



Bulletin – two-stage tendering

From 1 July 2014, the Department of Finance, Building Management and Works (BMW) will be changing its processes for project management and procurement practices. These changes are intended to improve communication, clarify expectations for all parties and address the recommendations of the Small Business Development Commissioner's *Construction Subcontractor Investigation*.

What are the changes?

The need for good quality builders becomes more critical as a project's technical requirements and complexity increase. To address this need, a new framework for the application of two-stage tendering will be introduced from 1 July 2014. Two-stage tendering will become the default tendering process for contracts valued at over \$5 million. It may also be used for projects under \$5 million where the project manager considers that it would achieve a better value for money result.

The two-stage tendering process usually consists of an open invitation to submit Expressions of Interest (EOI) followed by the release of a Request for Tender (RFT) to a shortlist of firms.

Stage one - expression of interest

Contractors who are interested in tendering for affected projects will be required to respond to an expression of interest with information on the team, experience and approach they will offer to deliver the requirements of a project. Responses will be assessed and scored to identify a shortlist of potential tenderers.

While criteria and weightings may be tailored to suit individual project requirements, they will generally consist of the following:

Criteria	Weighting
Personnel	30%
Corporate experience	30%
Methodology	20%
Local content	20%

Shortlisted respondents will generally be subjected to a Business Risk Assessment.

Stage two - request for tender

Contractors who best meet BMW's requirements in stage one will be invited to submit a tender. These tenders will be assessed by comparing the qualitative assessment scores from stage one against the tendered prices to identify which one provides the best value for money. The tender that provides the 'best value' may or may not be the cheapest.

The tenderer offering the best value will have their financial capacity re-confirmed at this stage, and if found to be suitable, will be awarded the contract.

Who will this impact?

Contractors wishing to tender for construction contracts, and consultants involved in the evaluation process.

When will this happen?

These initiatives will come into effect for all tenders released from 1 July 2014.

Want more information?

Please contact BMW's Industry Liaison team on (08) 6551 1984.

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