



State tendering builds up speed

By Beverley Head

July 20, 2004

An online buying project undertaken by government health departments in three states promises to cut from weeks to days the time taken to evaluate tenders. However, it will be three years before the system fully takes effect.

The health departments of New South Wales, Queensland and Victoria will use the same software, similar interfaces and templates to call for and evaluate tenders online.

The Australian-developed TenderMax software, coupled with health department subsidies, reduces the cost of submitting a tender to \$100.

The collaboration was spearheaded by Health Purchasing Victoria, established in 2001 to co-ordinate health procurement for the State Government.

Previously, the state's 83 hospitals and other health organisations were independent when it came to procurement, says HPV's chief executive, Dennis O'Keefe. The creation of HPV was an attempt to make spending more economical and efficient, he says.

When looking for ways to improve the HPV tendering process, O'Keefe discovered both NSW and Queensland were experimenting with the TenderMax system, which is also being considered by Britain's National Health Service.

O'Keefe says piggybacking on NSW and Queensland's experience was valuable, and all three states will benefit from sharing information and experience.

The benefits to suppliers will include being able to use a single system to tender in all three states, as well as much more extensive feedback.

The system allows the health services to clearly tell a supplier how their tender compared to best practice, where its specific weaknesses lay, and where it deviated from that of the winning bid, allowing the supplier to learn from the process even if it does not win the bid.

According to the Medical Industry Association of Australia's acting manager of industry development, Warren Mitchell, suppliers broadly support the initiative.

But the formulaic way in which responses to tenders were analysed had some suppliers of complex technical equipment afraid their submissions would not be fully considered, he says. He acknowledges, however, that suppliers could submit additional information with the tender beyond the standard template.

Using the system is not mandatory and the health departments are prepared to accept hard-copy tenders.

During a trial of the system in Victoria, a company owned and operated by Mormons declined to use the system on religious grounds. Its submission was accepted and the information keyed into TenderMax for evaluation.

NSW is the most advanced in its adoption of the program, with about 80 per cent of the state's hospitals and other health services signed up for it.

The project manager for the supply infrastructure project, Valentino Bulaon, says that by the end of next month the final stage of training will be complete. NSW has run a training forum for 85 suppliers and is planning another next month.

Trials of the system in the Greater Murray, Hunter and North Sydney areas were successful, with the time to prepare and process tenders falling from two to three weeks to two to three days.

A trial in Queensland focusing on capital purchases was also successful, Queensland central procurement manager Bill Stuart says.

The evaluation phase, which once took four weeks, was reduced to less than a week. Queensland plans to extend online tendering to the purchase of non-capital items.

In a Victorian trial involving the purchase of sterilisation supplies, a basic evaluation of responses to tenders took 40 minutes to complete compared with the usual two to three weeks, says strategic procurement manager Craig Hall.

This story was found at: <http://smh.com.au/articles/2004/07/19/1090089086249.html>