

Capital Works Management Framework

Contractor PQC Tendering and Selection Process



The suite of *Capital Works Management Framework* documents is available online (www.works.qld.gov.au):

- The Capital Works Management Framework policy document describes the capital works management process and contains the policy requirements.
- Guidelines complement the policy document and expand on various aspects of the capital works management process, particularly in terms of best practice procedures. The Prequalification (PQC) System guidelines are also included in the *Capital Works Management Framework* suite of documents.
- Policy advice notes provide advice on particular policy issues and/or procurement processes relating to the planning and delivery of government building projects.
- The Online Toolbox provides online support to assist in the implementation of best practice planning and delivery of government building projects. It includes templates, flowcharts, guides, sample documents, and links to useful information.

Contractor PQC Tendering and Selection Process

Queensland Department of Housing and Public Works

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1.0 Introduction

This guideline forms part of the *Capital Works Management Framework* (CWMF). The CWMF is the Queensland Government's key policy for managing risks in the planning and delivery of building projects, and gives effect to the whole-of-Government Prequalification (PQC) System for building industry consultants and contractors seeking to undertake commissions and contracts associated with government building projects. This guideline also supports the *Maintenance Management Framework* (MMF), the Queensland Government's policy for managing the maintenance of its buildings.

1.1 Objective

The objective of this guideline is to facilitate consistency in, and provide guidance to government departments regarding, the Queensland Government's tendering and selection process for building industry contractors (including contractors to provide maintenance and building services).

1.2 Key definitions

For the purposes of this guideline:

- a 'building industry contractor' or 'contractor' is an organisation or individual contracted directly to the Queensland Government to provide services in relation to government building projects
- the 'principal' is defined as the party under a contract for whom work is being undertaken
- 'government department' or 'department' has the meaning expressed in s4A of the *Financial Accountability Act 2009*
- 'government building project' has the meaning expressed in [Attachment 1](#)
- 'High Risk/Significant (HRS) building project' has the meaning expressed in [Attachment 2](#).

1.3 Target audience

This guideline should be read by:

- building industry contractors seeking to work on government building projects
- Queensland Government officers (or their agents) involved in the procurement and/or management and maintenance of building projects.

1.4 Review of the guideline

The Department of Housing and Public Works, in consultation with government departments and industry bodies, will periodically review this guideline.

1.5 Other relevant documents

- *Advertising Tenders for Building Projects*
(CWMF policy advice note, Department of Housing and Public Works)
www.works.qld.gov.au
- *Application of Financial Capacity Assessments to Projects Delivered Under the Non-Traditional Procurement System*
(CWMF policy advice note, Department of Housing and Public Works)
www.works.qld.gov.au
- *Australian Standard AS4120:1994 : Code of Tendering*
(Standards Australia) www.standards.org.au
- *Australia-United States Free Trade Agreement and Queensland Government Building Projects*
(CWMF policy advice note, Department of Housing and Public Works)
www.works.qld.gov.au
- *Contractor PQC Financial Requirements*
(CWMF guideline, Department of Housing and Public Works) www.works.qld.gov.au
- *Expressions of Interest for Building Industry Consultants and Contractors*
(CWMF policy advice note, Department of Housing and Public Works)
www.works.qld.gov.au
- *International Trade Obligations and Government Procurement*
(Better Purchasing Guide, Department of Housing and Public Works)
www.qgcpcpo.qld.gov.au
- *Maintenance Management Framework: Policy for the Maintenance of Queensland Government Buildings*
(Department of Housing and Public Works) www.works.qld.gov.au
- *Procurement Strategy and Contract Selection*
(CWMF guideline, Department of Housing and Public Works) www.works.qld.gov.au
- *State Procurement Policy*
(Department of Housing and Public Works) www.qgcpcpo.qld.gov.au

2.0 Achieving value for money

In accordance with the *State Procurement Policy*, the tendering and selection process for building industry contractors is required, among other things, to achieve value for money in the expenditure of public funds. In addition to the initial cost of a contracted service, consideration needs to be given to the total transaction costs (including costs to Government) and to whole-of-life costs associated with the building project.

However, assessing value for money involves more than a consideration of price alone. Non-cost-related factors such as fitness for purpose, and the quality, service and support offered

by the tenderers should also be considered. Other factors to be considered in a value-for-money assessment include:

- compliance with relevant CWMF policy requirements (as highlighted throughout this guideline)
- contribution to the advancement of the Government's pledges to the Queensland community and any associated priorities
- compliance with relevant government agreements and policies (see [section 2.2](#) and [section 2.3](#) respectively)
- environmental sustainability requirements and/or targets (see [section 2.3](#) for policies that include such requirements/targets).

2.1 Contribution to the advancement of government ambitions/targets

A value-for-money assessment of a contracted service should include consideration of that service's contribution to departmental and whole-of-Government objectives with respect to building a:

- 'Strong Queensland' by creating opportunities for building industry businesses to participate effectively and efficiently in the delivery of government building projects
- 'Green Queensland' through initiatives to reduce energy consumption in government buildings and incorporate appropriate renewable technologies
- 'Smart Queensland' by supporting education and training initiatives designed to meet future needs with respect to the availability of professionals and a workforce to deliver government building projects
- 'Healthy Queensland' through initiatives to provide safe and well designed public building facilities to meet the needs of all Queenslanders
- 'Fair Queensland' by providing equitable access for building industry participants to opportunities to be involved in the delivery of government building projects.

2.2 Compliance with relevant government agreements

The Queensland Government currently participates in two trade agreements which affect procurement: the *Australian and New Zealand Government Procurement Agreement* and the *Australia-United States Free Trade Agreement* (AUSFTA). These agreements promote the freedom of opportunity for contractors (among other service providers) in one jurisdiction to compete for government business in other jurisdictions, and commit the Government to observing specific processes for certain procurements covered by each agreement (refer to [section 1.5](#) for specific guidance material on these agreements).

Within the parameters of the Government's agreements, a value-for-money assessment should include:

- an evaluation of the implications and benefits that arise from using contractors (and others in the value chain) that are permanently located close to the project
- consideration of the Government's broader objective to encourage a strong and viable local industry that delivers economic and social benefits to regional communities, promotes competition, and enhances value for money in service delivery. In this regard, departments should ensure that building projects meet the requirements of the *State Procurement Policy* and the *Local Industry Policy*.

2.3 Compliance with relevant government policies

Other policies that may impact upon the tendering and selection process for government building projects include:

- *art+place policy framework*
(Arts Queensland) www.arts.qld.gov.au/funding
- *Carbon Reduction Strategy for Government Office Buildings*
(Department of Housing and Public Works) www.works.qld.gov.au
- *Indigenous Employment Policy for Queensland Government Building and Civil Construction Projects (IEP 20% Policy)*
(Department of Education, Training and Employment) www.employment.qld.gov.au
- *Local Industry Policy: A Fair Go for Local Industry*
(Department of State Development, Infrastructure and Planning)
www.industry.qld.gov.au
- *Queensland Government Building and Construction Contracts Structured Training Policy (10 per cent Training Policy)*
(Department of Education , Training and Employment) www.training.qld.gov.au
- *Recycling Policy for Buildings and Civil Infrastructure*
(Department of Housing and Public Works) www.works.qld.gov.au
- *Strategic Energy Efficiency Policy for Queensland Government Buildings*
(Department of Housing and Public Works) www.works.qld.gov.au.

3.0 Prequalification (PQC) System

The Prequalification (PQC) System supports the CWMF and the MMF by providing a comprehensive central register of prequalified building industry consultants and contractors. The PQC System provides clear and consistent performance requirements and guidelines for the selection of these building industry service providers for government building projects¹.

To be eligible to tender (either open or select) for a government building project estimated to exceed \$250,000 in value, contractors are required to:

- be prequalified
- have a PQC level that matches or exceeds the service risk rating associated with the project
- satisfy financial requirements
- meet project-specific criteria.

(N.B. Notwithstanding this requirement, exemptions may apply at the discretion of the Director-General, Department of Housing and Public Works, if an 'eligible list search' of the

¹ The PQC System is also available to be used to select key trade or specialist subcontractors for trade packages estimated to exceed \$250,000, pending suitable arrangements with the head contractor.

PQC System database returns an insufficient number of appropriately prequalified contractors.)

A formal financial capacity assessment of the preferred tenderer is undertaken by the Queensland Building Services Authority (BSA) at the time of tender and in accordance with the CWMF guideline, *Contractor PQC Financial Requirements*.

Prequalification should not be regarded as a guarantee of the performance of any prequalified contractor on any specific building project, nor as a basis for liability by the Department of Housing and Public Works for payments by a successful tenderer (contractor) to any subcontractors in the event of that contractor defaulting.

4.0 Selection of the procurement strategy

A procurement strategy facilitates the delivery of a project outcome and generally incorporates a contractual relationship that allocates risk between the principal and the contractor. The procurement strategy determines the type of contract to be used and how that contract will be adapted and utilised for each project. The risk allocation among all parties along the contractual chain must be clear, with risks preferably allocated to the party best able to manage them.

Procurement strategies available to the Queensland Government for building procurement include:

Traditional procurement strategies	Non-traditional procurement strategies
<ul style="list-style-type: none"> • Traditional Fully Documented – Lump Sum • Bundling (where the process involves two or more portions being procured using only traditional procurement strategies) 	<ul style="list-style-type: none"> • Design and Construct – Lump Sum • Managing Contractor – Design and Construction Management • Alliance • Bundling (where the process involves two or more portions, at least one of which is being procured using a non-traditional procurement strategy) • Construction Management

Further information on the suitability of these procurement strategies for particular projects is available in the CWMF guideline, *Procurement Strategy and Contract Selection*.

Procurement of major infrastructure projects (i.e. projects with a whole-of-life net present value of \$100 million and greater) involving private sector participation in project funding, design, construction, operation and maintenance (i.e. Public Private Partnership projects), is not covered in this guideline. Guidance on assessing the viability of private sector involvement in the provision of public sector infrastructure projects/services can be found in the Queensland Government’s *Value for Money Framework*. Further information on such projects can be obtained from the Department of Infrastructure and Planning.

5.0 Methods of tendering

Queensland Government departments generally use either the open or select method of tendering for building projects, depending upon the project requirements and the assessed PQC service risk rating. Whichever process is used, it is important to ensure that effective competition is achieved and total costs of tendering are minimised.

5.1 Open tendering

Open tendering involves a call for tender submissions from all eligible contractors. Open tenders are invited by advertisement in the public domain (e.g. in newspapers). Each advertisement must identify the PQC service risk rating for the project. Wherever possible, tenders should be advertised locally (i.e. in the region in which the project will be built).

Open tendering is used where project requirements are well defined, there is no significant construction time constraint, and where the project risks and total cost of tendering are anticipated to be relatively low. Generally, lower-risk lump sum traditional projects (typically projects with a PQC service risk rating of 1 or 2) should be procured under open tendering arrangements.

To be eligible to tender for a government building project estimated to exceed \$250,000 in value, contractors are required to:

- be prequalified
- have a PQC level that matches or exceeds the service risk rating associated with the project
- satisfy financial requirements
- meet project-specific criteria.

5.2 Select tendering

Select tendering involves the selection (from the PQC System database) of a limited number of contractors who are invited (in writing) to tender on a project based on the following factors:

- prequalification status and required PQC service risk rating
- financial capacity
- management systems requirements
- location of contractor's office(s) relative to the location of the project
- location of the project
- capability for the type of work
- cost, size and complexity of the project
- current commitments and recent select tender opportunities on government building projects
- past performance regarding time and quality of work and, in particular, any evidence of superior performance.

If the number of eligible contractors significantly exceeds the optimum for one or a number of select tender opportunities, an expression of interest (EOI) process may be used as an additional filter. The EOI process determines the availability of contractors for the project and may also seek specific information on how they propose to address particular non-price project criteria (see [Attachment 3](#) for examples of non-price criteria). This information is then assessed to produce the select list of contractors. For further information on the EOI process, refer to the CWMF policy advice note, *Expressions of Interest for Building Industry Consultants and Contractors*.

To achieve consistency across Government in the select tender process, the Department of Housing and Public Works prepares all select tender lists in accordance with an auditable process and in consultation with the departmental project sponsor. Select tendering minimises the total cost to the industry of tendering, while facilitating adequate competition and a transparent and equitable system.

Generally, due to the higher risk and higher total costs of tendering to the industry, select tendering should be used for building projects being procured under a non-traditional procurement strategy (typically projects with a PQC service risk rating of 3 or 4 and/or HRS projects). However, this approach may be varied from time to time, depending on market conditions, to facilitate opportunities for a wide pool of prequalified contractors.

5.2.1 Circumstances where a sole contractor may be invited to tender

The invitation of a sole building contractor to tender for (and subsequently undertake) a government building project without a competitive tendering process should generally be avoided owing to the perception (if not the reality) that:

- value for money may not be achieved
- government priorities may be compromised
- access to government tendering opportunities by eligible contractors will be diminished.

However, if value for money can be demonstrated and there are compelling reasons for doing so, a chief executive (or appropriately delegated officer) may approve the invitation of a particular building contractor to tender for the project as a way to address the identified compelling reason(s). A 'compelling reason' could be said to exist where:

- the contract is of a specialist or confidential nature and it is reasonable in all the circumstances for it not to be tendered more widely
- there is only one contractor able to meet the project requirements
- there is an existing contract underway which gives an opportunity to achieve the objectives of CWMF policy requirement 1 (i.e. centralised workload smoothing and program management)
- a genuine urgency exists
- a structured process involving market analysis, industry consultation, and a registration and assessment of interest process has been used to identify only one suitable tenderer (generally only applicable for major projects exceeding \$200 million).

Where a sole contractor is invited to tender for a government building project, the provisions of the *State Procurement Policy* and all remaining provisions of the CWMF must still be met. The reasons for taking such a course of action, including specific identification of how value for money will be achieved, should be clearly documented and made available for external audit.

6.0 Calling and receipt of tenders.

This section should be read in conjunction with the information provided in the *Australian Standard AS4120:1994: Code of Tendering*, the *State Procurement Policy* and conditions of tender published by the Department of Housing and Public Works. At all times throughout the tendering process, it is expected that all parties to the process will act in good faith towards each other.

6.1 Tender framework

Table 1 provides a guide to the preferred number of tenderers and tender period (i.e. the tender framework) for government building projects of varying values. The actual number of tenderers/tender period should be individually assessed, taking into account the procurement strategy to be used, project time constraints and the required level of input from tenderers.

Table 1: Preferred number of tenderers/tender period for government building projects procured through the PQC System

Assessed project risk	Procurement strategy(ies)	Preferred number of tenderers	Tender period ⁺
Assessed service risk rating 1-2	All	Generally, open to all eligible contractors on the PQC System.	3-4 weeks
Assessed service risk rating 3-4 (i.e. High Risk/ Significant projects)	Traditional Lump Sum without Bill of Quantities	Generally, select list of 4-6 eligible contractors from the PQC System [*] .	4-6 weeks
	Traditional Lump Sum with Bill of Quantities	Generally, select list of 4-6 eligible contractors from the PQC System [*] .	3-4 weeks
	Design and Construct Lump Sum	Generally, a select list of 3-5 eligible contractors from the PQC System [*] .	4-10 weeks (depending on complexity)
	Non-traditional, fee-only Managing Contractor	Generally, a select list of 4-6 eligible contractors from the PQC System [*] .	2-4 weeks

⁺ The tender periods shown are a guide only. If principals allow inadequate time for the calling of tenders, this may result in unsatisfactory project outcomes.

^{*} However, if the project is a 'major project', then a maximum of 3 eligible contractors from the PQC System is required. Use of the designation 'major project' will be determined by the Department of Housing and Public Works, based on the estimated project cost, project risk factors, and the economic state of the industry.

A bill of quantities (excluding specialist services such as mechanical services, electrical services, security, data and communications) should be prepared for all government building projects with an estimated construction value greater than \$5 million (excluding GST). The provision of a bill of quantities (BOQ) should reduce the risk for tenderers associated with incorrectly assessing the materials and quantities required for a project.

6.2 Tender documentation

The tender documents for a project underpin the contract that will be established between the principal and the successful tenderer. The quality of these documents is a major factor in the success of the tendering and selection process, and ultimately the project outcome. Further, poor documentation is likely to result in increased project costs. Departments should therefore allow adequate time for the preparation of tender documents.

All reasonable steps should be taken to ensure the tender documents are prepared by appropriately qualified staff. Project requirements should be clearly and accurately identified to limit the need for subsequent amendments. It is also necessary to ensure that the same information is given to all contractors who collect tender documents.

Tender documents should include as a minimum:

- the invitation to tender, stating the closing date, time and place of lodgement for submissions
- a tender form (provided by the relevant department) for completion by a tenderer
- conditions of tender (available on the [Department of Housing and Public Works' website](#))
- any general information that will assist the tenderer to prepare the tender, including details of a nominated contact for further information or queries
- all non-price evaluation criteria (where applicable)
- details of any supporting information required from the tenderers
- full details of the work to be covered by the tender (e.g. for major traditional building projects, this would include drawings and a specification, as a minimum, and a Bill of Quantities where applicable)
- general and special conditions of contract (available on the [Department of Housing and Public Works' website](#)).

Prequalified contractors will not generally be required to provide further information relating to their compliance with PQC System requirements, provided their prequalification information (held on the PQC System database) is current at the time of tendering.

6.3 Invitation to tender

Whether calling for tenders by advertisement in the public domain (open tenders) or by written invitation (select tenders), an invitation to tender must clearly state the closing date, time and a place of lodgement for submissions. (This information must also appear on the tender form.) The closing date should not fall on a Monday, an industry-recognised 'rostered day off', public holiday, or day following a public holiday². Receipt of tender submissions should only occur as provided for in the conditions of tender (e.g. if tender conditions require hard copy submissions, departments should not take receipt of a submission in electronic form).

Newspaper advertisements are normally the most appropriate way of inviting business and industry to tender for building projects. Newspapers also provide the ability to advertise

² Where a project is located in regional Queensland, departments should ensure that the tender closing date does not fall on a local public holiday (e.g. a show day), or on the day following that local public holiday.

locally by using regional, state-wide or national newspapers. Local advertising is often the most appropriate way of ensuring local suppliers have fair and equitable access to government work.

For further information regarding the required procedure for advertising government procurement, refer to the CWMF policy advice note, *Advertising Tenders for Building Projects*.

Increasingly, the Queensland Government is using web-based electronic tendering (eTendering) to facilitate faster and more convenient access to tendering opportunities/tender documents by industry service providers throughout the State, and to simplify the process of submitting tenders. Such eTendering systems, among other things, allow:

- viewing of current tender opportunities
- issuing of invitations to tender
- tender documents to be viewed and downloaded
- tenders to be submitted electronically
- viewing of tenders that are under review
- viewing of accepted tenders.

6.4 Enquiries during the tender period

A nominated representative of the principal should promptly handle and record any enquires and responses relating to tender documents for a particular project. Where it is considered necessary to provide information to tenderers as a result of an enquiry, the information must be issued to all tenderers as soon as possible. The nominated representative should also request that tenderers confirm receipt of this additional information. If the information issued is expected to result in tenderers having to significantly amend their tenders, then an extension to the tender period should be considered.

6.5 Amending tender documents during the tender period

The amendment of tender documents during the tender period should be avoided if possible. This is best achieved by ensuring that systematic and thorough processes are used to develop and check the documents before tenders are called.

If amendments to tender documents are required, they must be provided promptly, in the form of an addendum, to all contractors who were issued with tender documents. The responsible officer/nominated representative of the principal should request that all contractors:

- confirm receipt of any addenda
- note in their tender responses that allowance has been made in the tendered amount to cover such addenda.

If the amendments are significant (i.e. require extensive consideration) or are issued late in the tender period (i.e. within 5 days of tender close), extension of the tender period should be considered. An extension to the tender period should also be handled as an addendum.

6.6 Receiving and closing of tenders

Departments should have an auditable system in place to ensure the security and confidentiality of all tenders received prior to the closing time.

Local tender boxes should be used, where appropriate, to ensure that local industry participants are not disadvantaged, particularly when using an open tendering process and advertising locally.

All tenders should be opened as soon as practicable following the closing time. Each tender should be:

- checked to ensure that it is complete (i.e. that all parts of the submission have been received)
- marked with the date and time of receipt
- initialled and recorded as being received.

This task should be undertaken by at least two people, both of whom should sign and date the summary of tenders received. Although tender openings are generally not conducted as public sessions, information specified in the tender documents as suitable/available for public release should be disclosed as soon as possible. Disclosure may involve posting the information on a departmental website or on a public notice board in the relevant department.

7.0 Evaluating tenders and awarding the contract

The aim of the tender evaluation process is to identify the tender that is most advantageous to the principal and offers the best value for money. (N.B. This may not necessarily be the tender offering the lowest price.)

In situations where a high level of accountability must be demonstrated (e.g. cases of complex tender evaluations, or where a tender is submitted by a government department), the commissioning of a probity auditor may be warranted.

7.1 Tender evaluation criteria

For projects delivered using the traditional procurement strategy, where requirements are well defined and documented, the 'tender sum' or 'tender price' will be the major factor taken into account when evaluating tenders. However, non-price evaluation criteria may also be used for these projects, where appropriate. In general, projects delivered using a non-traditional procurement strategy would include non-price evaluation criteria.

Non-price evaluation criteria are included in the tender and selection process to support government policy and provide a greater level of certainty of project outcomes. For example, on a project with a non-negotiable completion date (i.e. where time is a critical project constraint), tenderers would be required to submit details on how they intend to resource the project and coordinate construction activities in order to ensure that this critical objective is achieved.

In accordance with CWMF policy requirement 10, for all High Risk/Significant (HRS) projects, departments must prepare a tender evaluation plan and consult with the Department of Housing and Public Works on the proposed evaluation criteria and weightings to be used in the selection of consultants and contractors, prior to calling tenders.

Detailed guidance as to the formulation, weighting and application of non-price criteria is provided in [Attachment 3](#).

7.2 Evaluation criteria weightings

For projects where non-price evaluation criteria form part of the conditions of tender, tender documentation should clearly state the weighting given to each evaluation criterion (i.e. an indication of the relative importance of each criterion, usually expressed as a percentage). Further guidance regarding the appropriate weighting for price and non-price criteria is provided in [Attachment 3](#).

7.3 Tender evaluation panel

A tender evaluation panel is required to evaluate tenders for all projects where non-price evaluation criteria form part of the conditions of tender. The panel should comprise at least three people, including the following:

- an officer who was involved in preparing the tender documents for the project
- an officer with a sound and current technical knowledge of the construction process, capable of fully understanding and interpreting the tenders
- an officer with sound knowledge of the *Capital Works Management Framework* and the *State Procurement Policy*.

Tender panellists should be aware that information received from tenderers must be treated as commercial-in-confidence.

7.4 Evaluation of tenders

The tender evaluation process should be transparent and equitable. It is good practice to document and randomly audit the process to verify its effectiveness. Any discrepancies between submitted tenders and the tender documentation must be noted and resolved before a final recommendation is made to management regarding tender acceptance/award.

The tender evaluation process involves a:

- ‘technical review’ of all tenders
- ‘capability validation’ of all contractors submitting tenders
- ‘financial capacity assessment’ of the preferred tenderer.

The technical review involves an assessment of any conditions or qualifications attached by the tenderers to their submissions, as well as an assessment of the project’s estimated value and the value of each tender received. Capability validation includes an assessment of the contractor’s work load over the period of the proposed building contract.

In accordance with CWMF policy requirement 9, the Queensland Building Services Authority (BSA) undertakes a formal financial capacity assessment of the preferred tenderer for all

government building projects estimated to exceed \$500,000 in value. The BSA will undertake this assessment in accordance with the CWMF guideline, *Contractor PQC Financial Requirements*. Should the BSA's assessment indicate that the financial position of the preferred tenderer is unsatisfactory, this tenderer should be bypassed and an assessment of the next preferred tenderer conducted.

The BSA is required to advise the PQC Registrar, Department of Housing and Public Works, of any issues regarding the financial capacity of prequalified contractors that emerge during the process of project-related financial capacity assessments.

Notwithstanding that tenders should be called only when there is an intention to proceed with a building project, the principal may reject all of the tenders and recall tenders in accordance with the conditions of tender.

7.4.1 Evaluation by a panel

For projects where a tender evaluation panel is required (refer to [section 7.3](#)), the evaluation process generally involves:

- an initial meeting of the tender panel, prior to tender close, to confirm the members' understanding of the project time-frame, evaluation criteria, criteria weightings and required project outcomes
- a subsequent meeting of the panel to evaluate the completeness of tender information received (i.e. that all parts of each tenderer's submission have been received)
- where non-price criteria represent more than 50% of the total weightings, presentations by tenderers may be considered (N.B. panel members evaluate and score these presentations individually)
- a meeting of the panel to finalise scoring
- the recommendation of a preferred tenderer (pending the outcome of the technical review and financial capacity assessment).

7.4.2 Approach when a tender price is very low

Where a tender price (or a key element of a tender price) is considered well below the median price and/or the project's estimated value, further investigations should be undertaken before selecting this tender as the winning bid. It is good practice to request that the tenderer review the bid and/or respond to questions regarding particular aspects of the tender. The tenderer should also be asked to provide written confirmation that the scope of work and contractual obligations are fully understood.

Further information on the outcomes sought from tender evaluation is available in the *Capital Works Management Framework* policy advice note, *Construction Tender Evaluation: Best Value not Lowest Price*.

7.4.3 Post-tender negotiations

Post-tender negotiations may be conducted with a tenderer or tenderers in certain circumstances, although care must be taken to ensure that probity and accountability requirements are met. Guidance on post-tender negotiations is available from the Department of Housing and Public Works.

As noted in the introduction to this section, the commissioning of a probity auditor may be warranted in situations where a high level of accountability must be demonstrated (e.g. cases of complex tender evaluations, or where a tender is submitted by a government department).

7.4.4. Tender approval

The agency that called the tender is responsible for coordinating the tender evaluation, including the financial capacity assessment of the preferred tenderer undertaken by the BSA.

Subject to a satisfactory financial assessment report, the relevant agency will:

- nominate the preferred tenderer to the relevant approving authority
- seek financial approval and, where required, approval to accept the tender.

Following the receipt of these approvals, the awarding of the contract can proceed.

7.5 Awarding the contract

Once approval has been received from the relevant approving authority, a 'letter of acceptance' – or in the case of minor works, a 'purchase order' – is issued to the successful tenderer. At this point, the contract has been awarded.

A number of documents typically constitute the agreement between the parties (i.e. the contract), including:

- a copy of the tender documents, including drawings and specifications and any correspondence or addenda issued during the tender period
- the original submitted tender
- any post-tender correspondence and clarifications
- the letter of acceptance
- where applicable, a formal Instrument of Agreement (i.e. a deed attached to the Special Conditions of Contract that identifies the documents forming the contract).

7.5.1 Public release of successful tender awards

Under the *State Procurement Policy*, the details of all awarded contracts of each government building contract over \$100,000 in value, are required to be released to the public.

For government building projects, the information nominated for public release will vary from project to project depending on particular circumstances, however, the minimum details required to be published include:

- the name and address of the principal and the contractor
- a description of the project and services being provided pursuant to the contract
- the date of award of contract (including the relevant stage if the contract involves more than one stage)
- the contract value (including the value for each stage if the contract involves more than one stage and advice as to whether any non-price criteria were used in the evaluation of tenders)
- the procurement strategy used (including any non-traditional procurement strategies e.g. Design and Construct – Lump Sum, Managing Contractor - Design and Construction Management).

Other information that is confidential and/or commercial-in-confidence should not be disclosed.

The information is required to be published on the [Queensland Government Marketplace eTender website](#).

8.0 Post-tender administration

8.1 Announcement of tender results

In addition to notifying the successful tenderer (i.e. through a letter of acceptance), departments must advise all other tenderers, in writing, that they have been unsuccessful, direct them to the information about the tender and award results being publicly disclosed, and offer each the opportunity for a debriefing.

8.2 Debriefing of tenderers

Debriefing meetings to discuss tender evaluation results should be provided to any tenderer that requests feedback on their submission. The meetings should be conducted by the officer accountable for the tender evaluation process.

The purpose of the debriefing is to provide constructive feedback on areas where tenderers can improve. Debriefings should not justify any determinations, decisions or recommendations, nor compare the contractor's performance with that of other tenderers. Instead, debriefings should focus on the contractor's performance as measured against the tender evaluation criteria.

Attachment 1: Definition of a government building project

Government building project generally means a project for 'government departments', as that expression is defined in the *Financial Accountability Act 2009*, for:

- a) the erection, establishment or construction of a building; or
- b) the maintenance (other than service maintenance contracts), repair, renovation, refurbishment, alteration, extension or improvement of a building; or
- c) the demolition or removal of a building; or
- d) any site work (defined as building work under the *Queensland Building Services Authority Act 1991*) related to work of any kind associated with a) to c) above as a separate contract in itself; or
- e) the provision of services generally (including but not limited to power, lighting, communications, security systems, fire, heating, ventilation, air conditioning, lifts, travelators and escalators, water supply, sewerage or drainage) under installation or supply and installation contracts associated with a) to c) above as a separate contract in itself,

but excludes:

- f) the construction, maintenance or repair of a road under the *Land Act 1994*;
- g) the construction, maintenance or repair of a bridge;
- h) the construction, maintenance or repair of railway tracks, signals or associated structures;
- i) the construction, maintenance or repair of harbours, wharfs and other marine structures not related to land based building work; and
- j) the construction, maintenance or repair of a dam.

The majority of government building projects would involve construction of new buildings, extensions to buildings or major refurbishments to existing buildings.

Notwithstanding, this definition should be taken as a guide only and is not exhaustive. This definition does not capture grants to organisations that are external to government departments, although government departments making grants to such organisations may, at their discretion and after receiving advice from the Department of Housing and Public Works, attach conditions to a grant to give effect to specific elements of the *Capital Works Management Framework*.

Enquiries on the applicability to particular government building projects should be directed to the Building Policy Unit, Department of Housing and Public Works.

Attachment 2: High Risk/Significant (HRS) building projects

HRS building projects are those where:

- failure to meet project objectives of time, cost and quality would critically affect the delivery of services to the community; and/or
- the lack of clear and transparent processes in the procurement of high value projects may impact on Government as a whole in terms of industry development and consistency of approach.

Such projects require whole-of-Government management strategies to minimise exposure to risk.

One of the risk management strategies is the early identification and ongoing monitoring of projects considered to be high risk or significant. This requires the development of criteria/parameters that describe 'high risk and significant'.

The following criteria should be used to identify HRS projects. The features listed below are intended as a guide only, as projects may also be considered HRS by virtue of potential risk elements not defined below.

HRS building project criteria

1. Project cost and procurement strategy

- projects expected to exceed \$20 million in value delivered utilising a traditional procurement strategy¹
- projects expected to exceed \$10 million in value delivered utilising a non-traditional procurement strategy²

2. Combination of standard contracts

- projects delivered utilising a combination of standard contracts and where the separate components are expected to exceed \$10 million in value (e.g. building structure delivered utilising a traditional procurement strategy and building fitout delivered utilising a separate non-traditional procurement strategy)

3. Bundled projects

- projects that involve the tendering of a 'bundle' of smaller projects across several different sites, where the total value of the projects exceeds \$10 million

4. PQC service risk rating

- projects with an assessed PQC service risk rating of 3 or 4

5. Other criteria

- projects with other potential risk elements not defined above.

An HRS project is one with any one or a combination of these elements. Where the majority of an HRS project is to be put to tender as a single contractual package, the service risk rating will be, as a minimum, PQC Level 3. In case of doubt as to the 'high risk' nature of a project, consult with the Principal Policy Manager, Building Policy Unit, Department of Housing and Public Works.

¹ The department sponsoring the project has full responsibility for the design and documentation process and the contractor constructs for a lump sum amount.

² The contractor has varying degrees of responsibility for the design and documentation process.

Attachment 3: Non-price evaluation criteria

Non-price evaluation criteria are included in the tendering and selection process to support government policy and provide a greater level of certainty to project outcomes. The inclusion of non-price evaluation criteria in tender evaluation is based on the recognition that:

- the lowest priced conforming tender does not necessarily represent best value for money
- project requirements considered important or critical may be best satisfied by contractors who can demonstrate specific skills or experience
- non-price evaluation criteria have a role in the realisation of government priorities and outcomes.

Non-price criteria addressing government ambitions and targets

Non-price criteria addressing government ambitions and targets provide a mechanism for ensuring that the construction of government building projects supports the Queensland Government's stated objectives. These criteria should be designed to identify the extent to which the tenderer addresses the objectives under the relevant government ambitions and targets (refer to [section 2.1](#) of this guideline for a list of specific objectives associated with government ambitions and targets).

More information on government ambitions and targets is available on the Premier of Queensland's website (www.thepremier.qld.gov.au).

Project-specific non-price criteria

Project-specific criteria should take into account the complexity, risk level, type and size of the project. They are intended to draw responses from contractors that focus on the project and the achievable outcomes.

Project-specific non-price criteria should be designed to address:

- the contractor's proposed methodology
- the contractor's proposed resource strategy
- any other issues related to the project, as determined by the project sponsor.

Contractor's methodology

'Contractor methodology' refers to the way in which a contractor intends to meet project objectives. Depending on the procurement strategy, contractor methodology may encompass all of the activities undertaken throughout the design and delivery phases of the project.

Non-price criteria addressing contractor methodology may focus on any of the following 'sub-criteria':

- buildability/maintainability
- community consultation
- consultant management
- design management
- environmental sustainability
- handover management
- innovation
- programming of works
- safety
- subcontractor management
- use of local industry
- waste management
- communication
- construction management
- cost management
- documentation management
- functionality
- incorporation of best practice
- life cycle costs
- quality management
- site management
- supporting equipment and systems
- user group/client management

Note: This list is generic in nature and should not be considered exhaustive.

Contractor's resource strategy

A contractor's resource strategy will specify which individuals, companies and sub-contractors will be involved in the project: It may include some or all of the following aspects:

- key managerial and supervisory personnel
- key team members (including their resumes)
- key trade packages
- a project organisation chart
- identification of key activities in terms of tasks and people
- management structures, roles, and reporting relationships
- the contractor's past and current time-related performance
- personnel back-up strategy
- referees.

Weightings for non-price criteria

For projects where non-price evaluation criteria form part of the conditions of tender, tender documentation must give an indication of the relative importance of each criterion (i.e. a 'weighting', usually expressed as a percentage).

The weighting of non-price criteria will depend on the risks associated with a project. The non-price criteria for projects delivered using a non-traditional procurement strategy will generally have a higher weighting than those for projects delivered using a traditional procurement strategy.

For the majority of traditional lump sum contracts, price will be the major consideration in a tender evaluation. As such, the tender price will usually be assigned a weighting of at least 95%, with the balance apportioned to any non-price criteria. Non-traditional projects should generally include non-price criteria, depending on the risks involved. All projects identified as High Risk/Significant (HRS) will incorporate non-price evaluation criteria.

Where a lump sum non-traditional procurement strategy is used (e.g. Design and Construct – Lump Sum), a weighting of at least 70% should be set for the price criterion. Where a ‘fees only’ tender is called under a non-traditional procurement strategy, a minimum weighting of 30% should be set for the price criterion, with the balance of the criteria weightings to be apportioned among the non-price criteria.

Criteria weightings should be developed taking into account:

- how much opportunity there is for a contractor to add value to a project, given the level of contract documentation and type of contractual conditions
- the requirements of government policy
- the scoring methodology adopted for the evaluation.

Generally, the greater the input of the contractor into the design and documentation process, the lower the weighting for the price criteria.

In accordance with CWMF policy requirement 10, for all High Risk/Significant (HRS) projects, departments must prepare a tender evaluation plan and consult with the Department of Housing and Public Works on the proposed evaluation criteria and weightings to be used in the selection of consultants and contractors, prior to calling tenders.

Further information regarding the use of non-price evaluation criteria and weightings is available from the Building Services and Works Division, Department of Housing and Public Works.

Using non-price criteria in the tender evaluation process

Non-price evaluation criteria may be used in open or select tender situations.

It is important to ensure that the non-price criteria used to assess value for money are appropriate. Specifically, they must be consistent with the objectives of the *State Procurement Policy* and with required project outcomes.

Generally, the process for using non-price criteria in a tender evaluation is as follows:

- identify any project-specific non-price issues critical to the success of the project, and determine the appropriate non-price criteria
- consider which, if any, of the government ambitions and targets are most relevant/appropriate to the project, and determine the non-price criteria accordingly
- determine the overall weightings for the price and non-price criteria
- apportion the overall weighting for non-price criteria among the government ambitions and targets and project-specific non-price criteria (including any sub-criteria), as appropriate
- incorporate all criteria and associated weightings into the tender documents
- evaluate tenderers’ responses to the non-price criteria, along with tender prices (N.B. undertaken by a tender panel).