GST)	\$320,000 (inclusive of GST)
Total Procurement Cost	\$320,000 (inclusive of GST)	

Table 1. Planned Spread of Commitment and Expenditure

SPECIALIST ADVICE

Financial Advice

19. The following authorities have provided specialist financial advice, as well as advice in the preparation of this submission:

- a. Ms J Backhouse - DBM-FC

Contracting, Legal and other Relevant Advice

18. Specialist advice on the proposed commitment aspects for this submission has been obtained from :

- a. Mr John Whitelaw- Director Procurement – Navy
- b. Mr Sid Ramsay – Senior Contracting Officer – Procurement -Navy.

Digitally signed by john.barton1
Date: 2016.06.23 13:37:38
+09'30'

J.M. BARTON
CMDR, RANR
SO1 Policy and Plans Patrol Boat Group

June 2016

PBGRP Update OIP_ S23 Approval.doc

Enclosures:

1. Endorsement to Proceed
2. Email_Advice on Change of Proposed Provider
3. AusTender Reporting Form (AE 643)

SPECIALIST ADVICE - FINANCE

Spending proposal for the approximate amount of up to \$320,000 (GST inclusive) for the supply of specialist safety support services for the Patrol Boat Group (PBGRP) SMS to achieve compliance with ABR 6303 Ed 5 – As Specialist Advisor Finance I confirm:

- the funds are available;
- the sufficiency of the budget;
- the soundness of the costing calculations; and
- the accuracy of the costing calculations.

Digitally signed by Jodi Backhouse
DN: cn=Jodi Backhouse, o=Defence, ou=Personal, email=j.backhouse@defence.gov.au
 Jodi Backhouse (Signature) Ms J Backhouse (Printed Name) s22 (PMKeys No) DBM-FC (Appt/Position No) (Date)

SECTION 23 – COMMITMENT APPROVAL

As Section 23 – Commitment Approver I approve the expenditure of relevant money of up to \$320,000 (GST inclusive) to contract with SME Gateway Pty Ltd for the supply of specialist safety support services for the PBGRP SMS to achieve compliance with ABR 6303 Ed 5, and I confirm that:

As Section 23 - Commitment Approval I confirm that:

- I have consulted with a person who currently holds the required procurement competency and who has been involved in a material way during the development of the arrangement or has provided advice during the procurement process;
- the arrangement will be a proper use of relevant money;
- I have taken care and diligence and have made reasonable inquiries to ensure this arrangement meets all required procurement obligations, notably the Commonwealth Procurement Rules, the Accountable Authority Instructions, the Defence Procurement Policy Manual, applicable Departmental Procurement Policy Instructions and is not inconsistent with the policies of the Australian Government.
- I am acting in good faith and for proper purpose;
- I do not stand to gain advantage for myself or other persons or cause detriment to Defence, the Commonwealth or any other person;
- any real or perceived conflict of interest has been disclosed,

mick.harris@defence.gov.au
defence.gov.au
JHU
 CAPT M. Harris (Printed Name) s22 (PMKeys No) COMMHP (Appt/Position No) (Date)
 Senior Procurement
Sid.
Sid. Ramsay
Date 2018/07/24 11:51
7:28
 Mr Sid Ramsay (Printed Name) s22 (PMKeys No) Officer P-N (Appt/Position No) (Date)
(Person Consulted)

DEPARTMENT OF DEFENCE

**Endorsement to Proceed (ETP) for
 Non-Materiel Procurements (NMP) at or above \$200,000**

When is an ETP Required?

Prior to releasing the Approach to Market documentation (or any formal approach to suppliers) an 'Endorsement to Proceed (ETP)' must be obtained for all Non-Materiel Procurements with an estimated value at or above \$200,000 (GST inclusive). The ETP is provided by a suitable Line Manager from within the area requiring the Goods or Services which are the subject of the ETP (ETP Section 8 below).

Part of the ETP Template also requires the Defence Chief Procurement Officer (DCPO) to endorse the proposed procurement. DCPO endorsement should be sought prior to the Line Manager exercising his/her Endorsement to Proceed (ETP Section 7 below).

An ETP, and associated DCPO Endorsement, must also be obtained (i) where a procurement is seeking to establish a standing offer arrangement, and (ii) where a contract extension option is being considered, and is available under the contract terms, and where the contract extension is valued at or above \$200,000 (including GST). An ETP, and associated DCPO Endorsement is not required to be obtained for other proposed contract variations irrespective of the value of the proposed variation.

However, for other contract variations, and for NMP procurements valued at less than \$200,000, if the Defence area undertaking the procurement considers that an ETP, and associated DCPO Endorsement, could provide value in supporting the procurement, the ETP process could be conducted.

Refer to Defence Accountable Authority Instruction 3 – Procurement and DPPM Chapter 1.4 for further guidance.

* This document contains pop up Help which can be accessed by clicking anywhere in the field and pressing F1.

PROCUREMENT TITLE:

Procurement of specialist safety support services for the Maritime Safety Bureau (MSB) and Patrol Boat Group (PBGRP) to achieve Patrol Boat Group compliance with Safety Management System (SMS) with ABR 6303 Ed 5.

DETAILS OF REQUESTING OFFICER:

Name: Mr John Whitelaw

Phone: (02) 9393 3817

Email Address: john.whitelaw@defence.gov.au

Group/Branch/Section: DP-N

Customer details: Patrol Boat Group Headquarters – LCDR Christopher Cooper

ESTIMATED PROCUREMENT VALUE:

(Estimated procurement value is the maximum anticipated value of the proposed contract, including options, extensions, renewals or other mechanisms that may be executed over the life of a contract, and includes GST. For Standing Offers the estimated procurement value is a reasonable estimate of the total value of orders that could be expected to be sought over the standing offer period.)

The estimated value of the procurement is up to \$320,000 (inclusive of GST) for a contract period from approximately 27 June 2016 to end 2016.

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ETP SECTION 1 – SCOPE/BACKGROUND

(Where there is an approved Acquisition Strategy, Procurement Plan or Business Case, either: insert a description of the requirement or include a link to the relevant section of the approved planning documentation.

For all procurements, this section should outline the intended outcome and objectives of the procurement, the business need and how it is to be satisfied.

References:

- A. COMMHP Decision Brief For FC Funding For Contractor Supported SMS Implementation Within PBGRP - OBJ S 10329057 dated 31 May 2016 (attached)
- B. Business Case for approval of Specialist Support to PBGRP SMS (attached)
- C. MSB/PBGRP SMS Implementation V 1.1 dated March 2016
- D. Defence Procurement Policy Manual Sep 2015
- E. Commonwealth Procurement Rules Jul 2014
- F. Capability Acquisition and Sustainment Support Services Panel (SON48590) Rules (as applicable)
- G. Public Governance, Performance and Accountability Act 2013

Background

1.1 This ETP is to endorse the Patrol Boat Group (PBGRP) to engage a qualified, motivated and innovative supplier in order to establish an Integrated Tiger Team (ITT) to provide the additional skilled resourcing that is required to meet CN's deadline for Orders Instructions and Procedures (OIP) update and development (refer References A and B).

1.2 CN has directed Navy to update their Safety Management System (SMS) OIP, to comply with ABR6303 Ed5 by August 2016. It is to be noted that the original direction from CN was for completion by August 2015 but an extension was given as FEGs were unable to meet the original dead line. The extension was granted after individual Force Commanders provided evidence of implementation plans and schedules to CN.

1.3 PBGRP, via contracted industry professionals, have identified shortfalls in the implementation of their ABR6303 compliant SMS and require external support to meet CN's deadline of August 2016. This was verified in the PBGRP SMS Implementation assessment report delivered in February 2016 (refer Reference C). The purpose of this independent, report was to provide an evaluation of the work that has been undertaken to date, assess the plan for further development and make considered recommendations to Director Maritime Safety Bureau (DMSB) and Captain PBGRP (CPB) to meet CN's deadline.

1.4 The report was delivered in Mar 16 and, forecasts that with the currently available PBGRP human resourcing the CN deadline will be missed by 4 to 5 months. Consequently, it recommends engagement of a qualified, motivated and innovative industry partner to establish an Integrated Tiger Team (ITT), that will provide the additional skilled resourcing required to meet the Aug 31 deadline. The identified work will require the service provider to conduct and or/assist in undertaking the activities summarised as:

- a. update and develop remaining OIP to comply with ABR6303 Ed5 by August 2016, and
- b. provide safety support to address general safety issues.

1.5 The consequences of not providing support to PBGRP are:

- a. non-compliance with CN's directive to align PBGRP's SMS with ABR 6303 Ed 5

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<p>by the CN dead line of August 2016,</p> <ul style="list-style-type: none">b. PBGRP will operate with a non-compliant ABR 6303 OIP set,c. CN will be ineffective in satisfying his due diligence obligations as an Officer under the WHS Act,d. Navy will be ineffective in complying with the requirements of the WHS Act, ande. the Navy will be ineffective in implementing the Navy Safety Management System Improvement Project (NSMSIP) and realising the benefits of this initiative. <p>1.6 Aerosafe Risk Management (Aerosafe) has a prior familiarity with the task and environment; detailed familiarity with both the task required (by this contract) and PBGRP as well as the MSB systems of work and key people; and the ability to put the right people on task in a very rapid timeframe. The resources required to achieve PBGRP compliance with SMS with ABR 6303 Ed 5 are those same people who have previously undertaken a preparatory related task for the MSB within PBGRP earlier this year.</p> <p>Requirement</p> <p>1.7 PBGRP requires the services of a suitably qualified and experienced contractor to be part of an ITT being brought together to expedite the work required to meet CN's deadline for the completion of the update of OIP to align with ABR 6303 Edition 5 (refer References A and B).</p>
<p>ETP SECTION 2 - PROCUREMENT METHOD Is there an <u>approved</u> Acquisition Strategy, Procurement Plan or Business Case (if applicable)?</p> <p><input checked="" type="checkbox"/> YES - Please attach <input type="checkbox"/> NO</p> <p>2.1 Refer References A and B (attached)</p>
<p>Commonwealth Procurement Rules (CPRs) Is the procurement subject to an exemption from Division 2 of the CPRs?</p> <p><input type="checkbox"/> YES - specify below. <input checked="" type="checkbox"/> NO</p> <p><input type="checkbox"/> A Defence specific exemption granted as a measure under 2.6 of the CPRs (Goods/Services that may be exempt under this provision are detailed at DPPM Chap 1.2 Clause 27)</p> <p><u>*Please specify applicable Federal Supply Code if appropriate</u></p> <p>OR</p> <p><input type="checkbox"/> Exempt in accordance with Appendix A of the CPRs</p> <p><u>Insert text here:</u></p>

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Capability Acquisition and Sustainment Support Services (CASSS) Panel (SON48590) which is consistent with the requirements of the:

- a. DPPM Section 3.1 Procurement Methods, Section 5.3 Selecting a Procurement Process – Standing offers Paragraphs 8 to 11, and Section 4.8 Standing Offer – paragraphs 37 to 45 (Reference C),
- b. CPRs Section 9 and 10.3 e (Reference D),
- c. Capability Acquisition and Sustainment Support Services panel rules (as applicable) (Reference E), and
- d. Public Governance, Performance and Accountability Act 2013 (Reference F).

2.4 Aerosafe will be requested, via the CASSS panel, to provide a quote for the for the supply of a suitably qualified and experienced contractor to be part of an Integrated Tiger Team (ITT) being brought together to expedite the work required to meet CN's deadline for the completion of the update of Orders, OIP to align with ABR 6303 Edition 5.

2.5 The use of the CASSS panel is an acknowledged method of achieving a value for money solution.

ETP SECTION 3 - REQUEST DOCUMENTATION

The draft Request Documentation to be issued to the market should be attached to this Endorsement to Proceed.

YES – draft Request Documentation attached

OR

NO - If No selected, document why not attached

3.1 The standard automated CASSS panel request documentation will be used.

Is the draft Request Documentation consistent with the approved Acquisition Strategy, Procurement Plan or Business Case? (if applicable)

YES

NO

N/A

If N/A selected, is the draft request documentation consistent with the Scope and Procurement Method outlined above?

YES

NO

If NO selected to either question above, document why it is not consistent and justify the basis on which the procurement should proceed.

* Insert text here

ETP SECTION 4 - ASSESSMENT OF RISKS ASSOCIATED WITH THE PROCUREMENT

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Has a risk assessment of the risks associated with the procurement been conducted?

YES NO N/A

The relevant risk assessment report should be attached, or details of significant risks and risk mitigation strategies should be documented, and the assessed overall risk rating for the procurement should be provided.

4.1 This procurement is considered low risk as:

- a. the proposed supplier (Aerosafe) is engaged under the CASSS panel terms and conditions,
- b. the deliverables are of a well defined nature and will be addressed collaboratively with the identified provider
- c. Aerosafe has a prior familiarity with the task and environment; detailed familiarity with both the task required (by this contract) and PBGRP as well as the MSB systems of work and key people;
- d. Aerosafe has the ability to put the right people on task in a very rapid timeframe, with resources required to achieve PBGRP compliance with SMS with ABR 6303 Ed 5 being the same people who have previously undertaken a preparatory related task for the MSB within PBGRP earlier this year., and
- e. the Commonwealth has the skill sets to provide continuing informed monitoring, quality control checking and reporting of product on a progressive basis.

ETP SECTION 5 - SPECIALIST ADVICE – LEGAL

Has specialist legal advice (Defence Legal or External Legal Service Provider) been sought in relation to the procurement or the proposed request documentation?

YES. *(Please attach advice if formal written advice provided).*

OR

NO

If NO selected, document why specialist advice was not sought.

5.1 The procurement is being conducted under standard CASSS panel terms and conditions.

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ETP SECTION 6 - FINANCE

Estimated Procurement Value: \$320,000 (GST inclusive)

Has funding for the estimated value of the NMP Procurement been identified and allocated for the procurement from within the currently available Group/Service budget?

YES NO

Has the Group/Service Finance Officer been consulted in relation to the funding allocated for the procurement?

YES NO

If YES, name of Group/Service Finance Officer consulted: Ms Jodi Backhouse DBM-FC

Any further relevant information in relation to the funding of the procurement should be documented.

6.1 The estimated value of the procurement is up to \$320,000 (inclusive of GST) for approximately 27 June 2016 to end 2016. As the budget is expected to have been released for FY 16/17 an "Expenditure beyond Current Financial Year/Contingent Liability -CFO - Navy Consultation" form will not be required.

Finance Signature	Printed Name	Position No.	Date
<u>Refer to Reference A attached</u>	Ms Jodi Backhouse	DBM-FC	

Handwritten signature

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ETP SECTION 7 – DCPO ENDORSEMENT

DCPO Endorsement Number: DCPO/1516/1205

Procurement Endorsed by DCPO

Considerations/conditions:

7.1 This contract is for a new role/requirement, recently identified as necessary to address CN-directed changes to the PBGRP SMS OIP so that they comply with ABR6303 Ed5 by August 2016. The estimated value if up to \$320,000 (GST incl).

7.2 Given the requirements of the role it is understood that there will be gains for PBGRP by sourcing a contractor to undertake tasks through Aerosafe Pty Ltd via the CASSS panel. Further, the use of the CASSS panel is an acknowledged method of achieving a value for money solution.

7.3 No military or APS resources have become available nor are likely to become available to conduct the required work across the term of the contract.

7.4 DP-N has been advising Navy throughout this procurement process.

7.5 The procurement is regarded as low risk due to the use of the CASSS Panel and Aerosafe's previous contracted performance at PBGRP.

7.6 The proposed procurement is assessed as being in accordance with the PGPA Act, DPPM and the CPRs, is an efficient, effective, economical and ethical use of relevant resources.

7.7 This procurement is outside the parameters of the Indigenous Procurement Policy requirements.

DCPO Signature	Printed Name	Position No.	Date
s22 	A Owens	DPS	6 June 16

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ETP SECTION 8 - LINE MANAGEMENT ENDORSEMENT TO PROCEED			
I endorse / do not endorse ■			
<i>(please select appropriate selection)</i>			
that:			
<input type="checkbox"/> the procurement is necessary and stems from a genuine business need;			
<input checked="" type="checkbox"/> the scope of the procurement and selected Procurement Method is consistent with the CPRs and mandatory policy requirements;			
<input type="checkbox"/> the proposal can achieve value for money;			
<input checked="" type="checkbox"/> there is or will be an adequate funding source for the procurement and that the proposed commitment of relevant money is consistent with the purpose for which they were allocated;			
<input checked="" type="checkbox"/> specialist advice was obtained (where required) and any identified risks have been assessed;			
<input checked="" type="checkbox"/> Conditions/considerations, if any, documented through the DCPO Endorsement of this proposed procurement have been considered;			
<input checked="" type="checkbox"/> I currently hold the required procurement competency to exercise this endorsement;			
and/or			
<input checked="" type="checkbox"/> I have consulted with a person who currently holds the required complex procurement competency and who has been involved in a material way or has provided advice in relation to the procurement methodology proposed in this endorsement to proceed.			
Person Consulted: Mr Sid Ramsay - Senior Procurement Officer - Procurement - Navy - Defence Procurement and Contracting Branch			
Signature - Line Manager	Printed name	Position	Date
s22	CAPT M. Harris, RAN	COMMHP	7 Jun 16
Person Consulted	Printed name	Position	Date
s22	Mr Sid Ramsay	Senior Procurement Officer P-N	7 Jun 16

From: [Owens, Andrea MS](#)
To: [O'Donnell, Stephen MR 3](#);
CC: [Whitelaw, John MR](#); [Douse, Andrew MR](#); [Ramsay, Sid MR](#);
Subject: RE: [1516/1656] FW: Draft ETP - PBGRP Integrated Tiger Team - Draft Endorsement to Proceed draft 6 June 2106 (4) [~~ELM-For-Official-Use-Only~~]
Date: Tuesday, June 21, 2016 12:27:23 PM
Attachments:

~~For Official Use Only~~

Ok, thanks Steve

If that is the case, and based on the explanation below, I am comfortable with the endorsement and am happy for the procurement to proceed.

Kind regards

Andrea

Andrea Owens
Director Procurement Shared Services
Defence Procurement and Contracting Branch Defence Estate & Infrastructure Group
CP1-1-011 I Campbell Park Offices I Canberra ACT
(Ph) 02 6266 2710 (M) S22
andrea.owens@defence.gov.au

-----Original Message-----

From: O'Donnell, Stephen MR 3
Sent: Tuesday, 21 June 2016 12:24
To: Owens, Andrea MS
Cc: Whitelaw, John MR; Douse, Andrew MR; Ramsay, Sid MR
Subject: RE: [1516/1656] FW: Draft ETP - PBGRP Integrated Tiger Team - Draft Endorsement to Proceed draft 6 June 2106 (4) [~~ELM-For-Official-Use-Only~~]

~~For Official Use Only~~

Hello Andrea,

To the best of our knowledge, Aerosafe has not been contacted regarding this procurement.

Regards,

Steve

S.E. O'DONNELL
Senior Procurement Officer
Procurement - Navy

Defence Procurement and Contracting Branch Estate and Infrastructure Group

L13, 270 Pitt St, Sydney NSW 2000
Tel: 02 9393 3818 Fax: 02 9393 3828
MOB: s22
e-mail: stephen.odonnell3@defence.gov.au

-----Original Message-----

From: Owens, Andrea MS
Sent: Tuesday, 21 June 2016 12:09
To: O'Donnell, Stephen MR 3
Cc: Whitelaw, John MR; Douse, Andrew MR; Ramsay, Sid MR
Subject: RE: [1516/1656] FW: Draft ETP - PBGRP Integrated Tiger Team - Draft
Endorsement to Proceed draft 6 June 2106 (4) [~~ELM For Official Use Only~~]

~~For Official Use Only~~

Hi Steve

Thank you for your email.

Has there been any contact with Aerosafe that would lead them to believe that they are going to be contracted?

Kind regards

Andrea

Andrea Owens
Director Procurement Shared Services
Defence Procurement and Contracting Branch Defence Estate & Infrastructure Group
CP1-1-011 I Campbell Park Offices I Canberra ACT
(Ph) 02 6266 2710 (M) s22
andrea.owens@defence.gov.au

-----Original Message-----

From: O'Donnell, Stephen MR 3

Sent: Tuesday, 21 June 2016 11:59

To: Owens, Andrea MS

Cc: Whitelaw, John MR; Douse, Andrew MR; Ramsay, Sid MR

Subject: FW: [1516/1656] FW: Draft ETP - PBGRP Integrated Tiger Team - Draft
Endorsement to Proceed draft 6 June 2106 (4) ~~[E.M. For Official Use Only]~~

~~For Official Use Only~~

Hello Andrea,

Requesting your advice on how to handle a small problem we have encountered.

In the attached ETP (DCPO/1516/1206 dated 6 Jun 16), Aerosafe Risk Management (Aerosafe) was the nominated supplier for reasons of proven performance and familiarity (continuity of supply). However, the three key contractors who worked for Aerosafe (and instrumental in providing the required continuity) have resigned from Aerosafe and now work for ~~s47E(d)~~ under sub-contract to SME Gateway Pty Ltd.

~~S47E(d)~~

No contract has been entered into with Aerosafe, and the procurement method will not change. ~~s47E(d)~~ will be sourced through SME Gateway Pty Ltd via the CAS-SS panel, as opposed to sourcing their services through Aerosafe via the CAS-SS panel.

Could you please provide confirmation of your continued endorsement of this procurement given the change in supplier or otherwise advise how we could rectify this problem in quick time.

Hope this one doesn't crash your computer this time.

Regards,

Steve

S.E. O'DONNELL
Senior Procurement Officer
Procurement - Navy

Defence Procurement and Contracting Branch Estate and Infrastructure Group

L13, 270 Pitt St, Sydney NSW 2000

Tel: 02 9393 3818 Fax: 02 9393 3828

MOB: §22

e-mail: stephen.odonnell3@defence.gov.au

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IMPORTANT: This email remains the property of the Department of Defence and is subject to the jurisdiction of section 70 of the Crimes Act 1914. If you have received this email in error, you are requested to contact the sender and delete the email.

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PO



AE 643
Revised 18 Apr 16

Defence Purchasing

Information in this form is interactive, it is important to answer all questions in the sequence they appear as data requirements change based on selections.

Transaction type *

- New contract
 New contract under a Standing Offer (SON) or Multi-Use List (MUL)
 Edit, Amend or Change an existing Contract or Purchase Order

Total contract value in AUD including GST (Threshold bracket) *

- Under \$10K
 \$10K - \$80K
 \$80K - \$200K
 \$200K - \$1m
 \$1m - \$7.5m
 Over \$7.5m

Primary Financial Commitment Reporting Category *

General Workplace Operating Expenses (other Non Capital)

Has, or will a Defence Purchasing Card (DPC) be used? *

- Yes
 No

Will multiple ROMAN Purchase Orders be raised over the life of this contract? *

- Yes
 No

Is the contract in more than a single currency? *

- Yes
 No

About the Process

What was the Arrangement Type? *

- Standing Offer
 Multi Use List

Standing Offer/Panel or MUL number

SON48590

Procurement Method Used to Establish the Standing Offer (refer Panel Details) *

- Limited tender
 Prequalified tender
 Open tender

About the Contract

What is the most relevant Product or Services Category? (UNSPSC) *

80101505

Short contract description for reporting purposes (Do not use acronyms) *

Specialist Safety Support Services



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Vendor number	<input type="text" value="1164713"/>	<input type="button" value="Search vendors"/>	Vendor name *	<input type="text" value="SME Gateway Pty Ltd"/>	
Total Value of Contract inclusive of GST, in AUD *	<input type="text" value="\$320,000.00"/>	Contract start date *	<input type="text" value="04 Jul 16"/>	Planned Contract end date *	<input type="text" value="31 Aug 16"/>
Is the majority of the contract for consultancy services? *					
<input type="radio"/> Yes <input checked="" type="radio"/> No					
Are there any confidentiality provisions identified in the contract? *					
<input type="radio"/> Yes <input checked="" type="radio"/> No					
Is this contract suitable for publication on AusTender? *					
<input checked="" type="radio"/> Yes <input type="radio"/> No					
Contact area responsible for the contract (Contact code) *				Office postcode *	
<input type="text" value="0620 - NAVY FLEET COMMAND"/>				<input type="text" value="2011"/>	

Approvals

Number of quotes/tenders received *	<input type="text" value="1"/>	Are there any options to extend the duration of the contract? *	<input type="radio"/> Yes <input checked="" type="radio"/> No
Was an Endorsement to Proceed obtained before Approaching the Market? *			
<input type="radio"/> Yes <input checked="" type="radio"/> No			
Was a Section 23 Template used to document the exercised delegation? *			
<input checked="" type="radio"/> Yes <input type="radio"/> No			
Value of funds reserved/available in AUD including GST	<input type="text" value="\$320,000.00"/>	Reference number	<input type="text"/>

Was an Indigenous business provided the opportunity to quote? *

Yes No

Are you aware of any Indigenous subcontractors? *

Yes No



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Delivery

Enter Australian delivery location postcode for the majority of the Contract

0820

Delivery address (where delivery is required)

Patrol Boat Group
Building 195 Larrakeyah Barracks
Larrakeyah NT 0820

Special delivery instructions

Mandatory Additional Information When Using Financial Shared Services

Will Financial Shared Services be used to create Contract? *

Yes No

Requesting Officer *

Name	Phone number	Email address	Branch	Group
CMDR JOHN BARTON	08 8935 5371	john.barton1@defence.gov.au	COMMHP	Navy

Office location

Building195 Larrakeyah Barracks

Purchase Order contact *

Name	Phone number	Email address	Branch	Group
CMDR JOHN BARTON	08 8935 5371	john.barton1@defence.gov.au	COMMHP	Navy

Purchase Order to be sent to: *

Requestor Supplier Both

Contact Officer for Invoice Approvals *

Copy details from above

Name	Phone number	Email address	Location
CMDR JOHN BARTON	08 8935 5371	john.barton1@defence.gov.au	Building195 Larrakeyah Barracks

Comments to Shared Services



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ROMAN Purchase Order

All pricing at line level is GST exclusive in the identified source currency.

Supplier	Validity start date	Validity end date	Target value (GST Inc)	Cumulative total (GST Ex)	Currency	GR
1164713 SME Gateway Pty Ltd	04 Jul 16	31 Aug 16	\$320,000.00	\$290,909.09	AUD	

Payment terms	Permitted Payee Number (for foreign currency Purchase Orders created under an Outline Agreement)
0030	

Comments to be included in the Header of the Purchase Order (Note: This will be included on the printed PO)

Specialist Safety Support Services to Assist PBGRP achieve Safety Management System compliance with ABR 630 Ed5

Line number	Account assignment type	Short text	Quantity - line	Order unit - OUI	Delivery date	Net Price ex GST	Order price - OUM	Material Group	Plant	Outline agreement number	Contract line	GL Code	Cost Centre Code	Fund	Internal Order	WBS	ESP	Tax code	Asset
1	K	specialist safety support services	1	EA	31 Aug 16	\$290,909.09	\$290,909.09	7610	1000			2204 2	212120			N/A		p1	N/A

VAL

Data Authorising Officer

A Data Authorising Officer is to be signed where the delegations HAVE been exercised elsewhere, and, by signing the officer:

- acknowledges that they are not exercising a delegation;
- confirms that the official record of delegations have been sighted and that the content of this form is in accordance with the Section 23(3) Commitment Approval; and
- confirms that the information provided is an accurate reflection of the arrangement and is authorised for release to the general public and that they are familiar with internal guidance in the Defence Procurement Policy Manual (Chapter 5.8) and on the AusTender Publishing website.

I confirm that the information provided is an accurate reflection to the contract/amendment and is authorised for release to the general public. Where necessary I have consulted internal guidance as available at the Defence Procurement Policy Manual (Chapter 5.8) and the AusTender Publishing website.

Employee ID *	Rank or level *	Position number *	Position title *	Printed name *	Date form signed *
s22	CMDR	594142	SO1 Policy and Plans	J.M. Barton	28 Jun 16

Signature *

Digitally signed by john.barton1
Date: 2016.06.28 10:55:27 +09'30'



Request for Purchase Order Amendment

Step 1:

Enter the existing Purchase Order number for amendment(s).

Purchase Order no.
4501002447

Step 2:

AusTender reporting

- If the purchase is greater than or equal to \$10,000 AUD (inc GST) or requires an exemption, you are required to complete form [AE 108 - AusTender Reporting](#).

Step 3:

Does the amendment request for the above Purchase Order include an **increased financial variation**? (*This includes re-opening closed Lines/Purchase Orders for paying a pending Invoice*)

Yes No

- All financial amendment variations require section 1 or 2 of the SA 405-2 to be completed in full (*page 3*).

Step 4:

Access the SA 405-2 form by clicking on the 'Go to form' button.

Step 5:

If using shared services (Finance Data Centre)

Email the completed form to: ROMAN.Purchaseorders@defence.gov.au or Fax to: (02) 6127 8853.

For HELP completing this form please email: FDC.CustomerEnquiries@defence.gov.au or Phone (08) 8287 9195

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AE 108
Revised 29 Jul 15

AusTender Reporting

Instructions

Defence must report on the Department of Finance's website AusTender (www.tenders.gov.au):

- All new standing offer panel arrangements and amendments to these arrangements;
- All contracts for the procurement of property or services, including contracts raised under a standing offer arrangement, and agency agreements, valued at \$10,000 AUD or more (*GST inclusive*); and
- All contract amendments valued at, or that increase the value of the contract to \$10,000 AUD or more (*GST inclusive*), must be published on AusTender.

For further information please refer to: [AusTender Publishing](#); and [Department of Finance \(DoF\) Guide to Buying for the Australian Government](#).

The website incorporates AusTender User Fact Sheets for Contract Notices, Standing Offer Notices, Contract/Standing Offer Notice Amendments, Contract/Standing Offer Cancellations and using Blocking Codes.

The contract description should be concise, meaningful and an accurate reflection of the goods and services being procured. It must not include names of people or suppliers or other personal information which may breach legislation or policy (eg *Privacy Act 1988*) or reported elsewhere in the record (eg *start and end dates*). The records should not contain acronyms, definitions, internal references or redundant text (eg *'the purpose of the contract'*).

You should report the start date identified in the contract. If there is no start date identified, you should report the date the contract was signed. If there is no written contract, the date of the first provision of property or services under the contract should be reported. For the purposes on AusTender, the end date should reflect the date that the performance of the contract is expected to be completed (noting that this is an estimate). The end date should not take into account any options, extensions, renewals, or other mechanisms that may be exercised to extend the period of the contract.

Fields marked with * are mandatory, and must be completed before signing or submission.

Contract reporting

Type: *

Amendment New

Vendor name *

SME GATEWAY PTY LTD

Purchase Order or Outline Agreement number *

4501002447

AusTender Contract Notice ID

SON48590

Previous value approved *

\$320,000.00

Blocking code *

Not blocked

Exemptions guide (*NP Code*)

Description *

Specialist Safety Support Services - Travel Costs

Contract start date *

4 Jul 16

Planned contract end date *

30 Sep 16

Total value (*GST inclusive*)

\$360,000.00

UNSPSC category *

90110000

Procurement method *

Limited tender

ATM ID

SON ID

SON48590

Consultancy *

Yes No

Confidentiality Contract reasons

Confidentiality Output reasons

Contact code *

0620 - NAVY FLEET COMMAND



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Completed by

Printed name *

LISA LAY

Phone number *

08 8935 5327

Commitment Approver Delegate

I confirm that the information provided is an accurate reflection of the contract / amendment and is authorised for release to the general public. Where necessary I have consulted internal guidance as available at the Defence Procurement Policy Manual (Chapter 5.8) and the AusTender Publishing website.

Employee ID *	Rank or level *	Position number *	Position title *
s22	CMDR	594142	SO1 P&P

Printed name *	Date *
JOHN BARTON	25/8/16

s22 [Redacted]

Information from this form is entered directly into ROMAN, MILIS or CMS and must be provided to the area processing the ROMAN, MILIS or CMS data entry with appropriate documentation (eg the CMS Account Holder, the Finance Data Centre, or the ROMAN Purchase Order Creator).

Entered on ROMAN, MILIS or CMS

PO number (ROMAN / MILIS), OA number or CMS transaction number *

Employee ID *	Position number *	Signature
Position title *		

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Australian Government
Department of Defence

FLEET COMMAND

MARITIME SAFETY BUREAU

S10726271

Senior Executive Manager: CoS-FC & SHORFOR MS Denee Gillin	FHQ level 4	for Finance advice
DNMP-N Mr John Whitelaw	s22 [redacted] DPS level 13	for Specialist Procurement advice
DMSB CAPT T Stander	s22 [redacted] Building 99	for Commitment Approval

**SECTION 23 COMMITMENT APPROVAL FOR THE PROCUREMENT OF THE
FLEET SAFETY MANAGEMENT SYSTEM SUPPORT**

References:

- A. Fleet Regulatory Review
- B. Post Rizzo Workforce Augmentation Business Case - MSB 001 (S8591762) dated 15 Apr 15
- C. MSB 001 Section 23 Approval S8983506 dated 24 Jun 15
- D. Post Rizzo Workforce Augmentation Business Case - MSB 002 (S9147655) dated 15 Apr 15
- E. MSB 002 Section 23 Approval S9645353 dated 19 Nov 15
- F. Post Rizzo Workforce Augmentation Business Case - MSB 001 (S10040050) dated Mar 16
- G. Post Rizzo Workforce Augmentation Business Case - MSB 002 (S10040051) dated Mar 16
- H. Post Rizzo Workforce Augmentation Business Case - MSB 005 (S10040054) dated Mar 16
- I. Post Rizzo Workforce Augmentation Business Case - MSB 007 (S10040056) dated Mar 16
- J. Endorsement to Proceed DCPO/1516/1295 dated 17 Jun 16
- K. Defence Procurement Policy Manual March 2016
- L. Commonwealth Procurement Rules Jul 2014
- M. Public Governance, Performance and Accountability Act 2013
- N. Capability Acquisition and Sustainment Support Services Panel (SON48590) Rules (as applicable)
- O. Source Evaluation Report, signed 16 Sep 16

RECOMMENDATIONS

That you:

- (i) **APPROVE** the commitment and expenditure of relevant money for Fleet Safety Management System Support of up to \$1,600,830.00 (GST inclusive) with Nova Defence Pty Ltd ACN: 163 511 304 and ABN: 33 163 511 304 under Section 23 of the Public Governance, Performance and Accountability Act. The Delegate confirms that the arrangement will be a proper use of relevant money, promotes the achievement of the purposes and financial stability of the entity and is not inconsistent with the policies of the Australian government.
- (ii) Note that some travel by the contractor and other disbursements are predicted. It is envisaged that up to \$30,000 (GST inclusive) should be set aside for travel costs which will be in addition to the contract price of \$1,600,830.00 (GST inclusive)

BACKGROUND

1. The review of Fleet Command at Reference A aimed to improve the line management and governance arrangements for ensuring safety, fitness for service and environmental Protection within the Fleet Command. The Maritime Safety Branch (MSB) was established to integrate and sustain a Safety Management System (SMS) and proactive safety culture across the Fleet.
2. The MSB approach is to concurrently develop the SMS and its sub-systems. This approach has been ongoing for two years as evidenced at Reference B and Reference C for the Management System and at Reference D and Reference E for one sub-system being Safety Assurance. The SMS is now sufficiently mature to better enable sub-system to be applied from a 'top down' Management system perspective, rather than the previously held 'bottom up' view i.e. that the sub-system should be developed and then integrated.
3. Based on this matured understanding which has resulted in a significant change in scope, the MSB is not exercising the available options (Reference C under RFQTS 13146 and E under RFQTS 13643) rather the MSB is/has retested the market by requesting a number of quotes from the CAS-SS panel from a selection of suitable suppliers (the current supplier was included in this new approach to the market).

REQUIREMENT

4. Business Cases for this project were submitted for COS – FC and DGen-N endorsement as worthy candidates for Post Rizzo Workforce Augmentation (References F, G, H and I).
5. The Business Cases are summarised as:
 - a. Fleet Safety Management Improvement - Progress the implementation of the Navy Safety Management System (SMS) and provision of specialist safety support. To achieve provision of specialist safety support in the functions described in the MSB business case, including assistance with implementation of the new ABR 6303 Ed 5, safety education and promotion, and improved safety assurance
 - b. Fleet Safety Assurance Improvement - Development of Fleet Safety assurance program including the provision of specialist safety support. To

achieve development and implementation of improved processes for Fleet Safety assurance including assurance of Force Safety Systems.

- c. Safety Communication - Provision of specialist communications planning tools in accordance with development of Fleet Seaworthiness and Safety Management Systems and FSS 2015-2017. To achieve augmentation of the MSB with specialist communication capability to deliver coherent safety messaging as part of Fleet Commander governance and assurance structure.
 - d. Management of OHSIR to Sentinel Project - Provision of specialist analysis to develop and implement OHSIR to Sentinel transition plan. To achieve augmentation of the MSB with Specialist Data Transition skills and develop Transition Plan.
6. In summary, MSB will continue to engage the services of a specialised service provider **for an initial period of approximately 9 months** with the option of two 12 month extensions to be exercised at the Commonwealth's discretion. The services will address the Commonwealth's requirements/actions under the Rizzo 409 project to identify an optimal means to correct a shortfall in Seaworthiness Assurance, and then support MSB in communicating and implementing a safer system. Note that in the ETP an initial period of 12 months (rather than 9 months) was stated, however, due to slippages in timelines the initial contract period has been reduced to 9 months.

SUMMARY OF THE PROCUREMENT PROCESS

7. Endorsement to Proceed was obtained on DCPO/1516/1295 dated 17 Jun 16, and is attached.
8. In accordance with the ETP at Reference J, the proposed contractor (Nova Defence Pty Ltd) was sourced through the use of the Capability Acquisition and Sustainment Support Services (CAS-SS) Panel (SON48590) in a competitive manner.
9. This method of procurement is consistent with the requirements of the:
 - a. DPPM – 4.8 Standing Offer – paragraph 37 (Reference K),
 - b. CPRs Section 9.12 (Reference L) - The proposed procurement complies with Division 1 of the Commonwealth Procurement Rules CPRs), as the procurement makes use of an established standing offer (CAS-SS panel),
 - c. Public Governance, Performance and Accountability Act 2013 (Reference M), and
 - d. Capability Acquisition and Sustainment Support Services panel rules (as applicable) (Reference N).

CONSIDERATIONS INCLUDING VALUE FOR MONEY ASSESSMENT

10. In accordance with Reference K (DPPM – 4.8 Standing Offer – paragraph 37), the proposed procurement complies with Division 1 of the Commonwealth Procurement Rules, and where appropriate shall also comply with Division 2, as the procurement will make use of an established standing offer (CAS-SS panel).
11. RFQTS No. 15168 was released (through the CAS-SS panel on 3 Aug 2016 in accordance with the approved procurement methodology at Reference J. Tenderer/s

were given 24 days to respond and four tenders (including one no bid) were received prior to the tender period closing on 26 Aug 16.

12. The three remaining bids, Nova Defence Pty Ltd, Aerosafe Risk Pty Ltd, and s47E(d) were evaluated and ranked, (refer to Source Evaluation Report SER at Reference O), with Nova Defence Pty Ltd (Nova) being ranked as number 1 (preferred tenderer) as their bid proved strongest as Nova:

- a. s47E(d)
- b. [REDACTED]
- c. [REDACTED]
- d. [REDACTED]
- e. Aerosafe Risk Pty Ltd offered a small price advantage over [REDACTED]. However, a number of assumptions were needed to be made by the TEWG about Aerosafe's Bid and these assumptions may of or may not have proven to be correct. Thus this small cost advantage may not have been real, thus there appeared to be more risk in the Aerosafe Costing for the RFQTS. s47E(d)

13. s47E(d)
s47E(d)

14. s47E(d)

15. The use of the CAS-SS panel in a competitive manner helps ensure that Navy achieved the strongest value for money position available.

16. The services provided under this procurement will improve Fleet Command Safety Management and Assurance systems as well as Fleets safety communications. The out come sought from this procurement is reduced injuries and losses and preserve Navy's capability.

17. In the ETP an initial period of 12 months (rather than 9 months) was stated. However, due to slippages in timelines and staff absences the initial contract period the contract period has been reduced to 9 months. This somewhat explains the difference between the estimated cost of approximately \$2,607,000 (GST inclusive) in the ETP and that of the actual prices received in the tender responses i.e. Nova's cost of \$1,600,830.00 (GST inclusive).

FUNDS AVAILABILITY

18. The cost of \$1,600,830.00 (GST inclusive) is based on the Contract price as obtained through negotiation with the proposed Contractor (Nova Defence Pty Ltd).

19. The funding identified is adequate for the proposed commitment and expenditure and is consistent with the purpose for which it was allocated. The proposed contract price in accordance with the Nova Defence Pty Ltd Tender is \$1,600,830.00 (GST inclusive).

20. Note that some travel by the contractor and other disbursements are predicted. However, as it not considered possible to define the exact disbursements/travel requirements, Navy will pay for the contract's travel on a case by case basis (in accordance with CAS-SS panel and DPPM rules - refer to DPPM 4.10 Services Contracts and Agency Relationships/ Travelling Arrangements for Contracted Personnel/ paragraphs 26 to 30). It is envisaged that up to \$30,000 (GST inclusive) should be set aside for travel costs which will be in addition to the contract price of \$1,600,830.00 (GST inclusive).

21. The acquisition was forecast and budgeted for as a Post Rizzo Workforce Augmentation Project. Approximately \$2,607,000 (GST inclusive) was allocated against this requirement (as per the ETP).

22. The following financial codes will be used for this procurement:

GL: 21027	Cost Centre: 214230
-----------	---------------------

23. The planned spread of commitment and expenditure for this proposal is contained in Table 1.

Table 1. Planned Spread of Commitment and Expenditure

FY	16/17	Total
	\$	\$
Commitment / Expenditure	\$1,630,830.00 (GST inclusive)	\$1,630,830.00 (GST inclusive)

SPECIALIST ADVISORS

24. Consideration has also been given on obtaining relevant specialist advice on the proposed commitment of relevant money. The following authority has been consulted in the preparation of this submission:

- a. Specialist Procurement and Contracting. Mr Sid Ramsay, Senior Procurement Officer – Directorate Non-Materiel Procurement – Navy, and
- b. Specialist support was provided by the Rizzo Workforce Augmentation Manager – CMDR Nigel Britton, RANR – Chairman Post Rizzo Workforce Augmentation Board

FINANCIAL ADVICE

25. Specialist Financial Advice has been obtained on the financial aspects of the proposed commitment of relevant money. The following authority has been consulted in the preparation of this submission:

- a. Ms Denee Gillin – Senior Executive Manager CoS-FC & SHORFOR

s22

A large black rectangular redaction box covers the majority of the page content below the list item 'a'. The text 's22' is visible in the top-left corner of this redacted area.

Shaun Carmichael
DDSOA

11 Oct 16

Enclosures:

- A. Endorsement to Proceed
- B. Source Evaluation Report

SPECIALIST ADVICE - FINANCE

Spending proposal for the approximate amount of \$1,600,830.00 (GST inclusive) for the procurement of a suitably qualified supplier to provide Safety Management System support services.

Note that some travel by the contractor and other disbursements are predicted. It is envisaged that up to \$30,000 (GST inclusive) should be set aside for travel costs which will be in addition to the contract price of \$1,600,830.00 (GST inclusive).

Total \$1,630,830.00 (GST incl) s22 10/10/16

As Specialist Advisor Finance I confirm:

- the sufficiency of the budget;
- the soundness of the costing calculations; and
- the accuracy of the costing calculations.

s22 [Redacted] Ms Denée Gillin s22 [Redacted] 4580808 SFM-COJIC 10/10/16
 (Signature) (Printed Name) (PMKeys No) (Appt/Position No) (Date)

SECTION 23 – COMMITMENT APPROVAL

As Section 23 – Commitment Approver I approve the expenditure of relevant money of \$1,600,830.00 (GST inclusive) to contract with Nova Defence Pty Ltd to provide Safety Management System support services and I confirm that:

Note that some travel by the contractor and other disbursements are predicted. It is envisaged that up to \$30,000 (GST inclusive) should be set aside for travel costs which will be in addition to the contract price of \$1,600,830.00 (GST inclusive).

- I have consulted with a person who currently holds the required procurement competency and who has been involved in a material way during the development of the arrangement or has provided advice during the procurement process;
- the arrangement will be a proper use of relevant money;
- I have taken care and diligence and have made reasonable inquiries to ensure this arrangement meets all required procurement obligations, notably the Commonwealth Procurement Rules, the Accountable Authority Instructions, the Defence Procurement Policy Manual, applicable Departmental Procurement Policy Instructions and is not inconsistent with the policies of the Australian government.
- I am acting in good faith and for proper purpose;
- I do not stand to gain advantage for myself or other persons or cause detriment to Defence, the Commonwealth or any other person;
- any real or perceived conflict of interest has been disclosed,

s22 [Redacted] T.S. Standen s22 [Redacted] [...Insert Delegate...] 11 Oct 2016
 (Signature) (Printed Name) (PMKeys No) (Appt/Position No) (Date)

s22 [Redacted] Sid Ramsay s22 [Redacted] Senior Procurement Officer 11 Oct 2016
 (Printed Name) (PMKeys No) (Appt/Position No) (Date)

(Person Consulted)

DEPARTMENT OF DEFENCE

**Endorsement to Proceed (ETP) for
Non-Materiel Procurements (NMP) at or above \$200,000**

When is an ETP Required?

Prior to releasing the Approach to Market documentation (or any formal approach to suppliers) an 'Endorsement to Proceed (ETP)' must be obtained for all Non-Materiel Procurements with an estimated value at or above \$200,000 (GST inclusive). The ETP is provided by a suitable Line Manager from within the area requiring the Goods or Services which are the subject of the ETP (ETP Section 8 below).

Part of the ETP Template also requires the Defence Chief Procurement Officer (DCPO) to endorse the proposed procurement. DCPO endorsement should be sought prior to the Line Manager exercising his/her Endorsement to Proceed (ETP Section 7 below).

An ETP, and associated DCPO Endorsement, must also be obtained (i) where a procurement is seeking to establish a standing offer arrangement, and (ii) where a contract extension option is being considered, and is available under the contract terms, and where the contract extension is valued at or above \$200,000 (including GST). An ETP, and associated DCPO Endorsement is not required to be obtained for other proposed contract variations irrespective of the value of the proposed variation.

However, for other contract variations, and for NMP procurements valued at less than \$200,000, if the Defence area undertaking the procurement considers that an ETP, and associated DCPO Endorsement, could provide value in supporting the procurement, the ETP process could be conducted.

Refer to Defence Accountable Authority Instruction 3 – Procurement and DPPM Chapter 1.4 for further guidance.

** This document contains pop up Help which can be accessed by clicking anywhere in the field and pressing F1.*

PROCUREMENT TITLE:

Contractor Support for - MSB 001 – Safety Management System Development and Implementation

DETAILS OF REQUESTING OFFICER:

Name: Mr John Whitelaw

Phone: (02) 9393 3817

Email Address: john.whitelaw@defence.gov.au

Group/Branch/Section: E&IG/DPCB/DP-N

Customer details: Maritime Safety Bureau/Shawn Carmichael/Deputy Director Safety Oversight

ESTIMATED PROCUREMENT VALUE:

(Estimated procurement value is the maximum anticipated value of the proposed contract, including options, extensions, renewals or other mechanisms that may be executed over the life of a contract, and includes GST. For Standing Offers the estimated procurement value is a reasonable estimate of the total value of orders that could be expected to be sought over the standing offer period.)

The estimated value of the procurement is up to \$2.607m (GST inclusive) FY 16/17.

Note:

- 1) There will be an initial contract term of one year, and 2 x 12 month extension options.

DEPARTMENT OF DEFENCE

to be exercised at the Commonwealth's discretion. Separate ETPs will be raised in the event that any of these 12 months options are exercised by the Commonwealth.

- 2) The need for options arises as the schedule for transition from the Rizzo Workforce Augmentation Project to 'Business as Usual' is not yet known. Further, the strategy to resource the positions. (ADF, APS or contractor) will be subject to Whole of Navy Capability considerations that are yet to be determined.
- 3) Estimates are based on persons developing and introducing a Safety Management System Baseline and then maintaining and implementing the approved Management program.

ETP SECTION 1 – SCOPE

(Where there is an approved Acquisition Strategy, Procurement Plan or Business Case, either insert a description of the requirement or include a link to the relevant section of the approved planning documentation.

For all procurements, this section should outline the intended outcome and objectives of the procurement, the business need and how it is to be satisfied.

References:

- A. Fleet Regulatory Review
- B. Post Rizzo Workforce Augmentation Business Case - MSB 001 (S8591762) dated 15 Apr 15
- C. MSB 001 Section 23 Approval S8983506 dated 24 Jun 15
- D. Post Rizzo Workforce Augmentation Business Case - MSB 002 (S9147655) dated 15 Apr 15
- E. MSB 002 Section 23 Approval S9645353 dated 19 Nov 15
- F. Post Rizzo Workforce Augmentation Business Case - MSB 001 (S10040050) dated Mar 16
- G. Post Rizzo Workforce Augmentation Business Case - MSB 002 (S10040051) dated Mar 16
- H. Post Rizzo Workforce Augmentation Business Case - MSB 005 (S10040054) dated Mar 16
- I. Post Rizzo Workforce Augmentation Business Case - MSB 007 (S10040056) dated Mar 16

Background

1.1 The review of Fleet Command at Reference A aimed to improve the line management and governance arrangements for ensuring safety, fitness for service and environmental Protection within the Fleet Command. The Maritime Safety Branch (MSB) was established to integrate and sustain a Safety Management System (SMS) and proactive safety culture across the Fleet.

1.2 The MSB approach is to concurrently develop the SMS and its sub-systems. This approach has been ongoing for two years as evidenced at Reference B and Reference C for the Management System and at Reference D and Reference E for one sub-system being Safety Assurance. The SMS is now sufficiently mature to better enable sub-system to be applied from a 'top down' Management system perspective, rather than the previously held 'bottom up' view i.e. that the sub-system should be developed and then integrated.

1.3 Based on this matured understanding which has resulted in a significant change in scope, the MSB will not exercise the available 12 options (Reference C under RFQTS 13146 and E under RFQTS 13643 rather the MSB will retest the market by requesting a number of quotes from the CAS-SS panel from a selection of suitable suppliers (the current supplier will be included in the new approach to the market).

Requirement

1.4 Business Cases for this project were submitted for COS – FC and DGE_{Eng-N} endorsement as worthy candidates for Post Rizzo Workforce Augmentation. The Business Cases (References F, G, H and I) are attached in support of this Requirement section of this ETP.

DEPARTMENT OF DEFENCE

- 1.5 The Business Cases are summarised as:
- a. Fleet Safety Management Improvement - Progress the implementation of the Navy Safety Management System (SMS) and provision of specialist safety support. To achieve provision of specialist safety support in the functions described in the MSB business case, including assistance with implementation of the new ABR 6303 Ed 5, safety education and promotion, and improved safety assurance
 - b. Fleet Safety Assurance Improvement - Development of Fleet Safety assurance program including the provision of specialist safety support. To achieve development and implementation of improved processes for Fleet Safety assurance including assurance of Force Safety Systems.
 - c. Safety Communication - Provision of specialist communications planning tools and development of Fleet Seaworthiness and Safety Management Systems and FSS 2015-2017. To achieve augmentation of the MSB with specialist communication capability to deliver coherent safety messaging as part of Fleet Commander governance and assurance structure.
 - d. Management of OHSIR to Sentinel Project - Provision of specialist analysis to develop and implement OHSIR to Sentinel transition plan. To achieve augmentation of the MSB with Specialist Data Transition skills and develop Transition Plan.

1.6 In summary, MSB intend to continue to engage the services of a specialised service provider for an initial period of one year with the option of two 12 month extensions to be exercised at the Commonwealth's discretion. The services will address the Commonwealth's requirements/actions under the Rizzo 409 project to identify an optimal means to correct a shortfall in Seaworthiness Assurance, and then support MSB in communicating and implementing a safer system.

ETP SECTION 2 - PROCUREMENT METHOD

Is there an approved Acquisition Strategy, Procurement Plan or Business Case (if applicable)?

Yes - Attach No

Post Rizzo Workforce Augmentation Business Case - MSB 001 (S10040050) dated Mar 16 (Reference F)

Post Rizzo Workforce Augmentation Business Case - MSB 002 (S10040051) dated Mar16 Post (Reference G)

Rizzo Workforce Augmentation Business Case - MSB 005 (S10040054) dated Mar 16 (Reference H)

Post Rizzo Workforce Augmentation Business Case - MSB 007 (S10040056) dated Mar 16 (Reference I)

Commonwealth Procurement Rules (CPRs)

Is the procurement subject to an exemption from Division 2 of the CPRs?

Yes - specify below No

A Defence specific exemption granted as a measure under 2.6 of the CPRs Select Federal Supply Code

OR

Exempt in accordance with Appendix A of the CPRs

* Insert text here

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<p>Procurement Method Selected</p> <p>What is the proposed Procurement Method?</p> <p><input type="checkbox"/> Open Tender</p> <p><input checked="" type="checkbox"/> An order under a Standing Offer arrangement (Panel or Single Supplier) established from an Open Tender and identify specific panel (include panel name and SON/CN, and procurement method adopted to establish the Standing Offer arrangement)</p> <p>2.1 Capability Acquisition and Sustainment Support Services (CAS-SS) Panel (SON48590) established from an Open Tender.</p> <p><input type="checkbox"/> Prequalified Tender via Please select</p> <p><input type="checkbox"/> Limited Tender via Please select</p> <p>If a Limited Tender Single Supplier is selected, has the Commitment Approver been advised of the proposed procurement method? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If NO selected, please provide reason why not * Insert text here.</p> <p>OR</p> <p><input type="checkbox"/> Extension to an Existing Contract</p> <p>Procurement Method Considerations</p> <p>Procurements that do not have an Acquisition Strategy, Procurement Plan or endorsed Business Case, must document how the proposed Procurement Method and process is appropriate, is a proper use of relevant money and will achieve value for money.</p> <p>2.2 The contractor will be sourced (in a competitive manner) through the Capability Acquisition and Sustainment Support Services (CAS-SS) Panel (SON48590) which is consistent with the requirements of the:</p> <ul style="list-style-type: none">a. DPPM Section 3.1 Procurement Methods, Section 5.3 Selecting a Procurement Process – Standing offers Paragraphs 8 to 11, and Section 4.8 Standing Offer – paragraphs 37 to 45 (Reference B),b. CPRs Section 9 (Reference C),c. Defence Professional Services Standing Offer panel rules (as applicable) (Reference D), andd. Public Governance, Performance and Accountability Act 2013 (Reference E). <p>2.3 Capability Acquisition and Sustainment Support Services panel members will be requested to provide quotes on an initial contract term of 12 months, and 2 x 12 month extension options. The exercising of options is at the Commonwealth's discretion and the Commonwealth will reserve the right to cancel the contract during an option period by providing the supplier with 1 month written notice.</p> <p>2.4 The exercising of a contract extension option was considered, however; the scope change, most notably the additional tasks relating to:</p> <ul style="list-style-type: none">a. Safety Communication; and

DEPARTMENT OF DEFENCE

b. Management of OHSIR to Sentinel Project.
This scope change caused this option to be discounted.

3. REQUEST DOCUMENTATION
The draft Request Documentation to be issued to the market should be attached to this Endorsement to Proceed

YES – draft Request Documentation attached

OR

NO - If No selected, document why not attached

3.1 The standard Capability Acquisition and Sustainment Support Services (CASSS) Panel (SON48590) request documentation will be used.

Is the draft Request Documentation consistent with the approved Acquisition Strategy, Procurement Plan or Business Case? (if applicable)

YES NO N/A

If N/A selected, is the draft request documentation consistent with the Scope and Procurement Method outlined above?

YES NO

If NO selected to either question above, document why it is not consistent and justify the basis on which the procurement should proceed.

* Insert text here.

ETP SECTION 4 - ASSESSMENT OF RISKS ASSOCIATED WITH THE PROCUREMENT

Has a risk assessment of the risks associated with the procurement been conducted?

YES NO N/A

The relevant risk assessment report should be attached, or details of significant risks and risk mitigation strategies should be documented, and the assessed overall risk rating for the procurement should be provided.

4.1 Options identified in the initial market analysis are as follows:

- a. Open Tender, probably through the Capability Acquisition and Sustainment Support Services (CAS-SS) Panel.
- b. Limited Tender.
- c. CCP action, to MSB 001 Safety Management, and MSB 002 Safety Assurance, and/or
- d. A combination of a, b and c.

4.2 A contractor is currently contracted to deliver an integrated Safety Management System and Safety Assurance. However, this procurement significantly increases the scope of activities and the

DEPARTMENT OF DEFENCE

emphasis has changed from developmental work to analysis and operational actions with Continuous Improvement to the Safety Management. CCP action is discounted as a viable procurement option.

4.3 Continuity of skills and experienced provided by those individuals delivering services to MSB is very important. However, DP-N advice is that this continuity does not introduce sufficient risks to justify 'limited tender' procurement. The work is now not considered sufficiently specialised to warrant limited tender action.

4.4 This procurement is considered as low risk as the Capability Acquisition and Sustainment Support Services (CAS-SS) Panel will be used to undertake the procurement.

4.5 The subject of risk is also discussed in the associated Post Rizzo Workforce Augmentation Business Cases (at References F, G, H and I).

ETP SECTION 5 - SPECIALIST ADVICE – LEGAL

Has specialist legal advice (Defence Legal or External Legal Service Provider) been sought in relation to the procurement or the proposed request documentation?

YES. *(Please attach advice if formal written advice provided).*

OR

NO

If NO selected, document why specialist advice was not sought.

5.1 No specialised legal advice has been sought as the procurement will be conducted under the established term and conditions of the Capability Acquisition and Sustainment Support Services (CAS-SS) Panel.

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ETP SECTION 6 - FINANCE

Estimated Procurement Value: up to \$2.607m (GST inclusive) over one year (FY 16/17).

Has funding for the estimated value of the NMP Procurement been identified and allocated for the procurement from within the currently available Group/Service budget?

YES NO

Has the Group/Service Finance Officer been consulted in relation to the funding allocated for the procurement?

YES NO

If YES, name of Group/Service Finance Officer consulted:

6.1 Ms Jodi Backhouse (DBM-FC) has provided policy and procedural guidance

Any further relevant information in relation to the funding of the procurement should be documented.

6.2 Funding allocation for FY 15/16 was, for the most part, provided by DGEug-N. Post Rizzo Workforce Augmentation Funding was a condition of the Closure report as detailed at Reference B. A NFR which included this requirement will be submitted by COS-FC, through CFO-N on 09 Mar 16 to quantify the commitment at the Post Rizzo Workforce Augmentation closure report.

DEPARTMENT OF DEFENCE

ETP SECTION 6 - FINANCE

Estimated Procurement Value: up to \$2.607m (GST inclusive) over one year (FY 16/17).

Has funding for the estimated value of the NMP Procurement been identified and allocated for the procurement from within the currently available Group/Service budget?

YES NO

Has the Group/Service Finance Officer been consulted in relation to the funding allocated for the procurement?

YES NO

If YES, name of Group/Service Finance Officer consulted:

6.1 Ms Jodi Backhouse (DBM-FC) has provided policy and procedural guidance.

Any further relevant information in relation to the funding of the procurement should be documented.

6.2 Funding allocation for FY 15/16 was, for the most part, provided by DGEug-N. Post Rizzo Workforce Augmentation Funding was a condition of the Closure report as detailed at Reference B. A NFR which included this requirement will be submitted by COS-FC, through CFO-N on 09 Mar 16 to quantify the commitment at the Post Rizzo Workforce Augmentation closure report.

Financial Signature	Printed Name	Position No.	Date
s22	Ms Jodi Backhouse	DBM-FC	17/6/16
	Ms Denise Eitman	SEM COS-FC	

PAUSE

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ETP SECTION 7 – DCPO ENDORSEMENT

DCPO Endorsement Number: DCPO/1516/1295

Procurement Endorsed by DCPO

Considerations/conditions:

7.1 This procurement is for the engagement of an external service provider for an approximate period of 1 year to:

- a. integrate and sustain a Safety address the Commonwealths requirements/actions under the Rizzo 409 project to identify an optimal means to correct a shortfall in Seaworthiness Assurance, and
- b. then support MSB in communicating and implementing a safer system.

at a total cost of up to \$2.607m (GST inclusive).

7.2 The proposed procurement exceeds the relevant procurement threshold of \$0.08m in the CPRs and the procurement will use a Standing Offer established through open tender and the procurement is required to comply with Division 1 of the CPRs and Division 2 where appropriate.

7.3 The use of the standing offer panel, for this procurement, complies with the requirements of the DPPM Section 5.3 Selecting a Procurement Process, Section 3.1 Procurement Methods and Section 4.8 Standing Offer and CPR sections 9 & 10.

7.4 This procurement is considered value for money and low risk in obtaining services to the Commonwealth by a cost effective and competitive process through the Capability Acquisition and Sustainment Support Services (CAS-SS) Panel (SON48590).

7.5 MSB's decision not to exercise the available options to extend the existing arrangement with the current contractor but retest the market by requesting a number of competitive quotes from the CASSS panel is acknowledged and supported.

7.6 Navy/MSB does not have the required level of specialist expertise to identify an optimal means to correct a shortfall, identified by Rizzo in Seaworthiness Assurance development, and support MSB in communicating and implementing a safer system.

7.7 The proposed procurement is assessed as being in accordance with the PGPA Act, DPPM and the CPRs, is an efficient, effective, economical and ethical use of relevant resources.

7.8 This procurement is outside the parameters of the Indigenous Procurement Policy requirements.

7.9 DP-N has been advising Navy throughout this procurement process.

DCPO Signature	Printed Name	Position No.	Date
s22 	Andrea Owens	DPS	24 June 16

DEPARTMENT OF DEFENCE

ETP SECTION 8 - LINE MANAGEMENT ENDORSEMENT TO PROCEED

I endorse / do not endorse

(please select appropriate selection)

that:

- the procurement is necessary and stems from a genuine business need
- the scope of the procurement and selected Procurement Method is consistent with the CFRs and mandatory policy requirements
- the proposal can deliver value for money
- there is or will be an adequate funding source for the procurement and that the proposed commitment of relevant money is consistent with the purpose for which they were allocated
- specialist advice was obtained (where required) and any identified risks have been assessed
- Conditions considerations, if any, documented through the DCPO Endorsement of this proposed procurement have been considered
- I currently hold the required procurement competency to exercise this endorsement

and/or

- I have consulted with a person who currently holds the required complex procurement competency and who has been involved in a material way or has provided advice in relation to the procurement methodology proposed in this endorsement to proceed.

Person Consulted: Mr Sid Ramsay, Senior Procurement Officer - Procurement - Navy

Signature - Line Manager	Printed name	Position	Date
s22 [Redacted]	STANWEN	AMSR	27 Jun 16
Signature - Person Consulted	Printed name	Position	Date
s22 [Redacted]	Mr Sid Ramsay	Senior Procurement Officer - Procurement - Navy	27/06/16

FORM 9024

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Minute

MSB/OUT/2016/S10726513

DMSB

CAPT TJ STANDEN

FOR APPROVAL

SOURCE EVALUATION REPORT RFQTS NO 15168 - PROVISION OF SAFETY MANAGEMENT SYSTEM SUPPORT

References:

- A. RFT/Q No15168
- B. 160622 MSB 001 2 57 ETP 22 Jun 16/2
- C. S 10541140 Tender Evaluation Plan Update 29 Aug 16
- D. MSB Business Case – 001 approved on 31 Mar 16 at S10027042
- E. MSB Business Case – 002 approved on 31 Mar 16 at S10027043
- F. MSB Business Case – 005 approved on 31 Mar 16 at S10027044
- G. MSB Business Case – 007 approved on 31 Mar 16 at S10027047

Background

- 1. In 2014 and 15, the Maritime Safety Bureau (MSB) contracted Aerosafe Risk Management P/L (Aerosafe) to implement the Navy Safety Management System (SMS); known as ABR6303 Ed5. Under the Rizzo Workforce Augmentation Project the need to procure specialist services providers to deliver the outputs and outcomes of the SMS was recognised and the projects addressed under this procurement activity approved at References D to G.
- 2. RFT No. 15168 was released on 03 Aug 16 in accordance with the approved procurement methodology at Reference B. Tenderer/s were given three weeks to respond and three tenders were received prior to the tender period closing on 26 Aug 16

Aim

- 3. The aim of the procurement is to meet a requirement of the newly developed Maritime Safety Bureau, to provide essential skills and give credibility to specialist functions including but not limited to: project management activities, surveillance, data collection, analysis, accident investigation, risk management, education and communication.
- 4. This SER details the outcomes of the evaluation of tenders that have been submitted in response to RFT No. 15168 for the provision of Safety Management System Support and Safety Assurance. This evaluation process has been conducted in accordance the approved Tender Evaluation Plan (TEP) at Reference C.

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Confidentiality and Security of Documentation

5. All aspects of the SER are to be treated as UNCLASS and Commercial in Confidence, and carry a provision to the effect that:

'Unauthorised disclosure may result in administrative action, disciplinary action under the Public Service Act 1999 (Commonwealth) and Public Service Regulations, the Defence Act and Regulations under that Act and prosecution under the Crimes Act, 1914.'

Conduct of Tender Evaluation

6. The following evaluation criteria were applied to the tenders:
Ability to meet deliverables
Understanding of task,
Experience in delivering similar tasks and
Currency of Experience.
Schedule – delivered according to requirements
7. The respondent was assessed using the following evaluation criteria:
Capacity of their workforce; and
Rates and Flexibility.
Security – ability to meet security clearance requirements and agreement to sign
Deed of Confidentiality
Location – ability to deliver services in Sydney / Stakeholder Communication
8. The tender evaluation was conducted by Mr Rod Leach (Chair), LCDR Graeme Turnbull, and Ms. Kate Campbell in accordance with the approved Tender Evaluation Plan.
9. At tender closing three tenders were received.
10. Incomplete tenders were received from the following companies:
 - a. ~~s47E(d)~~ who were not excluded from further evaluation because they provided adequate clarity in their response to CASG panel administrator's direction.
11. The table below provides a summary of the complete tenders received, including key details of the bids.

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	Tender 1	Tender 2	Tender 3
Company Name	Aerosafe	s47E(d) & 47F	Nova Systems
Tender Room Reference	A		s47E(d)
Acceptance The tender remains open until (Date) being (number months from tender closing)	Yes		
Registered Office Address	Suite 5, level 1, 40 Lord St. Botany NSW 2019		12 Mildura St. Fyshwick ACT 2609
Contractor Representative	Ms. Kimberley Turner		s47E(d) & 47F
Position Title	Chief Executive Officer		
Direct telephone number	02 8336 3700		
Direct facsimile number	02 8336 3799		
Major Subcontractors (if applicable)	NA		
Special conditions	Nil		
Options	NA		

Initial Screening

12. All tenders underwent screening in accordance with the TEP.

Interaction with Tenderers

13. During the course of evaluation, clarification letters were sent to the following Tenderers: Nova Systems and s47E(d) who were both requested to;

- a. provide adequate clarification of time and materials, cost of deliverable, allocated workforce and an accurate assessment of rate of effort determined within the to be developed PMP.

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Assessment of Tenders against Evaluation Criteria

The Assessment of each Tenderer is summarised as:

	Company A	s47E(d)
Assessment		
Technical Worth	The TEWG assessed Company A with 15 Satisfactory assessments.	
Schedule	Good	
Compliance	Good	
Risk Assessment	Company A was assessed as 15 Low risk.	
Negotiation Issues	Company A has 4 Issues that will need to be negotiated.	
Price	\$1,550,000,00	

Note 1: Price breakdowns are too complex in select areas of each RFQTS to be added as a simple DMOSS day rate for each deliverable.

Note 2: s47E(d). The assessment of Company A is based on the TEWG's best assessment of many ad hoc, service charges and assumptions of their cost data relating to deliverables.

Comparative Assessment (Core)

14. The TEWG conducted a Comparative Assessment for each Evaluation Criteria and associated a Criteria Rating and Risk value assessment of their suitability and captured through a Risk Assessment review a comparative rating for each deliverables function. This included respondents' ability to meet deliverables.

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understanding of the work and experience in delivering similar tasks, currency of experience and competency of staff provided in their response.

- 15. Prices were assessed for each deliverable to enable comparison, recognising Notes 1 and 2 above. comparison

- 16. s47E(d) [Redacted]

- 17. Company A provided a satisfactory technical response in all areas. s47E(d) [Redacted]

- 18. Four Negotiation issues were identified for Company A, and s47E(d) [Redacted]

- 19. In assessing Price; a number of assumptions were needed for Company A. On the premise that these assumptions are proved correct in Negotiations; Company A offers a very small price advantage.

Value for Money Assessment

- 20. In assessing the risks associated with negotiating with Company A, the better technical response from s47E(d) [Redacted]

Ranking of Tenders in the context of value for money.

- 21. The Tender Evaluation Board has assessed the submitted tenders and based on the information provided above the tenders are ranked in the following order:

Rank	Company
1	Nova Systems
2	Aerosafe
3	s47E(d) [Redacted]

Ranking of Tenders in the context of value for money.

- 22. It is recommended that Nova Systems be selected as the preferred tenderer.

Further Actions

- 23. s47E(d) [Redacted]
- 24. [Redacted]

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- 25. Negotiations will take place at MSB Offices, Building 99, Garden Island (East) at a date to be agreed.
- 26. Letters to the non-preferred Tenderers, stating that while their bid is not the preferred, their offer has not been declined, will be sent upon approval of this document.
- 27. Subject to the successful outcomes of negotiations, letters declining the non-preferred tenders will be sent.

Tender Evaluation Board Recommendation

28. The Tender Evaluation Board endorse this recommendation:

Tender Evaluation Board Member	Tender Evaluation Board Member	Tender Evaluation Board Member
s22		
Mr Rod Leach (Chair)	LCDR Graeme Turnbull	Ms Kate Campbell
16 SEP 16	16 SEP 16	16 SEP 16

Source Selection Approval (Core)

POSITION	PRINTED NAME	SIGNATURE	DATE
DMSB	CAPT Timothy Standen	s22	19 SEP 16

T.J. STANDEN, CSC
CAPT, RAN
DMSB

Sep 16

Enclosure:

- 1. Endorsement To Proceed

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Australian Government
Department of Defence

FLEET COMMAND
MARITIME SAFETY BUREAU

S11778164

s22

~~DNMFS~~ A. Munro SFO COS-FC FHQ level 4 for Finance advice
~~Ms Jodi Backhouse~~

DNMP-N Digitally signed by John Whitelaw Date: 2017.07.20 15:22:20 +10'00' DPS level 13 for Specialist Procurement advice

Mr John Whitelaw

DMSB Building 99 for Commitment Approval
CAPT T Rayner

SECTION 23 COMMITMENT APPROVAL FOR THE PROCUREMENT OF SAFETY MANAGEMENT SYSTEM SUPPORT

References:

- A. Fleet Regulatory Review
- B. DCPO Endorsement To Proceed DCPO/1314/146 dated 11 Jul 14
- C. Section 23 Commitment approval (MSB 01/2014S7380835) dated 20 Oct 14
- D. DCPO Endorsement To Proceed DCPO/1415/988 dated 17 Jun 15
- E. MSB 001 Section 23 Approval S8983506 dated 24 Jun 15
- F. DCPO Endorsement To Proceed DCPO/1516/0224 dated 23 Sep 15
- G. MSB 002 Section 23 Approval S9645353 dated 19 Nov 15
- H. Endorsement To Proceed DCPO/1516/1295 dated 24 June 2016
- I. Section 23 MSB Safety Systems 11 Oct 2016
- J. Business Case For Post Rizzo Workforce Augmentation Activity- Fleet Safety Management System (S11256228) dated 1 March 2017
- K. Endorsement To Proceed ASNMP TN 1220 Contractor Support for MSB – Fleet Safety Management System – Development, Implementation and Integration dated 26 Jun 17
- L. Defence Procurement Policy Manual Apr 2017
- M. Commonwealth Procurement Rules Mar 2017
- N. Capability Acquisition and Sustainment Support Services Panel (SON48590) Rules (as applicable)
- O. Public Governance, Performance and Accountability Act 2013
- P. Complex Procurement Guide

RECOMMENDATIONS

That you:

- (i) **APPROVE** the commitment and expenditure of relevant money for the support of the Fleet Safety Management System of \$1,582,750.00 (GST inclusive) with Nova Defence Pty Ltd ACN: 163 511 304 and ABN: 33 163 511 304 under Section 23 of the Public Governance, Performance and Accountability Act. The Delegate confirms that the arrangement will be a proper use of relevant money, promotes the achievement of the purposes and financial stability of the entity and is not inconsistent with the policies of the Australian government.
- (ii) Note that some travel by the contractor and other disbursements are predicted. It is envisaged that up to \$40,000 (GST inclusive) will be required and this estimated cost has been included in the overall procurement cost (\$1,582,750.00 (GST inclusive)).

BACKGROUND

1. The review of Fleet Command at Reference A aimed to improve the line management and governance arrangements for ensuring safety, fitness for service and environmental protection within the Fleet Command. The Maritime Safety Bureau (MSB) was established to integrate and sustain a Safety Management System (SMS) and proactive safety culture across the Fleet.

2. The MSB approach is to concurrently develop the SMS and its sub-systems. This approach has been ongoing for over two years, via the engagement of various external service providers (References B to I). Most recently, RFQTS 15168 (FY16-17) had an established Statement of Work (SoW) for the targeted tasks pertaining to Management System development, implementation and integration. This programme of contracted work was an endorsed programme of up to approximately 3 years consisting of an initial procurement period of 9 months over FY 16/17 and two 12 month extension options (References H and I). Nova Defence Pty Ltd (Nova) was selected as the preferred provider to undertake this work for the MSB via a competitive approach to market through the CAS-SS panel

3. The Fleet Safety Management System business case at Reference J and corresponding Endorsement to Proceed (ETP) at Reference K outlined the continuation of this SoW for FY17-18, albeit refined and amended to accommodate completed tasks and adjusted for FY17-18 priorities. The FY17-18 requirements of the business case and corresponding ETP can be summarised into the following MSB tasks/deliverables:

- a. MSB Task 1,
 - (i) The effective implementation and integration of ABR 6303 Ed 5 within Fleet Command,
 - (ii) Enhancement of Fleet Safety Assurance,
 - (iii) Development and implementation of Fleet Seaworthiness requirements including completion of the MSB Ops Manual, and
 - (iv) Transition from OHSIR to Sentinel.

REQUIREMENT

4. In summary, MSB will re-engage the services of Nova through the CAS-SS panel, via a Contract Change Proposal (CCP), for a further period of 12 months to undertake the MSB requirements as detailed above in paragraph 3a (Task 1). This additional 12 month period being the first of two 12 month extension options which were included in the initial procurement (References H and I).
5. Note that the exercising of the remaining 12 month extension option may not be possible as CAS-SS panel contracts are not permitted to extend past Nov 2018 (as the current CAS-SS panel is due to be replaced in Nov 2017). This may result in Nova being re-engaged in the future, directly through the CAS-SS replacement panel if permitted.
6. Tasks 2, 3 and 4 that were also included in the ETP at Reference K will be addressed under separate/individual Section 23 documentation as procurement methods vary.

SUMMARY OF THE PROCUREMENT PROCESS

7. RFQTS 16717 was released (through the CAS-SS panel on 27 Jun 2017 in accordance with the approved procurement methodology at Reference K. Nova Defence Pty Ltd were given 24 days to respond and their bid was received prior to the tender period closing on 10 Jul 17. An assessment of Nova's bid verified that it provided the MSB with a strong value for money solution.
8. The re-engagement of Nova, through the CAS-SS panel via a Contract Change Proposal, is consistent with the superseded requirements of the Endorsement To Proceed ASNMP TN 1220 (Reference K) and the current requirements of the:
 - a. DPPM Chapter 4 page 50 D36 (Reference L),
 - b. CPRs Division 1, Section 9 and where applicable Section 2 (Reference M),
 - c. Capability Acquisition and Sustainment Support Services panel rules (as applicable) (Reference N),
 - d. Public Governance, Performance and Accountability Act 2013 (Reference O), and
 - e. Complex Procurement Guide Chapter 7 Contract Management paragraphs 58 to 61 (Reference P).
9. Mr Darren Porter, from CAS-SS Panel Operations, has endorsed the use of the CAS-SS panel for this procurement, specifically permitting the current contract (References H and I & RFQTS 15168) to be changed via a CCP to incorporate MSB Task 1.

CONSIDERATIONS INCLUDING VALUE FOR MONEY ASSESSMENT

10. This procurement complies with Division 1 of the Commonwealth Procurement Rules, and where appropriate shall also comply with Division 2, as the procurement will make use of an established standing offer (CAS-SS panel).
11. RFQTS 16717 was released (through the CAS-SS panel on 27 Jun 2017 in accordance with the approved procurement methodology at Reference K. Nova

Defence Pty Ltd were given 24 days to respond and their bid was received prior to the tender period closing on 10 Jul 17.

12. The re-engagement of Nova provides the MSB with a strong value for money solution given:

- a. Nova's response was assessed and found to be consistent with their previous bid (RFQTS 15168) where Nova had been selected as the preferred tenderer from a competitive approach to market, and
- b. the continuity of supply provided by the re-engagement of Nova.

13. The services provided under this procurement will improve Fleet Command Safety Management and Assurance systems as well as Fleet's safety communications. The outcome sought from this procurement is reduced injuries and losses and preserving Navy's capability.

14. Inability to complete this procurement will result in DMSB being less able to meet Fleet Commander's key priorities for Safety and Seaworthiness. Delays in meeting the fleet safety strategy imperatives will occur. This will result in an increased risk to FC including but not limited to the following significant risks:

- a. Increased risk to Fleet Commander that he will not meet his WHS responsibilities or potentially be compliant with the WHS legislated requirements,
- b. Inability to comply with ABR 6303 Ed 5,
- c. FC will not achieve generative Navy Safety Culture, and
- d. FC will not be able to satisfy his due diligence obligations to CN, an Officer under the WHS Act.

FUNDS AVAILABILITY

15. The cost of \$1,582,750.00 (GST inclusive) is based on the Contract price as obtained through negotiation with the proposed Contractor (Nova Defence Pty Ltd/RFQTS 15168).

16. The funding identified is adequate for the proposed commitment and expenditure and is consistent with the purpose for which it was allocated. The proposed contract price iaw the Nova Defence Pty Ltd Tender is \$1,582,750.00 (GST inclusive). This price includes travel, incidentals and accommodation costs, i.e. some travel by the contractor and other disbursements are predicted. However, as it not considered possible to define the exact disbursements/travel requirements, Navy contractor's travel on a case by case basis (in accordance with CAS-SS panel and DPPM rules). Thus, \$40,000 (GST inclusive) has been included in the overall procurement cost of \$1,582,750.00 (GST inclusive)) to address expected travel costs.

17. The following financial codes will be used for this procurement:

GL:	Cost Centre:
21027	214230

18. The planned spread of commitment and expenditure for this proposal is contained in Table 1.

Table 1. Planned Spread of Commitment and Expenditure – Tasks 1,2,3

FY	17/18	Total
	\$	\$
Commitment / Expenditure	\$1,582,750.00 (GST Inclusive)	\$1,582,750.00 (GST Inclusive)

SPECIALIST ADVISORS

19. Consideration has also been given on obtaining relevant specialist advice on the proposed commitment of relevant money. The following authority has been consulted in the preparation of this submission:

- a. Specialist Procurement and Contracting. Mr Sid Ramsay, Senior Procurement Officer – Directorate Non-Materiel Procurement – Navy, and
- b. Specialist support was provided by the Rizzo Workforce Augmentation Manager – CMDR Nigel Britton, RANR – Chairman Post Rizzo Workforce Augmentation Board

FINANCIAL ADVICE

20. Finance. Specialist Financial Advice has been obtained on the financial aspects of the proposed commitment of relevant money. The following authority has been consulted in the preparation of this submission:

- a. Ms Alison Munro – BM fleet supported this procurement.

Shaun.Carmichael

Digitally signed by Shaun.Carmichael
DN: c=AU, o=GOV, ou=DoD, ou=PKI,
ou=Personnel, cn=Shaun.Carmichael
Date: 2017.07.20 09:47:49 +10'00'

Shaun Carmichael
DDSOA
MSB

Jul 17

Enclosures:

- A. Endorsement to Proceed

SPECIALIST ADVICE - FINANCE

Spending proposal for the approximate amount of \$1,582,750.00 (GST inclusive) for the procurement of a suitably qualified supplier to provide Safety Management System support services.

As Specialist Advisor Finance I confirm:

- the sufficiency of the budget;
- the soundness of the costing calculations; and
- the accuracy of the costing calculations.

<p><small>Digitally signed by alison munro DN: c=AU, o=GOV, ou=DoD, ou=PM, ou=Personnel</small></p> <p>alison. munro (Signature) (Date)</p>	<p>Alison Munro Ms Jodi Backhouse (Printed Name)</p>	<p>SFO COS-FC DNMF5 (PMKeys No) (Appt/Position No)</p>
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SECTION 23 – COMMITMENT APPROVAL

As Section 23 – Commitment Approver I approve the expenditure of relevant money of \$1,582,750.00 (GST inclusive) to contract with Nova Defence Pty Ltd to provide Safety Management System support services and I confirm that:

- I have an appropriate delegation and I currently hold a PGPA Delegate's proficiency.
- the arrangement will be a proper use of relevant money;
- I have taken care and diligence and have made reasonable inquiries to ensure this arrangement meets all required procurement obligations, notably the Commonwealth Procurement Rules, the Accountable Authority Instructions, the Defence Procurement Policy Manual, applicable Departmental Procurement Policy Instructions, and is not inconsistent with the policies of the Australian government;
- the benefits of entering into the arrangement outweigh the risk of locking away future budget flexibility;
- the costing assumptions are sound and costing calculations are accurate;
- I am acting in good faith and for proper purpose;
- I do not stand to gain advantage for myself or other persons or cause detriment to Defence, the Commonwealth or any other person;
- any real or perceived conflict of interest has been disclosed,

<p><small>Digitally signed by tony rayner DN: c=AU, o=GOV, ou=DoD, ou=PM, ou=Personnel, cn=tony rayner</small></p> <p>tony.rayner (Signature)</p>	<p>CAPT T Rayner (Printed Name)</p>	<p>DMSB (PMKeys No)</p>	<p>..... (Appt/Position No)</p>	<p>Jul 17</p>
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Department of Defence

**Endorsement to Proceed (ETP) for
Non-Materiel Procurements (NMP) at or above \$200,000**

When is an ETP Required?

1. Prior to releasing the Approach to Market documentation (or any formal approach to suppliers) an 'Endorsement to Proceed (ETP)' **must** be obtained for all Non-Materiel Procurements with an estimated value at or above \$200,000 (GST inclusive). The ETP is provided by a suitable Line Manager from within the area requiring the Goods or Services which are the subject of the ETP (ETP Section 8 below). The estimated value of a procurement should be assessed in accordance with Clause 9 of the Commonwealth Procurement Rules.

2. Part of the ETP Template also requires the Assistant Secretary Non Materiel Procurement (the ex-Defence Chief Procurement Officer (DCPO)) to endorse the proposed procurement. ASNMP endorsement should be sought prior to the Line Manager exercising his/her Endorsement to Proceed (ETP Section 7 below).

3. An ETP, and associated ASNMP Endorsement, must also be obtained (i) where a procurement is seeking to establish a standing offer arrangement, and (ii) where a contract extension option is being considered, and is available under the contract terms, and where the contract extension is valued at or above \$200,000 (including GST). An ETP, and associated ASNMP Endorsement is not required to be obtained for other proposed contract variations irrespective of the value of the proposed variation. However, for other contract variations, and for NMP procurements valued at less than \$200,000, if the Defence area undertaking the procurement considers that an ETP, and associated ASNMP Endorsement, could provide value in supporting the procurement, the ETP process could be conducted.

4. It is recognised that value of contract extensions have been included in the initial ASNMP Endorsement at paragraphs 1 and 2 above. The requirement for a further ASNMP Endorsement where a contract extension is being contemplated is, however, still required. This is considered necessary to allow consideration of any strategic issues impacting on the continuing provision of value for money through the contract, and the potential for the future provision of the contract requirements under consideration for extension to be impacted by other NMP procurement initiatives.

5. Refer to Defence Accountable Authority Instruction 3 – Procurement and DPPM Chapter 1.4 for further guidance.

PROCUREMENT TITLE:

**CONTRACTOR SUPPORT FOR MSB – FLEET SAFETY MANAGEMENT SYSTEM –
DEVELOPMENT, IMPLEMENTATION AND INTEGRATION**

DETAILS OF REQUESTING OFFICER:

Name: LCDR David Waldie

Phone: (02) 93592331

Email Address: david.waldie@defence.gov.au

Group/Branch/Section: Maritime Safety Bureau

Department of Defence

ESTIMATED PROCUREMENT VALUE:

(The estimated value of a procurement should be assessed in accordance with Clause 9 of the Commonwealth Procurement Rules. Estimated procurement value is the maximum anticipated value of the proposed contract, including options, extensions, renewals or other mechanisms that may be executed over the life of a contract, and includes GST. For Standing Offers the estimated procurement value is a reasonable estimate of the total value of orders that could be expected to be sought over the standing offer period.)

The estimated value of the two procurement is up to \$5.64m (GST inclusive) over three years (FYs 17/18, 18/19 and 19/20). The cost of MSB Tasks 1 to 3 is approximately \$5,077,500 (GST inclusive) and the cost of MSB Task4 is approximately \$562,500 (GST inclusive).

Note:

- 1) 12 month extension options periods, to be exercised at the Commonwealth discretion, will be requested.
- 2) Extension options have not been costed in these procurements as they will be exercised at the Commonwealth discretion and separate ETP will be raised when and if required.
- 3) The need for options arises as;
 - a. The schedule for transition from the Rizzo Workforce Augmentation Project has not been realised.
 - b. The strategy to resource the positions, (ADF, APS or contractor) will continue to be subject to Whole of Navy Capability considerations that are yet to be determined. and
 - c. It is most likely that some of the specialist services to be procured under this submission will always be procured via external service providers.
- 4) Estimates are based on the actual costs of products and services delivered to DMSB under the Post Rizzo Workforce Augmentation Program, and CAS-SS panel experience quantified as \$1500 per person per day.

ETP SECTION 1 – SCOPE

(Where there is an approved Acquisition Strategy, Procurement Plan or Business Case, insert a description of the requirement as described in the relevant section of the approved planning documentation. For all procurements, this section should outline the intended outcome and objectives of the procurement, the business need and how it is to be satisfied.)

References:

- A. Fleet Regulatory Review
- B. Post Rizzo Workforce Argumentation Business Case - MSB 001 (S10040050) dated 15 Mar 16
- C. Post Rizzo Workforce Argumentation Business Case - MSB 002 (S100400501) dated 15 Mar 16
- D. Post Rizzo Workforce Argumentation Business Case - MSB 003 (S10040052) dated 15 Mar 16
- E. Post Rizzo Workforce Argumentation Business Case - MSB 004 (S10040053) dated 15 Mar 16
- F. Post Rizzo Workforce Argumentation Business Case - MSB 005 (S10040054) dated 15 Mar 16
- G. Post Rizzo Workforce Argumentation Business Case - MSB 007 (S10040056) dated 15Mar 16
- H. Endorsement To Proceed DCPO/1516/1295 dated 24 June 2016
- I. Section 23 MSB Safety Systems 11 Oct 2016
- J. DCPO Endorsement To Proceed DCPO/1314/146 dated 11 Jul 14
- K. Section 23 Commitment approval (MSB 01/2014S7380835) dated 20 Oct 14

Department of Defence

- L. DCPO Endorsement To Proceed DCPO/1415/988 dated 17 Jun 15
- M. MSB 001 Section 23 Approval S8983506 dated 24 Jun 15
- N. DCPO Endorsement To Proceed DCPO/1516/0224 dated 23 Sep 15
- O. MSB 002 Section 23 Approval S9645353 dated 19 Nov 15
- P. Defence Procurement Policy Manual dated Mar 2016
- Q. Commonwealth Procurement Rules 1 Mar 2017
- R. Defence Professional Services Standing Offer panel rules (as applicable)
- S. Public Governance, Performance and Accountability Act 2013

Background

1.1 The review of Fleet Command at Reference A aimed to improve the line management and governance arrangements for ensuring safety, fitness for service and environmental Protection within the Fleet Command. The Maritime Safety Branch (MSB) was established to integrate and sustain a Safety Management System (SMS) and proactive safety culture across the Fleet. The Fleet Command, priority one is safe and sea worthy ships.

1.2 The MSB approach was to concurrently develop the SMS and its sub systems. This approach has been ongoing for two years as evidenced at Reference B and Reference C. The SMS and its artefacts are now sufficiently mature to enable integration into the Fleet Sea Worthiness Management System (FSWMS).

1.3 Specialist elements have now been 'systemised' notably Environmental Management and Occupational Medicine and Occupational Hygiene (OMOH).

1.4 Business Cases detailing the contracted support to achieve this status were submitted for COS – FC (and DGEEng-N) endorsement as worthy candidates for Post Rizzo Workforce Augmentation at (References B-G) . They were approved/endorsed, but funds were only committed to 30 Jun 2016.

1.5 In the conduct of this work, additional challenges relating to the integration of the SMS into the 'parent' FSWMS were recognised. However, the agreed approach was for MSB to lead a 'bottom up' integration effort, once the SMS reached a higher degree of maturity.

1.6 These plans are now developed. In 2016 MSB retested the market (References H and I, & RFQTS 15168) in recognition of a shift of work emphasis from Safety Management System development, to implementation, communication and education. The approach worked well.

1.7 This ETP submission proposes that that approach be continued, as included in the 2016 submission, and the work to date be optimised by some minor changes to the Statements of Work, most importantly to address the known maturity of the management systems, knowledge and skill transfer, and newly identified needs for specialist support in Human Factor management. Further; that contracts for the residual work required as detailed in the Business Cases for Environmental Management and OMOH at References D and F be extended to the planned schedule rather than the artificially imposed 30 June 2017 date.

Requirement

1.8 The draft Business Case attached to this ETP details the requirement which is summarised for MSB 1- 4 tasks as:

- a. MSB Task 1 The effective implementation and integration of ABR 6303 Ed 5 within Fleet Command.
- b. MSB Task 1 Enhancement of Fleet Safety Assurance.
- c. MSB Task 1 Development and implementation of Fleet Sea worthiness requirements including completion of the MSB Ops Manual.
- d. MSB Task 1 Transition from OHSIR to Sentinel, and

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- e. Specialists to provide:
 - i. MSB Task 2 -improved environmental management guidance and tools for Fleet units
 - ii. MSB Task 3 Occupational Medicine and Occupational Hygiene (OMOH) capability.
 - iii. MSB Task 4 education and promotion of Human Factors as a war fighting force multiplier

1.9 The duration for these tasks are estimated as:

- a. MSB 1 SMS – A three year contract with two one year options for workforce augmentation of 2.5 persons per year.
- b. MSB 2 ENV – A two year contract with two one year options for specialist support of 0.5 persons per year.
- c. MSB 3 OMOH - A two year contract.
- d. MSB 4 HF - A three year contract with two one year options for specialist support of 0.5 persons per year.

ETP SECTION 2 - PROCUREMENT METHOD

Is there an approved Acquisition Strategy, Procurement Plan or Business Case (if applicable)?

YES – Please attach

NO

2.0 Draft Business case attached.

Application of Commonwealth Indigenous Procurement Policy (IPP)

(The Commonwealth Indigenous Procurement Policy (issued 1 July 2015) provides guidance on the application of the policy and the specific IPP requirements that require compliance by Defence. The IPP details the Defence obligations for applying IPP - specifically in relation to (i) the mandatory set-aside of certain Commonwealth contracts, or (ii) minimum requirements for certain Commonwealth contracts.

Current Defence Procurement Policy advice in relation to IPP is available through the CASG Procurement and Contracting Policy and Practice intranet web-page.)

Is the procurement considered to fall within a category of NMP procurement that requires consideration of Indigenous Procurement Policy application?

YES

NO

If **YES** selected, specify applicable IPP provisions to be considered for application to the procurement activity, and proposed methodology to be applied to meet IPP requirements.

* Insert text here.

Commonwealth Procurement Rules (CPRs)

Is the procurement subject to an exemption from Division 2 of the CPRs?

YES – specify below.

NO

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A Defence specific exemption granted as a measure under 2.6 of the CPRs
(Goods/Services that may be exempt under this provision are detailed at DPPM Chap 1.2
Clause 27)

*Please specify applicable Federal Supply Code if appropriate

OR

Exempt in accordance with Appendix A of the CPRs

* Insert text here.

Procurement Method Selected

**The proposed procurement method for this procurement is:
(please select from options (1) to (5) below)**

Option (1) Open Tender

OR

Option (2) An Order under a Standing Offer arrangement (Panel or Single Supplier)
established from an Open/Limited Tender.

Please identify the specific Standing Offer arrangement (include panel name and SON/CN,
and procurement method adopted to establish the Standing Offer arrangement)

2.1 Capability Acquisition and Sustainment Support Services (CAS-SS) Panel (SON48590)
for MSB Task 4.

OR

Option (3) Limited Tender to more than one supplier

Detail Number of suppliers proposed to be approached: _____

OR

Option (4) Limited Tender to a single supplier

If Option (3) or (4) Limited Tender is selected, has the Section 23 Commitment Approval
Delegate been advised of the proposed procurement method?

YES

NO

If NO selected, please provide reason why not.

* Insert text here.

OR

Option (5) Extension to an Existing Contract/Standing Offer arrangement

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2.2 Capability Acquisition and Sustainment Support Services (CAS-SS) Panel (SON48590) – CCP - for MSB Tasks 1 to 3.

Procurement Method Considerations

Procurements that do not have an Acquisition Strategy, Procurement Plan or endorsed Business Case, must document how the proposed Procurement Method and process is appropriate, is a proper use of relevant money and will achieve value for money.

Note to drafters: This should include:

- (i) justification as to how the proposed procurement method and proposed expenditure is a proper use of relevant money and will promote the achievement of value for money; and;*
- (ii) outline the market research undertaken as well as any risks, assumptions, limitations or inter-relationships with other procurements or groups of procurement that apply.*

2.3 In 2014 MSB engaged the services of Aerosafe to develop the Safety Management System, References J to O. In 2016 DMSB considered extending this contract with a change of scope to reflect a shift of emphasis from development to implementation activity. An alternate approach, of competitive tendering through the CAS-SS panel (RFQTS 15168) , was implemented noting that there was significant change to the scope of tasks. This resulted in a contract (9 months with 2 x 12 month extensions) being awarded to Nova Defence Pty Ltd (Nova) (References H and I & RFQTS 15168).

2.4 At that time it was recommended that the contract be for three years with an option for a one year extension. This was not implemented as CFO-N would not provide funding endorsement. Rather the 9 month contract with 2 x 12 month extensions was settled on.

2.5 Via a Contract Change Proposal (CCP) (refer RFQTS 15168) this proposal is to:

- a. Include a minor scope change to recognize the work done and a revised assessment of the maturity of the systems so to better align the contracted effort to integration and implementation activities across Fleet (Refer MSB Task 1);
- b. Engage the specialist contractors for MSB Tasks 2 and 3 through Nova to benefit from the continuity gains that can be reasonably expected from sourcing all the specialist contractors to deliver MSB Task 1 from the one supplier (Nova);
 - i. Noting the effort required for delivering these specialist services (MSB Tasks 2 and 3) is estimated as less than 12 months effort, but it is in the commonwealth's interest to contract this support over a longer period. e.g. for OMOH it is estimated as 4 months effort, but best delivered over a longer timeframe. In both instances (MSB Tasks 2 and 3) it is proposed that the agreed contracted periods be for a 24 month each, with MSB Task 2 having options for two one year extensions;
- c. Maximise the benefits of continuity by exercising the existing extension options and extend the above contract from its current completion date in Jun 2017 (refer RFQTS 15168) until 13 November 2018 (after which time the CAS-SS panel will have ceased);
- d. After the replacement panel has been launched (which is scheduled to be in place prior to Nov 2017) and the RFQTS 15168 CCP is nearing completion in Nov 2018. The MSB will consider the use of this replacement panel to engage a supplier (most likely Nova for reasons of continuity) to provide a continuation of the following services for after the 13 Nov 2018 (when the CAS-SS panel ceases);
 - i. MSB Task 1 - 18 months of services (with 2 x 12 month extensions) to complete MSB Task 1, and
 - ii. MSB Task 2 and 3 - 6 months of services (with up to 2 x 12 month extensions) to complete MSB Tasks 2 and 3.

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2.6 The engagement of a specialist to action MSB Task 4 will be sourced (in a competitive manner) through the CAS-SS Panel (SON48590). Panel members will be requested to provide quotes on a contract term up to the 13 November 2018 (approximately 18 months). Again after the replacement panel has been launched (which is scheduled to be in place prior to Nov 2017) and the associated MSB Task 4 contract is nearing completion in Nov 2018. The MSB will consider the use of this replacement panel to engage a supplier (most likely the same supplier for reasons of continuity) to provide a continuation of services ie 18 months of services (with 2 x 12 month extensions) to complete MSB Task 4 for after the 13 Nov 2018 (when the CAS-SS panel ceases);

2.7 The above procurement methods are consistent with the requirements of the:

- a. DPPM Section 3.1 Procurement Methods, Section 5.3 Selecting a Procurement Process – Standing Offers Paragraphs 8 to 11, and Section 4.8 Standing Offer – paragraphs 37 to 45 (Reference P),
- b. CPRs Section 9 (Reference Q),
- c. Capability Acquisition and Sustainment Support Services (CAS-SS) Panel (SON48590) (Reference R), and
- d. Public Governance, Performance and Accountability Act 2013 (Reference S).

2.8 Mr Darren Porter, from CAS-SS Panel Operations, has endorsed the use of the CAS-SS panel for these procurements. Specifically permitting:

- a. the current contract (References H and I & RFQTS 15168) to be changed via a CCP to incorporate MSB Tasks 1 to 3, and
- b. the CAS-SS panel can be used in a competitive manner to source a provider to address the requirements of MSB Tasks 4.

ETP SECTION 3 - REQUEST DOCUMENTATION

Mandated Use of the Commonwealth Contracting Suite (CCS)

The Commonwealth Government has mandated the use of the Commonwealth Contracting Suite (CCS) to streamline procurement processes for government and business for certain procurements with an **estimated value under \$200,000**. The *Department of Finance Resource Management Guide No 420* provides guidance on when the CCS is to be used for undertaking procurement activities. While the CCS is not mandated for procurements valued at more than \$200,000, agencies are encouraged to consider its use in appropriate circumstances as part of the Government's deregulation initiatives.

Is the procurement to be conducted using the Commonwealth Contracting Suite?

- YES NO

The draft Request Documentation to be issued to the market should be attached to this Endorsement to Proceed.

- YES – draft Request Documentation attached

OR

- NO - If No selected, document why not attached

3.1 The standard Capability Acquisition and Sustainment Support Services (CAS-SS) Panel (SON48590) (and its subsequent replacement panel) request documentation will be used.

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Is the draft Request Documentation consistent with the approved Acquisition Strategy, Procurement Plan or Business Case? (if applicable)

YES NO N/A

If N/A selected, is the draft request documentation consistent with the Scope and Procurement Method outlined above?

YES NO

If NO selected to either question above, document why it is not consistent and justify the basis on which the procurement should proceed.

* Insert text here.

ETP SECTION 4 - ASSESSMENT OF RISKS ASSOCIATED WITH THE PROCUREMENT

Has a risk assessment of the risks associated with the procurement been conducted?

YES NO N/A

The relevant risk assessment report should be attached, or details of significant risks and risk mitigation strategies should be documented, and the assessed overall risk rating for the procurement should be provided .

4.1 MSB Task 1 - Nova are currently contracted (References H and I & RFQTS 15168)) to deliver an integrated Safety Management System and its sub elements as detailed above. This Procurement (CCP) does not change this core requirement. In effecting the change some changes in scope will be proposed by the Commonwealth, to Nova, to best capitalise on the work delivered to date. i.e. a reduction in focus on System development, a revised implementation schedule and a refinement of the integration effort.

4.2 Continuity of skills and experience provided by those individuals delivering services to MSB is very important. The need to cause this contracted solution to be supported is again stressed, so that the transfer of skill and knowledge across the fleet can be managed.

4.3 The extant contracts for MSB Task 2 Environmental Management and the delivery of MSB Task 3 OMOH services both included estimated durations of 18 months. This estimate is likely to be accurate with the ROE within that duration at variance depending of fleet availability for skill/capability transfer. It is unlikely that contractors will complete for the residual effort before 30 Jun 17 and it is in the Commonwealth's interest to cause the residual work to be done by the current contractors.

4.4 MSB Task 4 - The requirement for DMSB to address Human Factors in War fighting is a new requirement. Initial market analysis indicates that companies currently panelled on the CAS-SS panel will be able to meet the requirement.

4.5 These procurements are considered low risk as the CAS-SS Panel have been successfully used for the procurement of all service providers to date. Further, that the CAS-SS Panel will be used to procure a service provider to undertake the Human Factor management tasks that are considered beyond the scope of the extant contractor. (noting that Nova will be issued with an RFQTS and may be selected as a potential contractor).

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4.6 Value for money will be achieved by:

- a. using CAS-SS conditions,
- b. using the CAS-SS panel in a competitive manner to engage a supplier to address MSB Task 4 Education and promotion of Human Factors as a war fighting force multiplier, and
- c. re-engaging Nova, who were originally sourced through a competitive approach to market using the CAS-SS panel, to address:
 - i. MSB Task 1
 - ii. MSB Task 2, and
 - iii. MSB Task 3.

4.7 The CAS-SS replacement panel will be used when it becomes available.

ETP SECTION 5 - SPECIALIST ADVICE – LEGAL

Has specialist legal advice (Defence Legal or External Legal Service Provider) been sought in relation to the procurement or the proposed request documentation?

YES. *(Please attach advice if formal written advice provided).*

OR

NO

If NO selected, document why specialist advice was not sought.

5.1 No specialised legal advice has been sought as the procurements will be conducted under the established term and conditions of the CAS-SS Panel, and its subsequent replacement panel.

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ETP SECTION 6 - FINANCE

Estimated Procurement Value: \$5.64m (GST inclusive) over three years (FYs 17/18, 18/19 and 19/20) The cost of MSB Tasks 1 to 3 is approximately \$5,077,500 (GST inclusive) and the cost of MSB Task4 is approximately \$562,500 (GST inclusive). Extension options have not been costed in these procurements as they will be exercised at the Commonwealth discretion and separate ETP will be raised when and if required.

Has funding for the estimated value of the NMP Procurement been identified and allocated for the procurement from within the currently available Group/Service budget?

YES NO

Has the Group/Service Finance Officer been consulted in relation to the funding allocated for the procurement?

YES NO

6.1 Ms Denee Gillin (SFM COS-FC) has provided policy and procedural guidance to this ETP.

Any further relevant information in relation to the funding of the procurement should be documented.

6.2 A Multi Year Funding approval for FYs 18/19 and 19/20 is drafted to support subsequent, Section 23, submission).

Finance Officer's Signature	Printed Name	Position No.	Date
Digitally signed by Jodi Backhouse DN: c=AU, o=GOV, ou=DoD, ou=PKI, ou=Personnel, cn=Jodi Backhouse Date: 2017.04.11 10:28:35 +10'00'	Ms Jodi Backhouse	DNMFS	

Department of Defence

ETP SECTION 7 – ASNMP ENDORSEMENT

For all NMP procurements

- (i) with an estimated value at or above \$200,000 (including procurements through Standing Offer arrangements),*
- (ii) where the procurement is seeking to establish a standing offer arrangement, or*
- (iii) where a contract extension option is being considered, and is available under the contract terms, and where the contract extension is valued at or above \$200,000 (including GST),*

the officer responsible for signing the Endorsement to Proceed must also obtain an Assistant Secretary Non Materiel Procurement (ex-Defence Chief Procurement Officer (DCPO)) Endorsement prior to he/she signing the Endorsement to Proceed.

Estimated procurement value is the maximum anticipated value of the proposed contract, including options, extensions, renewals or other mechanisms that may be executed over the life of a contract, and includes GST. For Standing Offers the estimated procurement value is a reasonable estimate of the total value of orders that could be expected to be sought over the standing offer period.

Note 1: ASNMP may appoint other officers within Non Materiel Procurement Branch (NMPB) of the CASG Commercial Division to provide ASNMP Endorsements on his/her behalf. All NMPB Officers undertaking ASNMP Endorsements will hold Complex Procurement Competency.

Note 2: Requests for ASNMP Endorsement of an ETP for NMP can be submitted via email to: defence.procurement@defence.gov.au

ASNMP Endorsement Number: 1220 (to be completed by NMPB)

Procurement Endorsed by ASNMP

OR

Procurement Not Endorsed by ASNMP

Considerations/conditions:

7.1 This ETP is for the procurement of service providers to support the MSB – Fleet Safety Management System – development, implementation and integration.

7.2 The use of the Capability Acquisition and Sustainment Support Services (CAS-SS) Panel (SON48590) (and the use of its subsequent replacement panel) for these procurements is consistent with the requirements of the:

- a. DPPM Section 3.1 Procurement Methods, Section 5.3 Selecting a Procurement Process – Standing Offers Paragraphs 8 to 11, and Section 4.8 Standing Offer – paragraphs 37 to 45,
- b. CPRs Section 9,
- c. Capability Acquisition and Sustainment Support Services Panel (SON48590) rules (as applicable) – Noting that Mr Darren Porter, from CAS-SS Panel Operations, has endorsed the use of the CAS-SS panel for these procurements, and
- d. Public Governance, Performance and Accountability Act 2013.

7.3 These procurements are regarded as low risk due to the use of the CAS-SS Panel and the use of a know provider i.e Nova Defence Pty Ltd.

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<p>7.4 Value for money will be achieved by:</p> <ul style="list-style-type: none"> a. using CAS-SS conditions, b. using the CAS-SS panel in a competitive manner to engage a supplier to address MSB Task 4 Education and promotion of Human Factors as a war fighting force multiplier, and c. re-engaging Nova Defence Pty Ltd, who were originally sourced through a competitive approach to market using the CAS-SS panel, to address: <ul style="list-style-type: none"> i. MSB Task 1 ii. MSB Task 2, and iii. MSB Task 3. <p>7.5 The proposed procurements are assessed as being in accordance with the PGPA Act, DPPM and the CPRs, is an efficient, effective, economical and ethical use of relevant resources.</p> <p>7.6 These procurement are outside the parameters of the Indigenous Procurement Policy requirements.</p> <p>7.7 DNMP-Navy has advised Navy in regards to this procurement process.</p> <p>7.8 This ETP is endorsed subject to associated funding approvals being obtained ie Multi year funding approval must be obtained prior to the approval of the Section 23.</p>			
ASNMP Signature	Printed Name	Position No.	Date
Digitally signed by John.Whitelaw Date: 2017.06.26 11:51:50 +10'00'			

Department of Defence

ETP SECTION 8 - LINE MANAGEMENT ENDORSEMENT TO PROCEED

I endorse / do not endorse

(please select appropriate selection)

that:

- the procurement is necessary and stems from a genuine business need;
- the scope of the procurement and selected Procurement Method is consistent with the CPRs and mandatory policy requirements;
- the proposal can achieve value for money;
- there is or will be an adequate funding source for the procurement and that the proposed commitment of relevant money is consistent with the purpose for which they were allocated;
- specialist advice was obtained (where required) and any identified risks have been assessed;
- Conditions/considerations, if any, documented through the ASNMP Endorsement of this proposed procurement have been considered;
- I currently hold the required procurement competency to exercise this endorsement;

and/or

- I have consulted with a person who currently holds the required complex procurement competency and who has been involved in a material way or has provided advice in relation to the procurement methodology proposed in this endorsement to proceed.

Person Consulted: Mr Sid Ramsay

Signature - Line Manager	Printed name	Position	Date
Signature - Person Consulted Sid.Ramsay <small>Digitally signed by Sid Ramsay DN: c=AU, o=GOV, ou=DoD, ou=PKI, ou=Personnel, cn=Sid Ramsay Date: 2017.06.26 13:00:06 +10'00</small> ay	Printed name Sid Ramsay 	Position Senior Procurement Officer 	Date