

PREQUALIFICATION INFORMATION

General Building Contractor

- Categories**
- 1** (\$10 million to less than \$50 million)
 - 2** (\$4 million to less than \$10 million)
 - 3** (\$2 million to less than \$4 million)
 - 4** (\$150,000 to less than \$2 million)

Trade/Sub Contractor

- Categories**
- 1** (Over \$2.5 million)
 - 2** (\$1 million to less than \$2.5 million)
 - 3** (\$500,000 to less than \$1 million)
 - 4** (\$150,000 to less than \$500,000)



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Introduction

The SA Government is the single largest and regular purchaser of services from the SA building and construction industry. Government agencies spend substantial investment funds each year on the construction of major and minor works and on professional services related to construction.

The SA Government recognises that with this purchasing power, it has responsibilities and obligations to both the tax payer and the industry to:

- ensure that industry businesses are known to Government
- contract with businesses which demonstrate the best of industry practices
- facilitate continuous improvement in the industry as a whole.

The Government of South Australia through its Department of Planning, Transport and Infrastructure (DPTI), has developed a prequalification process and associated prequalification requirements for businesses wishing to contract with the Government for building construction projects – DPTI Building and Construction Project Prequalification System. Implementation of the System aims to:

- lift the performance of the building and construction industry
- give confidence in the ability of contractors to provide satisfactory project outcomes in terms of time, cost and quality
- provide objective, quantifiable data to support the decision making processes in selecting contractors.

This will enable DPTI to:

- develop a register of contractors who are interested in contracting with government on construction projects
- set minimum requirements based on criteria against which the suitability of contractors to perform government work can be assessed
- adjust the minimum requirements periodically, in keeping with developments in the industry, to effect continuous improvement in the building and construction industry in South Australia
- develop objective, quantifiable data to support the decision-making and risk assessment processes in prequalifying contractors taking into account their technical capability and financial capacity.

DPTI Building and Construction Project Prequalification System

The prequalification process provides a mechanism to continually improve the performance of contractors seeking government work. The system assesses a contractor's capacity and capability to satisfactorily contract with government and complete building construction projects. Prequalification enables contractors to become registered as being suitable to contract with the government in particular categories based on project value. Registration is NOT a guarantee that any contracts will be awarded.

General building and trade/sub contractors wishing to be registered are required to complete an application, which will be assessed and successful applicants will be placed on the register of prequalified contractors. Minimum acceptable benchmarks for registration in categories 1, 2, 3 and 4 are detailed in this document 'Prequalification Information

The assessment process will be undertaken by the DPTI Registrar in the first instance with prequalification being granted by an Assessment Panel. Appeal processes are available where contractors do not agree with the Assessment Panel's decision. Details of the assessment and appeal processes are contained in the document 'Assessment and Appeal Processes (Edition 2012)'.

The prequalification process sets consistent standards in contracting and managing projects as a prerequisite to tendering for government work. Contractors working towards 'industry best practice' should have no difficulty in providing the information called for in the prequalification process. Others may need to review their performance and practices to be able to meet the requirements and some may need to access specialist resources or seek assistance from their industry associations.

DPTI will apply tendering processes to establish contracts and will generally invite registered contractors to tender for those categories and types of work for which the contractor is registered.

National Prequalification System

The National Prequalification System for Non-residential Building (NPS) aims to create certainty and consistency, and streamline the process of prequalification for contractors working in multiple jurisdictions. It applies to non-residential government building contracts where the construction cost estimate is \$50 million and above in participating jurisdictions. South Australia is a participating jurisdiction.

The NPS was developed by the Australasian Procurement and Construction Council (APCC) in conjunction with State and Territory jurisdictions as part of a Council of Australian Governments initiative. The objectives of the NPS are to harmonise the prequalification systems of jurisdictions across Australia and avoid duplication of effort by contractors and jurisdictions by providing for mutual recognition of contractor prequalification.

Contractors with head offices in South Australia seeking prequalification for South Australian Government non-residential building contracts \$50 million and over must apply under the NPS to the (DPTI) Building Management division.

Contractors with head offices in other jurisdictions must apply under the NPS arrangements to the jurisdiction where their head office is located seeking NPS prequalification and mutual recognition by the Government of South Australia.

Further information can be obtained from the Registrar. NPS documentation and contacts can be downloaded from the APCC website at www.apcc.gov.au.

Application and Reference Documents

The following are the application and reference documents for the DPTI Building and Construction Project Prequalification System (Edition 2012).

Application Documents

- 01 Application Form
- 02 Performance Report Form
- 09 Financial Details Form

Reference Documents

- 03 Prequalification Information (PO2)
- 04 Assessment and Appeal Processes (PO19)
- 05 Benchmark Criteria (PO20)
- 06 Financial Capacity Assessment (PO3)
- 07 Performance Reports (PO21)
- 08 Code of Practice and Implementation Guidelines (PO22)
- 10 Quality Assurance (P05)
- 11 Compliance Matrices (P06)

Prequalification System Operation

Registration Period

Registration in the DPTI Building and Construction Project Prequalification System shall be for a period of two years from the date on which registration or re-registration is granted.

Applications will not be fast tracked or given special consideration in regard to the tender call for individual projects, nor will project tender calls be delayed or extended to allow the granting of registration.

Application for Registration

Contractors are invited to apply for registration in categories of work according to estimated total contract values, with registration in specific categories being granted on the basis of the information supplied. Contractors will nominate for all categories of prequalification related to the value of projects for which they are seeking tendering opportunities.

Contractors who nominate only for the highest category level appropriate to their business will not be automatically prequalified for all lower value categories.

Prequalification requirements have been established for the following categories:

General Building Contractors		Trade/Subcontractors	
Category	Contract Value	Category	Contract Value
1	\$10M to less than \$50M	1	Over \$2.5M
2	\$4M to less than \$10M	2	\$1M to less than \$2.5M
3	\$2M to less than \$4M	3	\$500,00 to less than \$1M
4	\$150,000 to less than \$2M	4	\$150,000 to less than \$500,000
4M	\$50,000 to less than \$250,000	4M	\$50,000 to less than \$250,000
		4MA	less than \$50,000 (Asbestos Removal Trade only)

Each category contains sub-categories such as project value and type, locations and trade types. These sub-categories may be used to select suitable tenderers from the register on a contract-by-contract basis.

A separate application form and associated documents is available for contractors registering in category 4M or 4MA only.

Benchmark Criteria

DPTI will assess whether the applicant meets the requirements of the DPTI Building and Construction Project Prequalification System for the following benchmark criteria:

- technical capability
- financial capacity
- quality assurance
- skill formation
- work health and safety
- ecologically sustainable development
- industry initiative
- human resource management.

The benchmark criteria and the extent of detailed evaluation of each requirement will depend on the value and nature of the pre-qualification category being considered.

Technical Capability

Applicants are required to demonstrate to the satisfaction of the Assessment Panel that they have the technical capability to successfully undertake projects in the categories sought.

Three (3) elements will be considered - the experience of employees, project experience and referee reports.

Applicants for registration as General Building Contractor or Residential Building Contractor in Categories 1, 2, 3 and 4 are required to provide performance reports on a minimum of three (3) general building contracts completed within the last four (4) years with at least one (1) report being for a project within the value range of the highest category sought.

Applicants for registration as Trade/Sub Contractor in Categories 1, 2, 3 and 4 are required to provide performance reports on a minimum of three (3) contracts completed within the last four (4) years for each trade group in which registration is sought. At least one (1) report for each trade group is to be for a project within the value range of the highest category sought.

All performance reports must have been prepared at least three (3) months after project practical completion (or equivalent).

Where DPTI, under the prequalification system, has assessed a Contractor's performance on departmental projects completed within the last four (4) years, these reports will be automatically included in all assessments. If the reports held by DPTI are current and meet the value ranges, project types, work/trades, locations and the minimum number of reports required for registration as sought in the application, no further performance reports need be provided.

If however, additional reports are required to cover the work/trades and categories sought, or the Applicant requires other contracts to be taken into account, additional reports may be submitted with the application. The maximum total number of performance reports for non-DPTI projects is three (3) for General Building Contractor, Residential Building Contractor or for each Trade Contractor trade type.

Financial Capacity

Applicants must demonstrate that they are financially viable with the capacity to successfully complete contracts of the value for which prequalification is sought. The financial information to be provided and the assessment processes involved are detailed in the document 'Financial Capacity Assessment (Edition 2012)'.

Although the registration period is two years, registrants may be required to submit financial details annually in accordance with these procedures.

More specific information may be required on a contract-by-contract basis. Further detailed consideration may include, but need not be limited to, existing contracts with the South Australian Government and other Principals, the valuation of assets, finance facilities, cash flow projections and related party transactions.

Quality Assurance

Applicants for General Building Contractor and Trade/Sub Contractor are required to have implemented a quality assurance system. Applicants should use the document 'Benchmark Criteria (Edition 2012)' as a guide for implementing a system to suit the category of prequalification for which registration is sought. Note that quality assurance is not required for prequalification as a Residential Building Contractor.

Quality Assurance system requirements are:

- Certified ISO 9001:2000 System for Categories 1 and 2
- Certified Quality System to DPTI requirements for Categories 3 and 4.

Quality Assurance requirements for individual projects may be determined by DPTI on a contract-by-contract basis and will be assessed on the basis of the risk associated with the particular contract.

Work Health and Safety (WH&S)

Applicants for General Building Contractor and Trade/Sub Contractor are required to be undertaking work health and safety (WH&S) practices as required by the current WH&S Regulations. The prequalification process will require demonstration of an acceptable standard through self assessment of the relevant practices being undertaken as a component of normal business.

DPTI may undertake an independent audit of the contractor's WH&S practices either at the time of prequalification assessment or during the registration period. Any audit reports or notices issued by a regulatory authority may result in the cancellation, suspension or downgrading of prequalification registration.

The minimum requirement for prequalification does not take precedence over any legislated requirements.

Skill Formation

Applicants for General Building Contractor and Trade/Sub Contractor are required to be undertaking skill development for all employees in areas relevant to the work being undertaken. The prequalification process will require demonstration of the appropriate practices being undertaken as a component of normal business practice.

The compliance level that must be achieved is set out in the Application Form and in the Skill Formation Compliance Matrix included in the document 'Compliance Matrices (Edition 2012)'.

Ecologically Sustainable Development (ESD)

Applicants for General Building Contractor, Residential Building Contractor and Trade/Sub

Prequalification Information

Contractors are required to be undertaking ESD practices relevant to the work being undertaken.

The compliance level that must be achieved is set out in the Application Form and in the ESD Compliance Matrix included in the document 'Compliance Matrices (Edition 2012)'.

Human Resource Management (Industrial Relations)

Applicants for General Building Contractor, Residential Building Contractor and Trade/Sub Contractor are required to be undertaking human resource management practices relevant to the work being undertaken.

The compliance level that must be achieved is set out in the Application Form and in the Human Resource Management Compliance Matrix included in the document 'Compliance Matrices (Edition 2012)'.

Industry Initiative

Applicants for General Building Contractor, Residential Building Contractor and Trade/Sub Contractor are required to implement initiatives as detailed in the Application Form. The requirement includes implementation of the requirements of the Code of Practice for the South Australian Construction Industry.

Re-registration and Changes to Categories

Re-registration is required every two (2) years at the expiration of the registration period with financial details being provided annually if requested. Prequalified contractors will be invited to re-register by the DPTI Registrar prior to prequalification elapsing.

A registrant may, at any time by completing a further application form, apply for registration in work types or trades other than that for which registration is current. The registrant must meet all the benchmark criteria for any additional categories as for a new registration.

Upgrading from Categories 2, 3 or 4

A registrant may, at any time by completing a further application form, apply for in a higher category than that for which registration is current

To progress to a higher category, registrants will need to demonstrate to the satisfaction of the Assessment Panel that they have the capability to successfully undertake projects in the higher category being sought.

This will generally require the successful completion of at least one (1) project in the last four (4) years in the higher general building contractor, residential building contractor or trade type category for which registration is sought, with the project being rated as satisfactory or higher on a DPTI prequalification performance report.

Alternatively the registrant may provide three (3) DPTI prequalification performance reports on projects of a similar nature and in the upper contract value range of one category below the one for which prequalification upgrading is being sought. Each of these three reports must be rated as good or excellent. As a guide contract values greater than 75% of the category upper limit will be considered to be in the upper contract value range of a category. All performance

reports on DPTI projects completed within the four (4) year period will be taken into account during the assessment.

The standard assessment process is used to assess applications for re-registration and changes to categories. All performance reports on DPTI projects completed within the last four (4) years and notified to the Contractor will be taken into account during the assessment of such applications.

Prequalification Information

Applicants will be required to meet all other criteria for the categories sought as detailed in Application and Reference Documents above.

Where a Contractor's registration has been upgraded to a higher category using reports rated good or better for a lower category, each report will be deemed a satisfactory+ rating with a score of six (6) for the higher category. Ratings of these reports for the lower category will not be affected.

Downgrading, Suspending or Cancellation of Registration

There are circumstances under which a contractor's registration will be downgraded, suspended or cancelled. Where the Registrar makes a recommendation and the Assessment Panel determines that an existing registration should be downgraded, suspended or cancelled, then the Registrar will notify the registrant of the decision in writing and shall:

- specify the grounds upon which it has cancelled, suspended or downgraded the current registration
- advise the registrant of its rights of appeal.

Assessment and Appeal Processes

The details of the operation of assessment and appeal processes are contained in the document 'Assessment and Appeal Processes (Edition 2012)'.

Prequalification System Application in Tendering

Project Prequalification Category Selection

DPTI in consultation with the project team, will determine the prequalification category applicable to the contract on the following basis:

- estimated value of the contract works
- risk assessment of the contract compared to the project risk
- assessment of the technical capability requirements of the contract.

Based on this risk assessment approach the category selected may not align with the estimated value of the contract. The selected category will apply regardless of the actual value of the tender awarded.

Tenderer Selection from the Register of Prequalified Contractors

A selection process for inviting tenders from contractors listed on the Register of prequalified contractors will be undertaken on the basis of the different types and categories of work for which contractors are prequalified.

Following the establishment of contractor performance data, DPTI will select contractors from the register taking into consideration past performance and appropriateness for the project type and value on a contract-by-contract basis.

Tendering will be by public call, category tender call, select tender call, registration of interest/select tender call or single select tender call depending on the project circumstances. The database for contractor prequalification information is structured to enable selection of appropriate prequalified contractors on the basis of a range of predetermined project information e.g. project type, project value, geographical location which allows the user to

Prequalification Information

DPTI reserves the right to call tenders from non-prequalified service providers in special circumstances such as limited prequalified contractors or highly specialised tasks requiring service providers not available from the prequalified list.

Trade/Subcontractor Prequalification

As an initiative to raise the overall skill level of industry, contractors are encouraged to use trade/sub contractors that are prequalified.

DPTI will determine if prequalified trade contractors are required for specific subcontracts on a contract-by-contract basis dependent upon the nature of the project and its associated risks. Any requirements for the use of prequalified subcontractors will be included in the conditions of contract included in the tender documents.

Evaluation of Tenders from Prequalified Contractors

When contractors have been prequalified with their performance, capability and capacity assessed as part of that process, then tender evaluation will generally consider only project specific issues. In evaluating tenders the principle of 'best value' will be applied. The 'best value' requirements include:

- compliance with the technical specification and conditions of contract
 - assessment of any alternatives offered
 - quality of the service/product offered
 - past performance. _____
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BENCHMARK CRITERIA

General Building Contractor

Trade/Sub Contractor

Categories 1, 2, 3, 4 and 4M/4MA



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Benchmark Criteria

General Building Contractor (GBC)

Registration Category	1	2	3	4	4M
Project Value	\$10M to <\$50M	\$4M to <\$10M	\$2M to <\$4M	\$150K to <\$2M	\$50K to <\$250K
Technical Capability	See Note 1				See Note 5
Financial Capacity	Assessed by the independent consultants to Department of Planning, Transport and Infrastructure (DPTI) based on prescribed financial ratios relevant to the value of the category.				Assessed by applicant's accountant or banker
Quality Assurance (GBC only)	Certification to the relevant ISO 9001 standards See Note 2		Certified Quality System See Note 2		No requirement
Skill Formation	Compliance Level 3 See Note 3			Compliance Level 2 See Note 3	No requirement
Work Health and Safety (WH&S)	Compliance Level 2 Provision of a copy of the WH&S Policy and Action Plan. Demonstration of actions both on and off site for ongoing improvement. See Note 4				WH&S Policy and Management System in place
Industry Initiatives	Demonstration of implementing the Code of Practice for the South Australian Construction Industry 2008				
Human Resource Management	Compliance Level 2 See Note 3		Compliance Level 1 See Note 3		No requirement
Ecologically Sustainable Development (GBC only)	Compliance Level 3 See Note 3	Compliance Level 2 See Note 3	Compliance Level 1 See Note 3		No requirement

Trade/Sub Contractor

Registration Category	1	2	3	4	4M/4MA
Project Value	\$2.5M and over	\$1M to <\$2.5M	\$500,000 to <\$1M	\$150,000 to <\$500,000	\$50,000 to <\$250,000 (<\$50,000 for 4MA)
Technical Capability	See Note 1				See Note 5
Financial Capacity	Assessed by independent consultants to DPTI based on prescribed financial ratios relevant to the value of the category.				Assessed by applicant's accountant or banker
Quality Assurance	Certification to the relevant ISO 9001 See Note 2		Certified Quality System See Note 2		No requirement
Skill Formation	Compliance Level 3 See Note 3			Compliance Level 2 See Note 3	No requirement
Work Health and Safety (WH&S)	Compliance Level 2 Provision of a copy of WH&S Policy and Action Plan. Demonstration of actions both on site and for ongoing improvement. See Note 4				WH&S Policy and Management System in place
Industry Initiatives	Demonstration of implementing the Code of Practice for the South Australian Construction Industry 2008				
Human Resource Management	Compliance Level 2 See Note 3			Compliance Level 1 See Note 3	No requirement

Notes

- Technical Capability requires previous and demonstrated capability relevant to the category for which registration is sought. Assessment will comprise three parts:
 - employee profile with appropriate experience and qualifications
 - demonstrated experience on projects of equivalent contract value to the highest category of prequalification sought
 - three (3) satisfactory performance reports on contracts completed in the four years prior to the application date (include all performance reports on completed DPTI contracts within the four years).
- The required quality system is defined in the document 'Quality Assurance (Edition 2012)'. A quality system is not required for registration as a Residential Building Contractor.

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3. Compliance level requirements are found in the document 'Compliance Matrices (Edition 2012)'.
 4. The WH&S Action Plan documents practices and processes in place, the activities to be undertaken in implementation of the WH&S Policy and those required to ensure compliance with legislative requirements.
 5. Applicants for registration as General Building Contractor in Category 4M are required to provide a minimum of one (1) performance report on a contract within the value range and details of two (2) referees willing to provide verbal assessment of the Contractor's performance on two other contracts (three in total) completed in the last two years. Applicants for Trade /Sub Contractor in categories 4M and 4MA are required to provide the three reports detailed above for each trade type category sought.
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COMPLIANCE MATRICES

General Building Contractor
Trade/Sub Contractor
Categories 1, 2, 3 and 4



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Self Assessed Prequalification Criteria

Applicants for General Building Contractor, Residential Building Contractor and Trade/Sub Contractor are required to be undertaking skill development and human resource management and to be adhering to the principles of ecologically sustainable development.

In order to be prequalified, the contractor must demonstrate that it is meeting the compliance level prescribed for the particular category sought in three self-assessed criteria: skill formation, human resource management and ecologically sustainable development.

While supporting evidence of responses provided at the time of application is not required at the time of submission, applicants should be aware that random checks of details provided may be conducted.

Skill Formation

Prequalification assessment tests that all employees including partners, directors and managers undertake skill development appropriate to contractor business activities.

The applicant is required to self-assess the level of compliance on a scale of 0 to 5 by reference to the Skill Formation Compliance Matrix in the document 'Compliance Matrices (Edition 2012)'.

Compliance level 3 is the minimum acceptable level for registration in categories 1, 2 and 3.

Compliance level 2 is the minimum acceptable level for registration in category 4.

Human Resource Management

Prequalification assessment tests that the applicant's management of human resources is appropriate to contractor business activities.

The applicant is required to self-assess its level of compliance on a scale of 0 to 5 by reference to the Human Resource Compliance Matrix in the document 'Compliance Matrices (Edition 2012)'.

Compliance level 2 is the minimum acceptable level for registration in categories 1, 2 and 3.

Compliance level 1 is the minimum acceptable level for registration in category 4.

Ecologically Sustainable Development (ESD)

(For General Building Contractors only)

Prequalification assessment tests that the applicant's management of ESD is appropriate to general building contractor's business activities and to required project outcomes.

The applicant is required to self-assess its level of compliance on a scale of 0 to 5 by reference to the ESD Compliance Matrix in the document 'Compliance Matrices (Edition 2012)'.

Compliance level 3 is the minimum acceptable level for registration in category 1.

Compliance level 2 is the minimum acceptable level for registration in category 2.

Compliance level 1 is the minimum acceptable level for registration in categories 3 and 4.

Skill Formation Compliance Matrix

Level	Needs	Policy	Strategies	Evaluation/Measurement	General Requirements
5	<ul style="list-style-type: none"> Assessment of skill formation based on long range needs of the company. Best practice status supported by continuous improvement demonstrated by company-wide review of skills and more specific projected company demand for skills. 	<ul style="list-style-type: none"> Sustained best practice with continuous improvement demonstrated by significant financial and organisational commitment to skill formation as an organisation goal and critical to the company's success integration with other major organisational objectives. Adoption of training benchmarks and use of highly developed consultative processes in policy formations. 	<ul style="list-style-type: none"> Sustained best practice in strategy implementation. Workplace learning has been integrated into organisational requirements. Company-wide skill formation plan incorporating commitment to innovative training work based learning and evidence of high levels of consultation, flexible delivery and equal accessibility. Delivery mechanisms and training programs would be documented. 	<ul style="list-style-type: none"> Ability to be benchmarked against industry and best practice standards in the field of training. 	<ul style="list-style-type: none"> This level is an extension of level 4 and focuses on a structured analysis of undertaking projects in the long term and the relevant training needs. Evaluation measurement will be based on evidence of this structured analysis. At this level, contractors will be able to assess their ability against industry and best practice standards.
4	<ul style="list-style-type: none"> Demonstrated company wide assessment of skills and projected company demands for skills determined. 	<ul style="list-style-type: none"> Significant commitment to skill formation as an organisational goal demonstrated by: <ul style="list-style-type: none"> a budget item allocated to training long term financial commitment to training linked to financial, operating and human resources policies a defined process commitment to training and consultative procedures in place to determine training priorities. 	<ul style="list-style-type: none"> Company-wide skill formation plan incorporating a commitment to innovative training, work based learning and evidence of high levels of consultation, flexible delivery and equal accessibility. Delivery mechanisms and training program would be documented. 	<ul style="list-style-type: none"> Benefits of company skill formation program can be demonstrated. Formal recording system documenting training program delivery and evaluation against desired policy outcomes. Implemented company wide skills tracking system. 	<ul style="list-style-type: none"> This level requires the contractor to demonstrate that the skill assessment of all employees is documented and is assessed against the skill requirements of the type of projects undertaken in the short and medium term (up to three years). The evaluation measurement of an organisation reaching this level will be based on a structured analysis of the project type skills analysis compared with the skills inventory of employees. This will be coupled with a documented record of completed training courses attended by employees.
3	<ul style="list-style-type: none"> Currently implementing this element. Demonstrated by existence of skills assessment of workforce on a project basis and has determined projected skills demand for project. 	<ul style="list-style-type: none"> Existence of outcomes related skill formation. Policy with consultative procedures in place to determine training priorities. 	<ul style="list-style-type: none"> Project based structured training plan providing evidence of consultation, flexible delivery and equal accessibility. Delivery mechanisms and content would be documented. 	<ul style="list-style-type: none"> Formal recording system documenting training program. Delivery and limited evaluation against policy outcomes. Implemented a project based skills tracking system. 	<ul style="list-style-type: none"> This level requires a more structured assessment of the skill needs on a project by project basis. The evaluation measurement of a contractor reaching this level will be the formal recording of project requirements, training records and a skills assessment of each project.
2	<ul style="list-style-type: none"> Minimum assessment of training needs on a project basis. Demonstrated by existence of skills assessment procedures. Procedures for consultation will have been determined. 	<ul style="list-style-type: none"> Existence of skill formation policy based on clear and defined outcomes. Consultative procedures in place to determine training priorities. 	<ul style="list-style-type: none"> Priorities have been determined in consultation within the work force for training but no structured training and development program. 	<ul style="list-style-type: none"> Minimal use of measurement against desired outcomes. Existence of training records and an assessment against project needs. 	<ul style="list-style-type: none"> In addition to statutory requirements this level is based on an ongoing assessment of skills required for each project. The contractor needs to compare the skill levels of employees against project needs. The evaluation of a contractor reaching level 2 should be based on skill levels generally meeting project needs.
1	<ul style="list-style-type: none"> Have determined where expenditure needs to be spent to satisfy statutory requirements. 	<ul style="list-style-type: none"> Minimal compliance with statutory requirements. 	<ul style="list-style-type: none"> Strategy defined in terms of satisfying statutory requirements. 	<ul style="list-style-type: none"> Existence of records to satisfy statutory requirements. 	<ul style="list-style-type: none"> The contractor needs to determine the statutory requirement applicable for the performance of work. It may be that a contractor is able to demonstrate this requirement through a record of training which employees need to undertake in order to satisfy the statutory requirements.
0	<ul style="list-style-type: none"> No assessment of needs. 	<ul style="list-style-type: none"> No capacity to demonstrate compliance with statutory requirements. 	<ul style="list-style-type: none"> No strategy determined. 	<ul style="list-style-type: none"> No procedures in place. 	

Human Resource Management Compliance Matrix

Level	Outcomes	Processes	Culture
5	<ul style="list-style-type: none"> As for 4 Continued improvements in productivity demonstrated Demonstration of continued improvement in productivity as benchmarked against the best 	<ul style="list-style-type: none"> As for 4 Using processes requiring joint commitment of the employer and employees including but not limited to enterprise agreements, strong emphasis on Best Practice and Continuous Improvement Performance assessment mechanisms used throughout the company Productivity measurements are used as part of benchmarking performance against the best 	<ul style="list-style-type: none"> As for 4 Widespread sharing of information and involvement by employees in decision making Semi-autonomous work teams Arbitrary distinctions between staff and workforce removed
4	<ul style="list-style-type: none"> As for 3 - lost time Demonstration of continuing improvements in labour turnover and absenteeism Demonstration of productivity improvements 	<ul style="list-style-type: none"> As for 3 Extensive communication program throughout the organisation Skills assessment mechanisms Productivity measurement and targets form part of the basis of determining strategies for improving performance across the organisation 	<ul style="list-style-type: none"> As for 3 Work organisation based on teams Productivity improvement plans exist for project Client focus (both internal and external) Language and literacy training plans Weekly hire (or longer) employment contracts Commitment to Best Practice and Continuous Improvement Joint employer/employee program
3	<ul style="list-style-type: none"> As for 2 except that lost time due to industrial disputation must not include disputes or issues covered by processes requiring joint commitment of the employer and employees including but not limited to enterprise agreements Improvements in level of absenteeism Labour turnover records indicate improved retention rate 	<ul style="list-style-type: none"> Using processes requiring joint commitment of the employer and employees including but not limited to enterprise agreements Company Consultative Committee Implementation of measures to reduce absenteeism Company based dispute setting procedures Exit interviews conducted Productivity measurement and recording forms part of the Enterprise Agreement 	<ul style="list-style-type: none"> As for 2 Flexible work practices implemented (e.g. flexible rostered days off, greater spread of ordinary hours) Existence of employee assistance program Career planning Existing company active EEO and anti discrimination policies
2	<ul style="list-style-type: none"> As for 1 Lost time due to industrial disputation at levels lower than industry standard Absenteeism records available 	<ul style="list-style-type: none"> Company or site based Consultative Committees in operation Applies Award or industry agreed dispute resolution procedures Productivity records and performance shared with workforce 	<ul style="list-style-type: none"> Formal employment procedure and induction processes in operation Regular tool box meetings
1	<ul style="list-style-type: none"> Award compliance Adherence to industry agreements Lost time due to industrial disputation at levels no worse than industry standard (by State - refer Australian Bureau of Statistics Catalogue No. 6322, Table S) Compliance with relevant Equal Employment Opportunity (EEO) and/or Affirmative Action legislation 	<ul style="list-style-type: none"> Existence of records to verify compliance with legal obligations Existence of productivity records 	<ul style="list-style-type: none"> Well defined responsibilities, knowledge of obligations and operational requirements
0	<ul style="list-style-type: none"> Non compliance with Award(s) and/or Agreements 	<ul style="list-style-type: none"> Inability to verify compliance with legal obligations 	<ul style="list-style-type: none"> No clear indications of co-operative work environment

ESD Compliance Matrix

Level	Management Systems and Commitment	Competencies	Implementation and Operation	Measurement and Recognition
5	<ul style="list-style-type: none"> Independent Certification to Environmental Management Systems AS14001:2004. Demonstrated a system and capacity to document, implement and maintain environmental management plans for all projects. 	<ul style="list-style-type: none"> Environmental management skills training incorporated in documented training program. All employees and subcontractors are aware of their role and responsibilities in relation to environmental management and have the appropriate skills and competencies to undertake their role. 	<ul style="list-style-type: none"> The organisation incorporates best practice ESD initiatives in all projects. Environmental management plans documented, implemented and maintained for all projects. 	<ul style="list-style-type: none"> The organisation has been directly involved in a minimum of three building projects over the last five years that have achieved a four star Green Star or higher rating. External benchmarking against environmental management best practice.
4	<ul style="list-style-type: none"> Compliance with Environmental Management Systems AS14001:2004. Environmental management system reviewed and audited regularly. Demonstrated a system and capacity to document, implement and maintain environmental management plans for all projects. Documented environmental policy with environmental objectives and targets. 	<ul style="list-style-type: none"> Environmental management skills training incorporated in documented training program. Environmental management competencies considered in recruitment and contractor selection. All key employees and subcontractors are aware of their role and responsibilities in relation to environmental management and have the appropriate skills and competencies to undertake their role. 	<ul style="list-style-type: none"> The organisation has been directly involved in projects where significant new processes were used or documented and reported on. Environmental management plans documented, implemented and maintained for all projects. Major subcontractors are required to submit project specific waste management plans. A series of demonstrated ESD initiatives incorporated over the last three years over at least three projects. 	<ul style="list-style-type: none"> Measurement of performance against environmental policy commitments, objectives and targets. The organisation has been recognised for its achievements related to ESD initiatives through recognised industry awards within the last three years. The organisation has or is currently undertaking a project that is planned to achieve a four star Green Star or higher rating. Environmental/construction waste reduction targets set and monitored.
3	<ul style="list-style-type: none"> An environmental management system established, implemented and maintained. Demonstrated a system and capacity to document, implement and maintain environmental management plans for projects with significant environmental aspects. All environmental aspects of business activities identified and management strategies in place. Procedures in place and periodically tested to identify and respond to emergency situations and accidents to prevent or mitigate adverse environmental impacts. 	<ul style="list-style-type: none"> Training needs associated with environmental aspects of business activity identified. Key employees and major subcontractors are aware of their roles and responsibilities in relation to environmental management. Employees performing tasks with the potential to cause significant environmental impact are competent based on documented appropriate education, training or experience. 	<ul style="list-style-type: none"> Environmental management plans documented, implemented and maintained for projects with significant environmental aspects. The organisation has been directly involved over the last three years in at least three projects where ESD principles were supported and where environmental initiatives were trialled or incorporated. Environmental management performance included in tender assessment and purchasing. On-site waste separation to support recycling. The organisation has available information and resources related to conservation of resources such as energy, waste and water. 	<ul style="list-style-type: none"> Monitoring and measurement of performance against environmental policy commitments. Data collected to support or evaluate operational controls. Documentation and reporting of waste management and recycling results.
2	<ul style="list-style-type: none"> Documented environmental policy. Specific management representative appointed to ensure environmental management compliance. Key ESD processes for organisation are documented to a degree that enables their consistent application and are auditable. Demonstrated management commitment to continual environmental management performance. Identification and compliance with environmental legal requirements. 	<ul style="list-style-type: none"> There is general awareness throughout the organisation of the basic ESD requirements in achieving good environmental outcomes on a range of projects. Environmental awareness is developed and encouraged among employees and subcontractors. 	<ul style="list-style-type: none"> Environmental management plans documented, implemented and maintained for specific activities within projects with significant environmental aspects. Demonstrated ESD initiatives incorporated in projects over the last two years. Waste minimisation plans developed. Implementing waste minimisation and recycling initiatives to reduce waste to landfill. Office policy for recycling, paper minimisation waste issues documented. 	<ul style="list-style-type: none"> Recording of construction waste recycling and construction waste to landfill. The organisation has been an active participant in the ESD type industry programs with some staff engaged in industry and community initiatives related to ESD and planning issues within the last three years. Records maintained demonstrating compliance with organisation's ESD processes and legal requirements.
1	<ul style="list-style-type: none"> No formal documented ESD policies or procedures but information available for the application of ESD principles and to meet legal requirements. A basic ESD checklist is used as an ESD guide for all projects. 	<ul style="list-style-type: none"> Some staff have undertaken ESD training and information sessions. All staff aware of environmental management legal requirements relevant to their work activities. 	<ul style="list-style-type: none"> There is minimal attempt at incorporating policies for the conservation of resources within any projects over the last three years. Implementing project specific environmental management controls to ensure legal compliance. 	<ul style="list-style-type: none"> The organisation has endeavoured to introduce basic ESD policies into projects. Records maintained demonstrating legal compliance.
0	<ul style="list-style-type: none"> No verifiable commitment regarding the natural environment, recycling and waste minimisation. No evidence of environmental management procedures. 	<ul style="list-style-type: none"> There is no verifiable evidence of staff skills or policies in existence in relation to ESD/environmental training. There is no documented budget or commitment to training on ESD issues. 	<ul style="list-style-type: none"> No office policies regarding resource minimisation within office environment and no verifiable resource minimisation initiatives undertaken on projects. 	<ul style="list-style-type: none"> The organisation has no demonstrable approach to ESD initiatives and has no actual examples of projects that demonstrate or incorporate ESD initiatives.

Department of Planning, Transport and Infrastructure
Building and Construction Project Prequalification System

(Edition 2012)

QUALITY ASSURANCE

General Building Contractor
Trade/Sub Contractor
Categories 1, 2, 3 and 4



Government of South Australia

Department of Planning,
Transport and Infrastructure

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Introduction

Quality Assurance requirements appropriate to the project value, risk and complexity may be specified on Department of Planning, Transport and Infrastructure (DPTI) building and construction projects.

Quality Assurance is the provision of satisfactory evidence by the supplier in contractual situations that the goods, works or services have been or will be produced consistently to the customer's requirements.

It is a requirement that General Building and Trade/Sub Contractors demonstrate their:

- quality assurance compliance level
- commitment to the maintenance and day to day use of a system
- positive management/employee attitude to the use of a system.

The performance of General Building and Trade/Sub Contractors will be monitored through the Performance Reports which will, amongst other things, monitor the application of quality assurance on projects.

Application of Quality Assurance

The Quality Assurance levels have been set to reflect both the need for managing the level of risk associated with projects and the ability of the building and construction industry participants to incorporate quality assurance processes into their business practice.

The intention is to periodically review the Quality System elements with a view to adding elements in stages, taking into consideration the current practice in the industry and government's needs.

The prequalification requirement for levels of Quality Assurance, whilst not being project specific, provides a certain assurance that the risks associated with any project can be managed to a certain extent thereby minimising the risk to government in the first instance.

The application of quality requirements to projects will be as detailed in the document 'Benchmark Criteria (Edition 2012)' unless a project is considered to be of high risk to the Principal, in which case a higher level of quality assurance may be applied and only those Contractors with the appropriate systems in place will be invited to tender.

In applying Quality Assurance requirements to a project, DPTI will assess the project on the basis of the risks associated with each element of the project and determine the application of an appropriate quality assurance requirement. This may involve the application of a higher level of Quality Assurance to a Trade Contractor than is applied to the General Building Contractor depending on the assessed risk.

Quality Assurance for Prequalification

General Building and Trade/Sub Contractors are encouraged to seek certification of ISO 9001 quality assurance systems from a JASANZ accredited certifying organisation, however two standards have been established.

General Building and Trade/Sub Contractors applying for Categories 1 and 2 require full ISO 9001 certification, while General Building and Trade/Sub Contractors applying for categories 3 and 4 require a certified quality system to DPTI requirements.

Residential Building Contractors applying for categories 4 and 4M and General Building and Trade/Sub Contractors applying for category 4M are not required to demonstrate that a quality assurance system is implemented.

ISO 9001

Independent certification of compliance with ISO 9001 standard.

Quality System to DPTI Requirements

There will be extensive documentation of core and critical activities with certification by an independent organisation, which is experienced in quality system certification.

There are two levels of required documentation:

- quality policy statement linked to the business plan
- procedures and practices containing, as a minimum, the elements of ISO 9001 as listed below.

Procedures and Practices Elements

Purchasing (Subcontract services)

Evaluate and select subcontractors on the basis of their ability to meet the contract requirements (including being prequalified with DPTI if required by individual project tender documents).

Contract Review

- Check that sufficient information has been received to document the scope of work.
- Confirm all verbal orders in writing.
- Establish and maintain a register of variations.

Document Control

- Establish and maintain a register of construction documents indicating their current revision status and transmittal details.
- Review documents prior to use.
- Remove obsolete documents from use.
- Where obsolete documents are required for future reference, store them in an appropriate location.
- Monitor and register amendments to documents.

Process Control

- Establish documented procedures for carrying out the key processes in a building and/or construction contract.
- Include in the procedures those specific activities for the information of or requiring the direction of the Superintendent (or equivalent).
- Include in the procedures inspection and test points, survey control points and hold points.

Quality Assurance

Inspection and Testing

- Prepare an appropriate inspection and test plan or checklists to identify the controls to be performed on the project.
- Perform the inspections and tests referenced in the inspection and test plan or checklists.
- Maintain suitable records which indicate the type, location and results of the inspections performed.

Nonconforming Product

- Document non-conformances on an appropriate record.
- Evaluate and document the methods for rectifying non-conformances.
- Submit the details of proposed rectification for approval.
- Reinspect the work following rectification.

Quality Records

- Establish and maintain suitable records to demonstrate compliance with the above requirements.

Training

- Establish and maintain documented procedures for identifying and carrying out training of all personnel performing activities affecting the core business activities and quality management activities.
- Maintain training records as evidence of the training provided.

Certification

An independent auditor will certify that the contractor's quality system fully addresses DPTI requirements including all the elements detailed in this document 'Quality Assurance'.

If the party certifying is other than a Joint Accreditation System of Australia and New Zealand (JASANZ) accredited organisation, provide details of the independent auditor who has:

- had at least 5 years experience in the building and construction industry
 - had at least 3 years experience in auditing quality systems in the building and construction industry.
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Department of Planning, Transport and Infrastructure
Building and Construction Project Prequalification System

FINANCIAL CAPACITY ASSESSMENT

General Building Contractor
Trade/Sub Contractor
Categories 1, 2, 3 and 4



Government of South Australia

Department of Planning,
Transport and Infrastructure

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Introduction

Assessment of financial capacity is primarily a risk management tool. Along with other prequalification criteria it is used specifically to measure the risk of financial failure of contractors. Its secondary aim is to encourage financial reform within the construction industry particularly in relation to:

- capitalisation
- profitability
- management practices.

The process has significant advantages to the Principal in that it:

- allows the early identification of a contractors' financial viability
- allows contractors to restructure to meet appropriate benchmarks thus increasing the potential size of acceptable tender fields.

It also has advantages to contractors through the establishment of financial benchmarks which:

- reduce the risk of contractors preparing tenders which will not later be accepted on the grounds of insufficient financial capacity
- assist security of payment for contractors by decreasing their risk of exposure to financial failure of other contracting parties.

Principles of Financial Capacity

The principles of financial capacity that must be met as part of the assessment are:

- Sufficient liquid assets to meet project demands:
 - the level of liquidity (cash or access to cash by way of overdraft etc) in relation to the level of prequalification sought
 - additional verification may be required on a project by project basis to verify a contractor's current liquidity before the awarding of a contract.
 - Not overly burdened by debt:
 - the cost of credit and the impact and leverage of interest bearing debt.
 - History of profitable trading:
 - the profitability of the business, both declared and underlying.
 - Turnover is not outgrowing its ability to support:
 - the level of past turnover in relation to the level of prequalification sought.
 - Not (or would not be) trading beyond means of financial capacity:
 - measured as a ratio of assets to turnover.
 - Adequately capitalised:
 - capitalisation and net worth of the business
 - the degree of risk or security introduced by non-contracting business activity
 - access to guarantee facilities through assets held outside the business.
-

Assessment Procedures

To assess the financial capacity of contractors, the Department of Planning, Transport and Infrastructure (DPTI) has appointed a panel of private sector Chartered Accountants and/or Certified Practising Accountants to act in the role of Financial Assessor. Financial Assessors will receive contractors' financial information, analyse the information according to the financial assessment process detailed in this document and make recommendations to DPTI regarding the appropriate categories for registration.

Financial Assessors are bound by a confidentiality clause which does:

- not allow the retaining or copying of any documents submitted by the contractor
- require confidential storage of submitted documents
- require confidential control of computing databases
- require confidentiality of all information pertaining to the contractor.

The Financial Assessor will undertake a financial assessment of each contractor for DPTI prequalification on the basis of:

- receiving contractor's financial information in a sealed envelope marked with an identification number from the DPTI Registrar. Insert the ID number on all documents contained in the sealed envelope
- entering relevant data from the contractor's financial information in a Microsoft Excel spreadsheet
- undertaking an overall assessment based on a comparison of ratios calculated from the contractor's data with the guideline ratios contained in this document
- making a value judgement of the applicant's financial suitability to carry out work of the respective category value applied for based on the total information
- making recommendation to the DPTI Registrar regarding the financial assessment
- giving a written summary of the reasons for making the above recommendation
- keeping the Microsoft Excel record of each financial assessment undertaken for the currency of any engagement by DPTI as a Financial Assessor
- destroying the contractor's financial information after 3 months from completion of the assessment in a manner appropriate for confidential documents.

Neither DPTI nor any other government body will sight any submitted financial documents unless authorised to do so by the applicant.

Copying of financial documents submitted by applicants is not permitted.

Data will be extracted from submitted financial documents and stored in secure files by the Financial Assessor in order to enable a historical analysis of performance to be viewed during subsequent assessments.

Only Financial Assessors from the panel who have no business relationship with a contractor will be appointed to assess an applicant's financial standing.

Financial Criteria

The first step is the establishment of the legal trading identity of the applicant. This involves establishing the identity of the directors and/or owners of the business. The Australian Securities and Investment Commission may be consulted for company information. The history

Financial Capacity Assessment

of company directors and owners is also checked for past records of bankruptcy and referee checks may be undertaken to establish the payment history of any business.

The next step is the checking of the asset backing the business, in particular, those assets which are available to the business and the financial performance of the business over the last three (3) years.

The financial analysis will take into account the previous three (3) years accounts to give a reasonable understanding of the firm's position and provide a trend analysis of the firm's stability.

Whilst it is recommended that only audited accounts be considered, DPTI will accept accounts prepared for taxation purposes. Interim accounts are generally not acceptable however, they may be requested particularly when the timing of an application is such that the last available accounts are not considered current.

Additional information may be sought in the form of overdraft or credit facilities, guarantee facilities and security details for these facilities.

The requirements for each criteria in priority order are:

Net Worth

- The maximum value of the Tangible Liabilities to Tangible Assets ratio will be 95% for prequalification categories over \$2M, 90% for categories below \$500,000.

Working Capital

- This element identifies the access to funds through current assets which includes cash, debtors etc and the ability to meet short term liabilities (i.e. creditors etc).
- This figure should be in the order of 20% of the lowest value for the prequalification category applied for, e.g. working capital for Category 3 should be, as a minimum, 20% of \$2M or \$400,000.

Capitalisation

- Paid up capital will be required for each category of prequalification as shown on the attached matrices.
- The paid up capital must be, as a minimum, 50% fully paid up capital and 50% in partly paid shared capital.
- The expectation will be to move to fully paid up capital in subsequent years.
- Personal guarantees by directors of the entity seeking registration to meet the paid up capital criteria are not appropriate.
- This figure will be reviewed to line up with current Building Work Contractors Act requirements as a minimum and then in the long term move to match the national position.

Profitability

- The applicant must be able to demonstrate a history of profitability and have an underlying annual profit (Earnings Before Interest and Tax - EBIT) of 2.5% as a minimum of turnover for the majority of the last 3-5 years.
-

Financial Capacity Assessment

Turnover

- The applicant must be demonstrating active trading.
- The turnover should be at least twice the lowest value in the prequalification category being sought, e.g. for Category 3 the turnover should be, as a minimum, \$1M (2 x \$500,000).
- An acceptable level is for turnover not to exceed 12.5 times the net tangible assets.

The values detailed refer to the prequalification requirements for General Building Contractors. For Trade/Sub Contractor requirements refer to the attached matrices. The remaining elements and ratios identified in the matrices will be used as supplementary information in carrying out the assessment process.

Criteria Matrix for General Building Contractor

The criteria shown in the table below are a guide to the financial benchmarks which will determine in which categories a General Building Contractor (GBC) will be registered based on an assessment of submitted financial data.

Registration Category	1	2	3	4
Project value for assessment purposes	\$10M	\$4M	\$2M	\$150,000
Paid up capital	\$40,000	\$40,000	\$20,000	\$10,000
Unused guarantee capacity	No specific requirements			
Net tangible assets	No specific requirements			
Total Liabilities/Tangible Assets	< 95%	< 95%	< 95%	< 90%
Interest bearing debt/Tangible assets	< 50%	< 50%	< 50%	< 50%
Working capital and unused overdraft capacity. Together these should be in the order of:	\$800,000	\$800,000	\$400,000	\$30,000
EBIT/Net interest	> 2	> 2	> 2	> 2
Cost of funds/Turnover	< 5%	< 5%	< 5%	< 5%
Operating revenue	\$20M	\$8M	\$4M	\$0.3M
Turnover/Net tangible assets	< 12.5	< 12.5	< 12.5	< 12.5
Net profit	Positive profit history			
Profit /Operating revenue	Positive ratio			
EBIT/Operating revenue	> 2.5%	> 2.5%	> 2.5%	> 2.5%
Contract income/Total income	No specific requirements			

Financial Capacity Assessment

Criteria Matrix for Trade/Sub Contractors

The criteria shown in the table below are a guide to the financial benchmarks that will determine in which category Trade/Sub Contractors will be registered based on an assessment of their submitted financial data.

Registration Category	1	2	3	4
Project value for assessment purposes	\$2.5M	\$1M	\$0.5M	\$150,000
Paid up capital	\$20,000	\$20,000	\$10,000	\$10,000
Unused guarantee capacity	No specific requirements			
Net tangible assets	No specific requirements			
Total Liabilities/Tangible Assets	< 95%	< 95%	< 90%	< 90%
Interest bearing debt/Tangible assets	< 50%	< 50%	< 50%	< 50%
Working capital and unused overdraft capacity. Together these should be in the order of:	\$200,000	\$200,000	\$100,000	\$30,000
EBIT/Net interest	> 2	> 2	> 2	> 2
Cost of funds/Turnover	< 5%	< 5%	< 5%	< 5%
Operating revenue	\$5M	\$2M	\$ M	\$300,000
Turnover/Net tangible assets	< 12.5	< 12.5	< 12.5	< 12.5
Net profit	Positive profit history			
Profit /Operating revenue	Positive ratio			
EBIT/Operating revenue	> 2.5%	> 2.5%	> 2.5%	> 2.5%
Trade applicants and wages/ Turnover	< 50%			
Contract income/Total income	No specific requirements			

Acceptable Financial Capacity

An applicant will be considered to have an acceptable financial capacity if all 5 key criteria are met.

If the applicant meets most of the criteria but narrowly fails to meet the remaining criteria then the supplementary information will be used to make a judgement of the applicant's financial capacity.

Should applicants believe that (on the basis of their own assessment) they just fail to meet one or two of the key criteria requirements of a particular category, having met the remainder, then the applicant may apply for that category on the understanding that if, in the financial assessor's opinion, the applicant is substantially short of meeting the criteria the applicant will be prequalified in the appropriate category or not at all.

Financial Capacity Assessment

Applicants may appeal against decisions of the Prequalification Assessment Panel which have been based on financial assessment.

Confidentiality and System Security

All financial information supplied by the contractor will be in the absolute control of the Chief Executive of DPTI, who will take all such reasonable steps as may be necessary to secure the complete confidentiality of that information.

Subject to the above, financial information provided by a contractor shall not be made available to any person, including assessment panel or appeal panel members.
