

Guidelines

National Prequalification System
for Civil (Road and Bridge)
Construction Contracts

Contents

1. Introduction.....	3
2. Terms and Conditions of Prequalification.....	5
3. Prequalification Categories and Financial Levels.....	7
4. Prequalification Requirements.....	12
5. Assessment Process.....	16
6. Maintenance of Prequalification Status.....	17
7. Tendering as a Prequalified Contractor.....	21
8. Schedule to the Guidelines.....	23

Disclaimer

The National Prequalification System has been specifically established to meet the requirements of Participating Authorities, and Participating Authorities rely on an Applicant's own documentation in undertaking any assessments.

Other persons and organisations seeking to deal with a prequalified contractor must rely on their own independent enquiries and judgment. The Participating Authority and its officers, employees and agents do not represent that any prequalified contractor is technically, financially or otherwise sound.

These Guidelines outline the minimum requirements of the National Prequalification System adopted by the Participating Authority. The Participating Authority reserves the right to expand upon and tailor these requirements or any of the processes outlined in these Guidelines as appropriate to better reflect their local requirements. Where possible, the local contracting industry will be consulted before any significant changes are introduced.

To the extent permitted by law, the Participating Authority and its officers, employees and agents are not liable for any costs, loss, damage or injury (howsoever caused) incurred by any person as a result of the exercise of the discretion to grant prequalification, downgrade, suspend or cancel a contractor's prequalification status.

Introduction

1.1. Definitions

In this document, unless the context precludes it, the following terms have the following meanings:

- **Applicant** means the legal entity lodging the Application.
- **Application** means the completed submission ('Application Form'), lodged by the Applicant to be prequalified in one or more categories and a financial level.
- **Guidelines** mean this document.
- **Jurisdiction** is the jurisdiction nominated in Item 2 of the Schedule.
- **National Prequalification System** means the National Prequalification System for Civil (Road and Bridge) Construction Contracts developed by Austroads.
- **Participating Authority** is the road authority listed in Item 1 of the Schedule.
- **Schedule** means the Schedule to these Guidelines.
- **Tender** includes quotation, proposal or registration/expression of interest.

1.2. Overview

Contractors wishing to tender for road and bridge construction contracts and other nominated contract types must be prequalified at the time specified in Item 3 of the Schedule.

Prequalification of contractors is a risk mitigation strategy for Australian road authorities which does not simply consist of a one-off assessment but is, in fact, a continuous process of review comprising:

- an initial assessment of a contractor's capabilities at the time of lodgement of an Application (including its operational management systems)
- financial and/or technical checks during the tender assessment process, before a contract is awarded
- assessment of a contractor's performance in contract, at the completion of contracts, and at other times when a review may be warranted
- in some jurisdictions, periodical renewal of prequalification via submission of a new Application.

The Participating Authority may advertise for prequalification periodically and eligible entities may apply for prequalification at any time. Prequalification is granted for the time period nominated in Item 4 of the Schedule.

Contractors that are not eligible to obtain full prequalification may be able to obtain prequalification on a 'restricted' or 'conditional' basis, as detailed further in these Guidelines.

Eligibility requirements are described in these Guidelines, along with the terms and conditions of prequalification and the process that will be undertaken by the Participating Authority to assess and review prequalification Applications.

1.3. Background

Prequalification with the Participating Authority falls within the National Prequalification System. The National Prequalification System consolidates all the various jurisdiction-specific prequalification schemes previously in place to create a seamless, harmonised framework for applications, assessments and reviews.

The National Prequalification System was developed on behalf of Austroads by a Working Group comprising senior contract services personnel from state and territory road authorities.

The Working Group recognised that harmonising existing prequalification systems would benefit both road authorities and contractors by:

- improving consistency of eligibility requirements and prequalification categories/levels, delivering greater certainty to industry
- reducing the burden on individual road authorities arising from administration of unique localised systems
- improving information-sharing on contractor performance across road authorities
- promoting best practice in the road and bridge construction industry
- retaining the risk management benefits of prequalification and enabling mutual recognition.

The National Prequalification System is scheduled to commence on 1 January 2011.

1.4. Objectives

The main objectives of the National Prequalification System are to:

- enable Participating Authorities to assess the capabilities of contractors and identify those with the requisite technical, managerial and financial capacity to efficiently deliver road and bridge construction contracts in accordance with their specific requirements
- minimise the contractual risks associated with constructing roads and structures
- minimise the costs of the tendering process for both Participating Authorities and industry
- promote best practice in the road and bridge construction industry
- ensure robust, consistent, transparent and objective processes across all Participating Authorities.

1.5. Scope

Prequalification applies to:

- civil (road and bridge) construction contracts valued at over the amount listed in Item 5 of the Schedule, which are subject to the seeking of quotations and/or competitive tenders where prequalification is a requirement
- contracts for works in the specialist categories listed in Item 6 of the Schedule.

Prequalification does not apply to the exclusions listed at Item 7 of the Schedule.

Participating Authorities are not precluded from adopting alternative forms of tendering (for example, open tenders or expressions of interest) for specific contracts for which prequalification may not be relevant or suitable.

1.6. Mutual Recognition

General

Inclusion of a mutual recognition framework was identified as one way of reducing the burden on contractors from applying for and maintaining prequalification with many separate and different authorities, each of which have slightly different requirements.

Under the National Prequalification System, prequalification by one Participating Authority (the 'assessing authority') in road/bridge construction categories or financial levels will be recognised by

other Participating Authorities. Participating Authorities as at 1 January 2010 are listed in Table 1. Recognition of prequalification is not automatic, and must be initiated by the prequalified contractor via submission of a registration form with the Participating Authority with which the recognition is sought. The registration form must include evidence of currency and scope of prequalification with the assessing authority.

Table 1: Participating jurisdictions and authorities

Jurisdiction	Authority(s)
Commonwealth	Various authorities that may undertake road or bridge construction
New South Wales	Roads and Traffic Authority, New South Wales (RTA)
Victoria	Roads Corporation, Victoria (VicRoads)
Queensland	Department of Transport and Main Roads, Queensland (TMR)
Western Australia	Main Roads Western Australia (MRWA)
South Australia	Department for Transport, Energy and Infrastructure, South Australia (DTEI)
Tasmania	Department of Infrastructure, Energy and Resources, Tasmania (DIER)
Northern Territory	Department of Lands and Planning, Northern Territory (DLP)
Australian Capital Territory	ACT Procurement Solutions, Shared Services, Department of Territory and Municipal Services, Australian Capital Territory

Note: Commonwealth agencies are unlikely to process prequalification applications. Where a Commonwealth agency decides to seek tenders from prequalified contractors, it will recognise relevant prequalification status awarded by states and territories under the Austroads National Prequalification System.

Exclusions

Please note:

- Mutual recognition does not apply to the specialist categories listed in Item 6 of the Schedule.
- While trust arrangements that were prequalified with one or more Participating Authority prior to the introduction of the National Prequalification System along with partnerships, unincorporated joint ventures, government entities or other types of entities are able to prequalify under the National Prequalification System with Participating Authorities that accept Applications from these types of entities, they are only eligible to obtain 'restricted' prequalification.
- Mutual recognition only applies to contractors with 'full' prequalification status. Contractors prequalified on a 'restricted' basis are ineligible for mutual recognition.
- In specific circumstances, contractors that meet the eligibility criteria but not all aspects of the assessment criteria may be granted 'conditional' prequalification. 'Conditional' prequalification status will not generally be recognised by other Participating Authorities, except in limited circumstances (refer to Section 5.3 of these Guidelines for more information).

2. Terms and Conditions of Prequalification

2.1. General

Applicants for prequalification and prequalified contractors are required to comply with the terms and conditions and associated procedures described in this Section 2.

2.2. No Guarantee of Work

Prequalification is not to be construed as a guarantee of work. Prequalification only determines a contractor's eligibility to tender for work, subject to meeting any local legislative/regulatory

requirements. Participating Authorities apply government procurement principles, including value-for-money, in the assessment and selection of tenders.

2.3. Application Requirements

To become prequalified, a contractor ('the Applicant') must select one or more prequalification categories that it believes to be commensurate with its capabilities and submit an Application Form with supporting information that addresses all specified criteria.

In submitting its Application, the Applicant gives permission to the Participating Authority to carry out such investigations as are considered necessary to evaluate the Application and to determine whether it meets the relevant prequalification criteria. These investigations include, but are not limited to, a company search and bank reference checks.

In undertaking its assessment, the Participating Authority may take into account other information in its possession, or information provided by other Participating Authorities or government agencies.

In considering Applications from subsidiary companies or entities the Participating Authority reserves the right to examine the resources of the parent company or entity, or other related entities, if considered warranted.

2.4. Confidentiality

The Participating Authority may refer an Applicant's documentation to its external assessors for assessment. External assessors are required to maintain confidentiality of all information received. However, in lodging an Application, Applicants agree to provide the necessary authority to enable searches and enquiries to be carried out.

Information submitted in an Application for prequalification will be treated as commercial-in-confidence and will not be disclosed to any party outside the Participating Authority and its assessors unless the Participating Authority is legally required to do so, for the purposes of obtaining legal or financial advice, or in relation to appeals regarding prequalification decisions.

Once prequalified, a contractor's details, including details of its performance on specific contracts, may be shared with other Participating Authorities and government agencies for the purpose of monitoring performance and to determine continued eligibility for prequalification.

Lists of prequalified contractors may be made publicly available by the Participating Authority, or on the National Prequalification Database. Details may include:

- name and address of organisation
- unique identifier i.e. ABN, ACN and/or ARBN
- categories and financial level prequalified in
- name of the assessing authority and date of the last assessment
- details of recognition of the contractor's status by any other Participating Authorities
- notice that the contractor's prequalification status is under review (refer to Section 6.2)
- additional details listed in Item 8 of the Schedule.

2.5. Change of Circumstances

Prequalified contractors have an obligation to advise the Participating Authority of any change in circumstances that may be material to their prequalification status, including any convictions or breaches of legislation or statutory regulations.

Further information is provided in Section 6 of these Guidelines.

2.6. Governing Law

These terms and conditions shall be governed by the laws of the state or territory nominated in Item 2 of the Schedule and each party submits to the exclusive jurisdiction of the Courts in that state or territory. Where appropriate the reviews and appeals process outlined in Section 6.4 will be utilised.

2.7. Other

The contractor must comply with any local jurisdictional requirements, including state/territory or Participating Authority procurement codes. These are listed at Item 9 of the Schedule and may be assessed during prequalification and/or during tender assessment.

2.8. Applicant's Undertaking

Acceptance of terms and conditions

In applying for prequalification (including renewal, where required by the Participating Authority) or upgrading, the Applicant is deemed to have accepted the terms and conditions of prequalification, which the Applicant acknowledges and accepts may be varied from time to time.

Accuracy of application information

The Applicant must ensure that all particulars in the Application are true and correct in every detail.

Use of prequalification status for advertising and promotion

The Applicant agrees not to use any information relating to its prequalification status or contract performance in its advertising or promotional material or publish such information in any form without the express written consent of the Participating Authority. The Applicant further agrees that it accepts full responsibility for any consequences arising from the use of such information.

3. Prequalification Categories and Financial Levels

3.1. Overview

The Participating Authority has established prequalification categories for the construction of roads and bridges and for the specialist categories listed in Item 6 of the Schedule. Contractors are approved for prequalification based on an assessment of their capacity to undertake contracts of varying technical and financial complexity and risk.

Prequalification is also awarded for specified financial levels. Refer to Section 3.5 of these Guidelines for further detail.

3.2. Road Categories

The five roads categories are identified by the letter 'R' (R1, R2, R3, R4 and R5). The categories, which are summarised in Table 2, relate to the construction of general roadworks. This includes earthworks, pavement and drainage works that could reasonably be satisfactorily constructed by a general civil engineering contractor with the relevant experience and background.

Table 2: Prequalification categories for road contracts

Category	Indicative description of work
R1	<p>Small-scale, non-complex roadworks that meet the Participating Authority's specifications and contract requirements – often rural works with minimal service relocations, traffic and staging issues.</p> <p>The following are typical characteristics:</p> <ul style="list-style-type: none"> ▪ minor works including construction, reconstruction and widening ▪ general earthworks to a maximum of 5 m in cut or fill ▪ cattlegrids ▪ all aspects of routine pavements and surfacings ▪ minor culvert work and reinforced concrete works not including bridges or larger retaining walls ▪ non-complex to moderately complex worksite traffic management ▪ non-complex community/stakeholder management ▪ non-complex project management ▪ non-complex environmental risk management.
R2	<p>Including category R1 activities plus any or all of the following:</p> <ul style="list-style-type: none"> ▪ earthwork associated with bridge abutments, including structural fill and rock protection ▪ excavation in rock not requiring blasting ▪ at grade intersection and channelisation works ▪ medium-sized culvert works including precast concrete components ▪ cross and longitudinal drainage ▪ granular pavement and/or hot mix asphalt pavements ▪ bituminous surfacing ▪ ancillary works (for example: signing, lighting, traffic signals) ▪ non-complex service relocation.
R3	<p>Including category R2 activities as well as any number of the following:</p> <ul style="list-style-type: none"> ▪ general earthworks exceeding 5 m in cut or fill ▪ mechanically stabilised earth construction to a nominal 5 m in height ▪ excavation in hard rock where blasting is likely to be required ▪ pavement construction using marginal materials ▪ pavement construction using modified materials ▪ high performance surfacings ▪ special foundation and/or subgrade and subsoil drainage treatments ▪ moderately complex to complex community/stakeholder management ▪ non-complex design management ▪ moderately complex worksite traffic management ▪ moderately complex project management including subcontractor management ▪ moderately complex environmental risk management.
R4	<p>Including category R3 activities and activities similar to R3 but more complex. Significant subcontracting is often involved. Additional features may include:</p> <ul style="list-style-type: none"> ▪ heavy duty pavements (including heavy duty asphalt pavements) ▪ mechanically stabilised earth construction greater than 5 m in height and other substantial retaining structures ▪ grade-separated intersections ▪ complex staged traffic management in high speed and/or urban environments ▪ complex community/stakeholder interfaces ▪ consultant team coordination and/or management ▪ design management ▪ complex project management ▪ complex service relocation ▪ complex environmental risk management.

Category	Indicative description of work
R5	<p>Including category R4 activities but larger in magnitude and complexity, which may include:</p> <ul style="list-style-type: none"> ▪ complex grade separated interchanges, multiple carriageways ▪ non-standard and heavy duty pavements (including variations of type and scale within the project) ▪ complex traffic management in high speed/urban/freeway environments involving complex staging ▪ more complex community/stakeholder interfaces and complex project management ▪ complex consultant team coordination and/or management ▪ complex design management.

3.3. Bridge Categories

The four bridge categories are identified by the letter “B” (B1, B2, B3 and B4).

These categories, which are summarised in Table 3, relate to structures contracts that could reasonably be satisfactorily completed by a civil engineering contractor with the relevant experience and background.

Table 3: Prequalification categories for bridge contracts

Bridges category	Indicative description of work
B1	<p>Non-complex works on concrete and steel structures that meet the Participating Authority's specifications and contract requirements. Work can be undertaken by experienced contractors with little or no previous bridge works experience. The works may include:</p> <ul style="list-style-type: none"> ▪ structures works ▪ cast-in-situ re-inforced concrete flat slab bridges ▪ reinforced concrete ▪ fabricated steel overhead gantries ▪ simple cut and cover tunnels using either proprietary products or simple cast-in-situ construction ▪ culvert and other drainage structures ▪ spread footing foundations ▪ earth retaining structures, excluding mechanically stabilised earth ▪ large floodways ▪ basic earthworks ▪ simple expansion joints ▪ non-complex community/stakeholder management.
B2	<p>Non-complex works on concrete and steel structures requiring experienced contractors with previous bridge works experience. Includes category B1 capability as well as any number of the following more complex activities:</p> <ul style="list-style-type: none"> ▪ standard non-complex shallow pile foundations without the need for floating equipment or temporary bridges ▪ composite bridge superstructures with composite reinforced concrete deck slab ▪ elastomeric bridge bearings ▪ moderate earthworks including guidebanks and rock protection ▪ mechanically stabilised earth structures ▪ construction over operating roads (low traffic volumes) and non-electrified rail lines ▪ fabricated overhead sign gantries and major culverts ▪ moderately complex community/stakeholder management ▪ environmental risk management.

Bridges category	Indicative description of work
B3	<p>Complex works on concrete and steel structures requiring experienced contractors with highly developed or specialised skills and substantial previous bridge construction experience. Involves those activities listed in category B2, plus:</p> <ul style="list-style-type: none"> ▪ superstructures with simply supported pre-stressed concrete girders and cast-in-situ composite decks ▪ simply supported voided slab superstructures ▪ foundations which may be complex and/or require deep piling and/or require floating equipment or temporary bridges ▪ simple geometry, simple post tensioning ▪ structures carrying significant public utilities ▪ structures involving spherical/pot bearing systems and fabricated expansion joints ▪ construction over operating roads (low-medium traffic volumes) and electrified rail lines ▪ moderate to complex community/stakeholder interfaces and project management aspects ▪ consultant team coordination and/or management ▪ design management.
B4	<p>Complex works on concrete and steel structures requiring experienced contractors with highly developed or specialised skills and previous complex bridge construction experience. Involves those activities listed under the B3 category, plus:</p> <ul style="list-style-type: none"> ▪ significant fabricated steel superstructures ▪ heavy foundations involving piles or steel liners driven from floating equipment ▪ complex geometric/aesthetic shapes ▪ elevated overpass structures with complex geometry ▪ superstructures requiring segmental construction techniques, incrementally launching techniques, floating cranes and launching trusses for placement of girders ▪ small cable stayed bridges, such as footbridges ▪ complex earthworks, including guidebanks and rock protection ▪ construction over navigable waterways ▪ complex cast-in-situ cut and cover tunnels ▪ construction over operating roads (high traffic volumes) and electrified rail lines ▪ more complex community/stakeholder interfaces and project management ▪ more complex consultant team coordination and/or management ▪ complex design management ▪ complex environmental risk management.

3.4. Specialist Categories

These categories, which are summarised in Table 34, relate to specialist contracts that could reasonably be satisfactorily completed by a civil engineering contractor with the relevant experience and background.

Table 4: Prequalification categories for specialist works

Category	Indicative description of category requirements
Bridge Maintenance (BM)	<p>Bridge maintenance relates to maintenance activities to preserve the structural integrity of bridges and extend service lives of various bridge elements. To be eligible an Applicant must demonstrate:</p> <ul style="list-style-type: none"> ▪ sufficient experience in bridge maintenance and traffic management ▪ personnel experienced in relevant maintenance works ▪ it has in place a third party certified IMS <p>NOTE: Evidence of experience in the following specific maintenance activities may be required at tender stage:</p> <ul style="list-style-type: none"> – concrete repair/coatings – installation, maintenance and monitoring of cathodic protection systems – bridge painting – lead paint removal – steel repair – bridge joint and bearing repair – timber repair/maintenance – masonry repair/maintenance
Sealing (S)	Recognised contractor with extensive experience in bitumen works. Usually sole work type. Can be specialist in spray seals, slurry seals or asphalt works. Equipment calibrated to recognised standard. Capable of undertaking seal designs and working to specifications. Has in place third party certified IMS. Ability to coordinate multi-site projects, proven experience in traffic management.
Pavement Marking (P)	Contractor skilled in pavement marking, paint or thermoplastic, proficient in solvent-based and water-based paint applications. Suitable equipment for highway work. Trained personnel, well versed in traffic management. Capable of placing pavement markers. Ability to coordinate multi-site projects. Has in place third party certified IMS.
Road Safety Fencing (RSF)	Contractor can be a specialist in the erection of road safety barrier systems using wire rope and /or steel flex beams or any other types of safety fencing. Has in place third party certified IMS.
Traffic Signs (TS)	Contractor specialises in the manufacture and erection of all types of signs for the road network. Fully cognisant with AS1742. Has in place third party certified IMS.

3.5. Financial Levels

The financial levels are identified by the letter 'F' (F0.25, F1, F2, F5, F10, F15, F20, F25, F50, F75, F100, F150 and F150 PLUS). The levels are summarised in Table 5.

Table 5: Financial levels

Financial level	Maximum values
F0.25*	\$250 000
F1*	\$1 million
F2*	\$2 million
F5	\$5 million
F10	\$10 million
F15	\$15 million
F20	\$20 million
F25	\$25 million
F50	\$50 million

Financial level	Maximum values
F75	\$75 million
F100	\$100 million
F150	\$150 million
F150 PLUS	Unlimited

Financial levels F0.25, F1 and F2 are optional prequalification levels under the National Prequalification System. The Participating Authority has indicated if they are required at Item 10 of the Schedule.

Applicants should note that the financial prequalification level is only indicative, as it represents the Applicant's financial capacity at a particular point in time. The Participating Authority reserves the right to require an updated financial assessment to be undertaken prior to the award of any contract. The results of any such updated assessment will not immediately affect the financial level a contractor is prequalified for. However, a major variance between the financial level assessed at pre-award and the level prequalified in may trigger a review of the contractor's prequalification status, and may result in the contractor being excluded from further consideration with respect to the tendered works.

Prequalified contractors may seek financial reassessment at any time. However, any additional costs incurred as a result of additional assessment beyond those required by the Participating Authority (i.e. annual reassessment required under the National Prequalification System, or updated financial assessments prior to the award of relevant contracts) will be borne by the prequalified contractor.

4. Prequalification Requirements

Applicants for prequalification are required to meet eligibility criteria, and to demonstrate sufficient achievement across the four over-arching criteria against which Applications are assessed.

The eligibility criteria and assessment criteria are detailed in this Section 4.

4.1. Entities Eligible for Prequalification

Companies

Civil engineering construction companies that possess relevant experience in the construction of roads and bridge structures are eligible to apply for prequalification.

Joint ventures - incorporated joint ventures

An incorporated joint venture is a separate legal entity that may have been formed specifically to undertake a project or projects. The entity may draw upon the resources (technical and/or financial) of the entities supporting the joint venture.

An incorporated joint venture applying for prequalification must meet the criteria for prequalification in its own right. The Participating Authority recognises, however, that a newly formed joint venture may have difficulty satisfying some of the financial criteria (such as profit performance) and will therefore apply the same principles outlined below regarding newly formed companies.

Newly formed companies

It is acknowledged that newly formed companies will not be in a position to provide details of any significant past experience or financial capacity. As such, the suitability for prequalification of newly

formed companies will be assessed by the Participating Authority on a case-by-case basis, taking the entity's status into account.

4.2. Entities Eligible for Restricted Prequalification

Other forms of legal entity may also be eligible for prequalification, where specified by the Participating Authority, as further described below.

Joint ventures – unincorporated joint ventures

Where specifically allowed by Participating Authorities, unincorporated joint ventures may be eligible for prequalification on a 'restricted' basis which will enable them to tender for work in the relevant state or territory only. Mutual recognition is not available to unincorporated joint ventures prequalified on a restricted basis.

Prequalification Applications from unincorporated joint ventures must include:

- a copy of the joint venture agreement
- the structure of the joint venture
- details of key personnel from each of the joint venture parties
- details of the management systems to be used by the joint venture.

Whilst it is acceptable to nominate the certified management systems of one of the joint venture parties for use by the joint venture, a statement should be provided to demonstrate how the systems will be integrated across the group and how other joint venture parties will be made familiar with the system details.

Trusts (prequalified prior to 1 January 2011)

Contractors operating under trust arrangements that were prequalified with one or more Participating Authorities immediately prior to introduction of the National Prequalification System will be allowed to re-apply for prequalification with that authority, and will be provided with a sunset period in which to re-arrange their business structure into an eligible form of legal entity, should they wish to remain prequalified.

Where currently prequalified trusts do elect to restructure their business into an eligible entity the performance history of the trust will be transferred through to the new entity so as to maintain the performance track record of the previous trust arrangement.

During the sunset period, existing trust arrangements will be prequalified on a 'restricted' basis, which will enable them to tender for work in the relevant state/territory only. Mutual recognition is not available to trust arrangements prequalified on a restricted basis.

From 1 January 2015 existing trusts will no longer be eligible to prequalify under the National Prequalification System.

Partnerships, government and other entities

Although only agreed entity types as detailed in Section 4.2 are eligible for prequalification and recognition under the National Prequalification System, some Participating Authorities may allow other entities such as individuals, partnerships or government entities to apply for prequalification within their specific jurisdictions. Where these types of entities meet the Participating Authority's eligibility criteria, they will be able to seek prequalification on a restricted basis, which will enable them to tender for work in the relevant state/territory only. Mutual recognition is not available to entities prequalified on a restricted basis.

A list of other entities eligible for prequalification can be requested from the Participating Authority listed at Item 1 of the Schedule.

4.3. Excluded Entities

Related entities

Prequalification does not extend to related or subsidiary companies or entities of a prequalified contractor. Any such company or entity must apply for prequalification in its own right.

Trusts

Trust arrangements not previously prequalified with one or more Participating Authorities are not eligible to prequalify under the National Prequalification System.

From 1 January 2015, previously prequalified trusts that were grandfathered across to the National Prequalification System will no longer be eligible to prequalify under the National Prequalification System.

Other

Other types of entities may be excluded by the Participating Authority; these are listed in the Schedule at Item 12.

4.4. Assessment Criteria

Company profile

The Applicant's company profile will be assessed to determine suitability for prequalification, including in the following areas:

- organisational structure
- stability of organisation
- senior management
- general performance
- third party certified management systems in the areas of quality management, occupational health and safety management and environmental management, as per Table 6 (below).

Table 6: Summary of certification requirements for management systems under the National Prequalification System

	Quality management system	Environmental management system	OHS management system*
R1/B1	An independently audited system that meets the requirements of a checklist to be provided by the assessing authority. OR A third party certified Integrated Management System (CCF or equivalent).	An independently audited system that meets the requirements of a checklist to be provided by the assessing authority. OR A third party certified Integrated Management System (CCF or equivalent).	An independently audited system that meets the requirements of a checklist to be provided by the assessing authority. OR A third party certified Integrated Management System (CCF or equivalent).
R2/B2 and above	Full 3rd party AS/NZS ISO 9001	Full 3rd party AS/NZS ISO 14001	Full 3rd party AS/NZS 4801
Specialist Categories	A third party certified Integrated Management System (CCF or equivalent).		

* Accreditation under the Australian Government's Building and Construction OH&S Accreditation Scheme is deemed to satisfy the OHS requirement for prequalification at all levels.

Please note: Where third party certification of management systems is required, the following requirements apply.

For categories R1/B1

- The independent auditor that assesses the Applicant's management systems against the checklists or certifies the Integrated Management System must be:
 - a conformity assessment body accredited by the Joint Accreditation System for Australia and New Zealand (JAS-ANZ) to the relevant standard, or
 - registered by RAB-QSA (or equivalent), with experience in the civil construction industry.

For categories R2/B2 and above

- The third party certification or verification of the management systems must be undertaken by a conformity assessment body accredited by JAS-ANZ to the relevant standard.

A phase-in period from 1 January 2011 to 30 June 2013 will be provided for Applicants previously prequalified with a Participating Authority to upgrade their systems to the new standard. Providing the Applicant can demonstrate previous management systems are maintained they will be eligible for conditional prequalification during this period as outlined in Item 14 of the Schedule. After 30 June 2013 eligibility and award of conditional prequalification with regard to management system standards is at the sole discretion of the Participating Authority.

For specialist categories

- The independent auditor that certifies the Integrated Management System must be:
 - a conformity assessment body accredited by the Joint Accreditation System for Australia and New Zealand (JAS-ANZ) to the relevant standard, or
 - registered by RAB-QSA (or equivalent), with experience in the civil construction industry.

Financial capacity

To be considered for prequalification and to maintain prequalification status, contractors must demonstrate strong business viability over both the short and long term. Applicants that demonstrate sufficient financial capacity to be prequalified will be assigned a financial 'level' and become eligible to tender for advertised contracts that nominate a financial level, providing the Applicant is prequalified in the advertised technical categories.

In assessing financial capacity, inter-company arrangements including loans and current contractual commitments will be taken into account.

In some cases the Participating Authority (at its own discretion) may allow the financial capacity of a subsidiary company to be assessed with consideration of the financial capacity of its parent company (or guaranteeing entity) along with suitable undertakings from the parent entity, such as a Letter of Undertaking or Parent Company Guarantee as detailed at Item 11 of the Schedule. Any award of financial level based on an assessment of a parent company will be regarded as conditional prequalification.

Company experience

Applicants' experience will be assessed to determine suitability for prequalification, including in the following areas:

- past and current projects
- contract completion
- project management
- partnering/relationship management
- community/stakeholder engagement
- utilisation of management systems
- traffic management.

Technical capacity

Applicants and prequalified contractors must demonstrate that they have the technical capacity to undertake works in the nominated prequalification categories, as further detailed in these Guidelines and in the Application Form.

In particular, Applicants and prequalified contractors must have:

- experience and capability in the type of work relevant to the prequalification category
- evidence of sufficient staff with appropriate qualifications and licences to practise (where relevant)
- appropriate availability of plant and equipment.

5. Assessment Process

5.1. Assessment of Applications

The Participating Authority will assess all Applications for prequalification to determine whether or not the Applicant meets the requirements of the specific prequalification category or categories and to determine an appropriate financial level. A mixture of internal and external assessors may be used.

Assessment of Applications will be based on the following:

- information contained in the completed Application and attached supporting documentation
- referee reports
- documented evidence held by the Participating Authority regarding the Applicant's previous performance
- information obtained by other Participating Authorities or government agencies regarding the Applicant's previous performance.

The Participating Authority may consider any information in the assessment as is deemed necessary.

5.2. Notification

Applicants will generally be notified in writing regarding which, if any, prequalification category(s) and financial level they have achieved within four weeks (or in the timeframe shown in Item 13 of the Schedule) of lodgement of their Application (providing all relevant information was included),

unless significant issues arise during consideration of an Application in which case further information may be sought. Such notifications will include, where warranted, any specific limitations or conditions applicable to the allocated prequalification category.

Applicants that are not satisfied with the outcome of the assessment may lodge a request for a review or appeal, as detailed in Section 6.4 of these Guidelines.

5.3. Conditional Prequalification

The Participating Authority may allow conditional prequalification in isolated cases where the Applicant does not meet all of the criteria for a particular prequalification category or financial level. In such cases, prequalification may be granted in a particular category or level, on a 'conditional' basis. The granting of conditional prequalification is at the sole discretion of the Participating Authority and would be generally on the basis that there is some benefit to the Participating Authority in allowing the conditional prequalification. Item 14 of the Schedule indicates the Participating Authority's position regarding conditional prequalification.

Providing the conditionally prequalified contractor continues to comply with the nominated conditions of their prequalification, they will be eligible to tender for contracts in the categories and financial level they are conditionally prequalified in.

Please note: Applicants receiving conditional prequalification are not eligible for mutual recognition of this prequalification status with other Participating Authorities unless the other Participating Authorities agree, at their absolute discretion, to prequalify the Applicant on the same conditions imposed by the assessing authority, or similar conditions that meet the other Participating Authorities' specific requirements.

5.4. Upgrading Prequalification Status

A prequalified contractor may apply for an upgrade of its prequalification status at any time by completing and submitting a new Application Form. The Application Form may be lodged with any Participating Authority. If the Application for an upgrade is approved, the upgraded categories/financial level will be recognised by other Participating Authorities with which the contractor's prequalification status is recognised.

In submitting an Application for an upgrade in a prequalification category or financial level a contractor must be able to demonstrate that its circumstances have changed sufficiently since its last prequalification Application was assessed. As such, it may not be necessary for the Applicant to complete the entire form. However, sufficient details supporting the request for an upgrade must be provided.

Temporary upgrades for the purpose of tendering for specific contracts will not be provided.

Any details relating to the Participating Authority consideration of prequalification upgrades are listed at Item 15 of the Schedule.

6. Maintenance of Prequalification Status

6.1. Provision of Updated Information

In order for a prequalified contractor to maintain its prequalification status the contractor must submit for assessment regular and full updates of information to support its ongoing financial capacity, technical capacity, and experience as follows:

- up-to-date financial information – annually
- up-to-date information on Company Profile, Company Experience and Technical Capacity – at a minimum of every three years or following a significant change in any of these areas.

The Participating Authority will monitor and assess the ongoing performance of each prequalified contractor. Each contractor's prequalification status will depend on the contractor maintaining a good level of performance in its delivery of the Participating Authority's contracts.

A Contractor Performance Report will be prepared upon completion of each contract. Interim Reports may also be prepared during the course of a contract, dependent on the duration of the contract.

The reports will be used to promote the process of continuous improvement, to assist in Applications for upgrades in prequalification status, to support the contractor's ongoing prequalification status and to ensure a common understanding of expectations for both parties regarding the contracted works.

6.2. Review of a Contractor's Prequalification Status

For contractors operating in a single jurisdiction

The Participating Authority may review a contractor's prequalification status at any time. A review may be initiated, amongst other reasons, for any one of the following:

- where conditional prequalification has been granted subject to a review being carried out following completion of the first contract under the conditional arrangement
- where a contractor's performance is considered unsatisfactory
- following changes to a contractor's organisational structure, or technical, financial or management capacity which, in the opinion of the Participating Authority, may have an adverse effect on the contractor's performance
- where restrictions on a licence/registration to practise are imposed, or third party certification of a management system is withdrawn or has expired
- for failure to comply with the terms and conditions of prequalification.

As a result of a review, the Participating Authority may, at its discretion, cancel, downgrade or suspend a contractor's prequalification status. If any such action is proposed, the contractor will first be given the opportunity to show cause why its prequalification status should not be adjusted.

This shall be undertaken via a formal Show Cause Notice to the contractor. The Show Cause Notice shall:

- state that it is a notice under the National Prequalification System terms and conditions
- specify the alleged breach
- require the contractor to show cause in writing why the Participating Authority should not exercise the right to cancel, suspend or downgrade the contractor's prequalification status
- specify the time and date (not more than 10 business days or within the timeframe shown at Item 16 of the Schedule) by which the contractor must show cause.

The Participating Authority may make further enquiries to verify the contractor's responses.

If by the time specified in a Show Cause Notice the contractor fails to respond or to show reasonable cause why the Participating Authority should not adjust the prequalification status, the Participating Authority may cancel, suspend or downgrade the prequalification status without further notice to the contractor.

The contractor may elect to appeal the imposition of the sanction in accordance with the process outlined in Section 6.4 of these Guidelines.

For contractors operating in multiple jurisdictions

Contractors operating across multiple jurisdictions under the mutual recognition framework will be subject to a four-step multi-jurisdiction review process, as outlined below:

- Step 1: The relevant authority would issue a warning to the contractor regarding the matter of concern, e.g. poor performance and/or breach of the terms and conditions of prequalification and initiate a jurisdictional review. This warning could potentially be recorded as an 'under review' flag on the National Prequalification Database for a specified period of time.
- Step 2: If the relevant authority assesses that the situation has not improved, it will convene a sub-committee of the National Prequalification System Management Committee, comprising representatives from all relevant authorities. The Sub-Committee will, within 20 business days, provide written notification of its decision.
- Step 3: The contractor will be provided with a minimum period of 10 business days from receipt of the Show Cause Notice to show cause as to why the nominated sanction should not be applied.
- Step 4: If the contractor fails to show cause, the sanction will be applied without further notice to the contractor.

The contractor may elect to appeal the imposition of the sanction in accordance with the process outlined in Section 6.4 of these Guidelines.

6.3. Cancellation, Suspension or Downgrading

Further details regarding the types of matters that may give rise to a cancellation, suspension or downgrading are provided below.

Cancellation

Examples of breaches that may give rise to cancellation of a contractor's prequalification status include (but are not limited to):

- unsatisfactory performance on one or more contracts between the contractor and one or more Participating Authorities
- a Show Cause Notice has been issued in relation to a contract, or a contract has been terminated
- the prequalified contractor has been placed into voluntary administration or involved in a compromise or other arrangements with creditors
- an adverse change in the organisation's management systems or technical capability (including availability of key personnel) from that on which the prequalification level was assessed such that the contractor no longer fully meets the requirements for prequalification at any level
- where changes have been made to prequalification and the contractor has been given a nominated period of time to comply with the changes but fails to do so
- where a contractor has been granted conditional prequalification subject to it meeting certain requirements and it fails to meet those requirements within the stipulated timeframes
- where the contractor is experiencing financial problems, as verified by the Participating Authority or Committee.

A cancellation of prequalification status with the assessing authority will extinguish any mutual recognition arrangements that a contractor may have in place with other Participating Authorities.

Suspension

Prequalification may be suspended in particular circumstances, such as where the contractor is experiencing a temporary problem and is unable to satisfy all of the prequalification criteria in the short term. In such circumstances, the contractor's prequalification may be suspended until the temporary problem is remedied and the contractor is again able to satisfy all of the criteria corresponding to the level of prequalification granted.

Where a contractor operates under mutual recognition arrangements, suspension may take the form of a withdrawal of recognition of the contractor's prequalification status by Participating Authorities for a specified period of time. Other Participating Authorities which recognise the prequalified contractor will be notified of the suspension and its cause. Where the matter affects compliance with the assessment criteria, (e.g. expiry of a management system certification), a suspension by the assessing authority will result in an automatic suspension of prequalification with all other Participating Authorities with which the contractor has registered a recognition of its prequalification status.

Downgrading

Examples of breaches that may give rise to downgrading of a contractor's prequalification status include (but are not limited to):

- repeated minor contractual or prequalification system non-compliances where, in the opinion of the Participating Authority or Committee, there is an unacceptable risk in allowing the contractor to remain prequalified at their current prequalification level, but the contractor is able to demonstrate that it can fully comply with the prequalification requirements for a lower level of prequalification
- an adverse change in the organisation's management systems or technical capability (including availability of key personnel) from that upon which the prequalification level was assessed, but the contractor can demonstrate that requirements for a lower level of prequalification are met.

6.4. Reviews and Appeals

If a contractor is not satisfied with any decision made by a Participating Authority or the National Prequalification System Management Committee ('Management Committee') in relation to prequalification decisions or sanctions, the contractor may either request a review of the original decision, or lodge an appeal against the decision, as follows:

Reviews

- The contractor may request a review of the decision by the original assessors, providing sufficient additional information is submitted to warrant a review. Any request for a review must be lodged with the Participating Authority or Chair of the Management Committee as appropriate within 20 business days of the date of the letter advising of the prequalification decision.

Appeals

- Requests for appeals must be lodged with the Participating Authority or with the Chair of the Management Committee within 20 business days of the date of the letter advising of the prequalification decision.
- The appeal will be heard by a specially convened Appeals Panel with the following characteristics:
 - minimum of three members
 - excludes the original assessors/Committee members

- includes one independent industry representative, chosen by the appellant from a pool of three put forward by the Participating Authority or Management Committee Chair.

(**Note:** the appellant must make the selection of an industry representative within the time period specified by the Participating Authority or Chair of the Management Committee.)

- The Appeals Panel will be convened within five business days of lodgement of the appeal.
- The Appeals Panel will review the original decision, and may also consider new/additional information.
- The Appeals Panel will provide written reasons for its decision within 20 business days of the hearing.

The Appeals Panel decision will be final and binding on both the Participating Authority(s) and the appellant.

7. Tendering as a Prequalified Contractor

7.1. General

Where specified in the invitation of tenders, contractors wishing to bid for the work must be prequalified in the nominated technical categories and, where stipulated by the Participating Authority, at the relevant advertised financial level. The Participating Authority's approach to the provision of tender documents to prequalified and non-prequalified entities is detailed in Item 17 of the Schedule.

When a contract involves both road and bridge construction, the Participating Authority will determine the appropriate prequalification category for each component of that contract, together with the financial level. The Participating Authority will determine the prequalification category for each contract based on complexity and risk. Notwithstanding this, tenderers must address any evaluation criteria in the invitation of tenders and comply with the conditions of tendering.

The Participating Authority may nominate one category as the primary category and another as the secondary category. In the event that a contractor is prequalified in only one of these categories (and any stipulated financial level) that contractor may, if it is prequalified for the primary category, submit a tender using a subcontractor that is prequalified in the secondary category.

For example, a contract may be advertised as R3/B3 where it has roadworks characteristics corresponding to category R3 and bridgeworks characteristics corresponding to category B3.

In this example, contractors prequalified in these or higher categories would be eligible to tender for this contract. Where stipulated by the Participating Authority, the contractor may also need to be prequalified at an advertised financial level e.g. F10.

Alternatively, if R3 was nominated as the primary category, a contractor prequalified at R3 or higher would be eligible to tender providing it nominated a subcontractor that is prequalified at B3 (or higher) to undertake the bridgework components.

Tenders will not be accepted from contractors prequalified in the secondary category and nominating a subcontractor that is prequalified in the primary category.

7.2. Joint Ventures

Joint ventures generally must be prequalified before they are eligible to obtain tender documents. Refer to Item 17 of the Schedule for information regarding the Participating Authority's approach to the provision of tender documents to prequalified and non-prequalified entities, including joint ventures.

Joint ventures must note that all contracts entered into with the Participating Authority are on the basis of joint and several liability.

7.3. Prequalification Checks Prior to Awarding of a Contract

The Participating Authority may undertake a check of the preferred tenderer's prequalification status prior to the award of a contract, including any technical or financial matters.

8. Schedule to the Guidelines

Item	Details
1	Department of Infrastructure, Energy and Resources (DIER) 10 Murray Street Hobart TAS 7000 GPO Box 936 Hobart TAS 7001 contractservices@dier.tas.gov.au
2	Tasmania
3	At submission of tenders.
4	Three years (1 January 2011 to 31 December 2013)
5	Prequalification is required for all contracts valued over \$250 000 (excl GST)
6	Bridge Maintenance (BM), Sealing (S), Pavement Marking (P), Road Safety Fencing (RSF) and Traffic Signs (TS).
7	Prequalification is not required for consultancy contracts and general/routine road maintenance works contracts.
8	N/A
9	All prequalified contractors must comply with the <i>National Code of Practice for the Construction Industry 1997</i> , the Tasmanian Annexure to the Code and AS 4120 – Code of Tendering.
10	Prequalification for financial levels F0.25, F1 and F2 is required.
11	N/A
12	N/A
13	Minimum of 6 weeks.
14	Conditional prequalification may be used at DIER's discretion.
15	N/A
16	10 business days.
17	Tender documentation will only be provided to contractors prequalified in the advertised category and, where specified, financial level.