

Competitive tendering guidelines

Introduction

1.1 Purpose

The 'Northern Territory Government Competitive Tendering Guidelines' (the guidelines) are to assist government entities responding to Northern Territory Government (NT Government) tenders. A government entity could be a government-owned business or a local, Territory, State or Commonwealth government agency.

The guidelines are to be read in conjunction with the '[Northern Territory Government Policy Statement on Competitive Neutrality](#)' (the statement) which is available on the NT Government's Department of Treasury and Finance website. The statement provides information on competitive neutrality and the NT Government's commitment to the competitive neutrality principles.

1.2 Who is required to submit a competitive neutral tender?

If you are a:

- government business division or
- government entity undertaking significant business activities

Then you are required to submit a competitive neutral tender.

Significant business activities are determined by considering the size of your business activity in relation to the size of the relevant market. You should read the statement for more information on determining significant business activities.

Government Owned Corporations (GOC) are not required to submit competitively neutral pricing in their tender. As GOCs are subject to government business disciplines, incentives and sanctions; identical to private sector organisation therefore do not receive any competitive advantage or disadvantage.

If you are a government entity that joins a business collaboration (e.g. joint venture, partnership or sub-contracting arrangement) with the intention of tendering for a NT Government tender, then the competitive neutrality principles must be applied to all components of your tender.

Compliance

The Competitive Neutrality clause is in the standard conditions of offer. As a tenderer you must comply with the conditions of offer. The clause details the requirement for government entities to submit a competitively neutral price in accordance with the guidelines.

2 Preparing to tender

As a government business division or government entity undertaking significant business activity you must submit two Pricing Schedules. This means providing two tender prices, an actual tender price and a competitively neutral tender price.

2.1 What is the actual tender price?

The actual tender price is the full cost price. If you as a government entity win the contract, this price will become the contract price which is paid to you as a government entity.

2.2 What is the competitively neutral tender price?

A competitively neutral tender price is based on the actual tender price with adjustments to offset any competitive advantage or disadvantage that your government entity receives compared to a private sector organisation in the same industry and size.

It is this competitively neutral tender price that will be used in the assessment and evaluation of tenders.

Preparing the competitively neutral tender price

There are five key neutrality areas to consider:

- taxation neutrality
- debt neutrality
- regulatory neutrality
- rate of return
- costing of shared resources.

For more information on how to develop a competitively neutral tender price please read the '[Australian Government Competitive Neutrality Guidelines for Managers](#)' found on the Australian Government, Treasury website. See, Section 4 'Application of Competitive Neutrality' for details on what adjustments you should consider to offset any competitive advantages or disadvantages you may have.