

Application of Preferences (Worked examples)

Each example demonstrates a separate principle

Example 1

Tenderer	Location	Tender Price (\$)	Overseas Content	N.S.W. Country Content (\$)	Source of Overseas Content	Overseas Preference Rate (%)	Overseas Preference Amount (g) x (d)	Assessed Tender Value (c) + (h)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
A	Maitland	109,950	1000	2000	Italy	20	200	110,150
B	Bathurst	110,000	NIL	3000	-	NIL	NIL	110,000
C	Melbourne	110,050	3000	NIL	Spain	20	600	110,650
D	England	110,500	3000	NIL	Japan	20	600	111,100
E	Sydney	110,200	1000 2000	NIL	N.Z Japan	NIL 20	NIL 400	110,600

Based on the price through the Tender Box, Tenderer 'A', an approved supplier under the Country Industries Preference Scheme (CIPS), is the lowest. However, that firm has included material from overseas in its tender, which is subject to a 20% preference adjustment. When this preference is added to the price of 'A', that assessed tender price becomes higher than the tender of 'B'. Tenderer 'B' then becomes the recommended tender. Even though 'B' is also approved under CIPS, no further preferences are applied

Example 2

Tenderer	Location	Tender Price (\$)	Overseas Content	N.S.W. Country Content (\$)	Source of Overseas Content	Overseas Preference Rate (%)	Overseas Preference Amount (g) x (d)	Assessed Tender Value (c) + (h)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
A	Maitland	110,400	1000	2000	Italy	20	200	100,600
B	Bathurst	110,500	NIL	3000	-	NIL	NIL	110,550
C	Melbourne	110,000	3000	NIL	Spain	20	600	110,600
D	England	110,400	3000	NIL	Japan	20	600	111,000
E	Sydney	110,100	1000 2000	NIL	N.Z Japan	NIL 20	NIL 400	110,500

Initially, Tender 'C' is the lowest and Tender 'E' is the second lowest. Both firms have the same value of imported goods but as 'E' is bringing in New Zealand goods (not subject to overseas preference), the application of overseas preferences results in Tender 'E' having the lowest assessed value. As this firm is from the Metropolitan area, and Tenderer 'B' is an approved CIP manufacturer, Country preference must be applied. Preference calculations then become:

Tenderer	A	B	C
Tender Price (\$):	110,400	110,550	110,100
Add Overseas Preference	200	NIL	400
Net Price (\$)	110,600	110,550	110,500
Deduct Country Preference	(5% of 3,000) -50	(2.5% x 2000) -150	(5% of 3,000) NIL
Assessed Tender Value (\$)	110,550	110,400	110,500

Tender 'B' has the lowest assessed value and is therefore preferred Tenderer.

Example 3

Tenderer	Location	Tender Price (\$)	Overseas Content	N.S.W. Country Content (\$)	Source of Overseas Content	Overseas Preference Rate (%)	Overseas Preference Amount (g) x (d)	Assessed Tender Value (c) + (h)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
A	Maitland	110,200	1000	2000	Italy	20	200	110,410
B	Bathurst	110,405	NIL	3000	-	NIL	NIL	110,405
C	Melbourne	110,060	3000	NIL	Spain	20	600	110,660
D	England	110,500	3000	NIL	Japan	20	600	111,100
E	Sydney	110,200	1000 2000	NIL	N.Z Japan	NIL 20	NIL 400	110,600

Tenderer 'C' is the lowest submitted price and is still the lowest assessed price after the application of overseas preference. As this Tenderer is from interstate, the country preference does not apply and Tender 'C' is preferred.

Example 4

Tenderer	Location	Tender Price (\$)	Overseas Content	N.S.W. Country Content (\$)	Source of Overseas Content	Overseas Preference Rate (%)	Overseas Preference Amount (g) x (d)	Assessed Tender Value (c) + (h)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
A	Maitland	109,800	1000	2000	Italy	20	200	110,000
B	Bathurst	110,050	NIL	3000	-	NIL	NIL	110,050
C	Melbourne	110,060	3000	NIL	Spain	20	600	110,660
D	England	110,500	3000	NIL	Japan	20	600	111,100
E	Sydney	110,200	1000 2000	NIL	N.Z Japan	NIL 20	NIL 400	110,600

Tenderer 'A' is the lowest submitted price and after the application of overseas preference, still has the lowest assessed value. Since both 'A' and 'B' are country manufacturers, no further preferences are applied. Tender 'A' is therefore preferred.