

# DIT Building Projects Prequalification System

## General Building Application Guidelines

February 2025



**Government of South Australia**

Department for Infrastructure  
and Transport

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We acknowledge the Traditional Custodians of the Country throughout South Australia and recognise their continuing connection to land and waters. We pay our respects to the diversity of cultures, significance of contributions and to Elders past, present and emerging.



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# INTRODUCTION

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## Background

The Department for Infrastructure and Transport (DIT) General Building Prequalification System is used for contracts that primarily relate to the construction, alteration or addition of a building and are typically valued at greater than \$1 100 000 (including GST).

Suitably experienced companies (“Applicants”) are invited to apply for prequalification with DIT in accordance with these Guidelines.

The purpose of the prequalification system is to:

- achieve consistency, fairness and transparency in DIT’s tendering and selection processes;
- minimise the risk of DIT entering into contracts with contractors who do not have sufficient capability and capacity;
- reduce the cost of tendering and tender assessment for both industry and Government; and
- encourage high standards and continuous improvement that will contribute to a sustainable building and construction industry in South Australia.

The scheme aims to facilitate, but not replace, tender assessment for individual projects.

Companies wishing to undertake general building works for DIT must be prequalified under this system at the time that the Request for Tender or Expression of Interest is issued. Once prequalified, companies are subject to ongoing review by DIT to ensure that the information submitted in their application remains valid and that they have performed satisfactorily when awarded contracts.

## Prequalification Categories

The prequalification system classifies companies according to two separate criteria, technical capability to deliver building infrastructure and company financial capacity.

### Capability

- GB Level 1: Simple - (eg additions / upgrades of existing buildings, lightweight construction)
- GB Level 2: Medium - (eg construction of new primary schools, police stations and community buildings, heritage conservation)
- GB Level 3: Complex - (eg construction of major secondary schools, hospitals and prisons)

Within each level, an Applicant may also apply for prequalification for the optional sub-categories of Heritage Conservation, High Security Facilities and/or Interior Fitout. Also, Applicants may nominate which regions of South Australia they wish to work. A comprehensive listing of examples in each building level is included in Appendix A.

To be classified in GB Level 1, GB Level 2 or GB Level 3, an Applicant must demonstrate that they have the experience, resources and management systems to successfully deliver a building applicable to that level. Prequalification in a higher level automatically prequalifies that company in the lower categories.

### Financial

The system recognises the following financial categories:

F1	Contracts valued up to \$1 million
F2	Contracts valued up to \$2 million
F3	Contracts valued up to \$3 million
F4	Contracts valued up to \$4 million
F5	Contracts valued up to \$5 million
F6	Contracts valued up to \$6 million
F7	Contracts valued up to \$7 million
F8	Contracts valued up to \$8 million
F9	Contracts valued up to \$9 million
F10	Contracts valued up to \$10 million
F12.5	Contracts valued up to \$12.5 million
F15	Contracts valued up to \$15 million
F17.5	Contracts valued up to \$17.5 million
F20	Contracts valued up to \$20 million
F22.5	Contracts valued up to \$22.5 million
F25	Contracts valued up to \$25 million
F30	Contracts valued up to \$30 million
F35	Contracts valued up to \$35 million
F40	Contracts valued up to \$40 million
F45	Contracts valued up to \$45 million
F50	Contracts valued up to \$50 million

Applicants should note that the financial prequalification category is only indicative, as it represents the Applicant's financial capacity at a particular point in time. DIT may require an updated financial assessment to be undertaken prior to the award of any contract.

For contracts valued above \$50 million, the National Building Prequalification Scheme will apply. For details refer to: <https://www.apcc.gov.au/>

## Eligibility

Only companies (i.e. entities with a current Australian Company Number) are eligible to apply for prequalification. Prequalification does not extend to related or subsidiary companies of a prequalified contractor. Any such company or entity must apply for prequalification in its own right.

Where two or more related companies apply for prequalification, resources are deemed to be allocated to a single company and cannot be considered in the assessment of the other companies.

The following are ineligible for prequalification in General Building:

- trusts;
- natural persons; and
- partnerships.

## Conditional Prequalification

Where an Applicant does not meet every specified eligibility criteria, the Applicant may be granted "Conditional" Prequalification. Examples of Conditional Prequalification include:

- Where the Applicant does not meet the financial criteria in its own right, but DIT is satisfied that financial stability can be ensured through the provision of a deed of guarantee from a parent company and / or an additional unconditional undertaking from an approved financial institution.
- Where a newly formed company, which has suitably experienced personnel and satisfies the requirements for systems and other resources, is unable to satisfy all of the past experience criteria, but DIT considers that the company is competent to undertake the work.
- Where a company only provides a limited range of building types.

The granting of Conditional Prequalification is at the absolute discretion of DIT. 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.

# Tendering

DIT will publish tenders on [www.tenders.sa.gov.au](http://www.tenders.sa.gov.au) as either a call to all companies prequalified in a specified level or a restricted call to selected prequalified companies. To be eligible to submit a tender, a company must satisfy both the specified capability level and financial level. Where an open call is used, a company prequalified at a higher level is eligible to tender for work in a lower level.

# Joint Ventures

If more than one company forms a joint venture, DIT must be satisfied that the work will be carried out by a company prequalified at the appropriate level. In any joint venture, the partners will be jointly and severally liable.



# APPLICATION AND ASSESSMENT PROCESS

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## Applications

Companies are invited to apply for prequalification by completing and submitting the application form (with attachments). The Application Form may be downloaded from [http://www.dit.sa.gov.au/contractor\\_documents/prequalification](http://www.dit.sa.gov.au/contractor_documents/prequalification).

The application must be submitted in accordance with the instructions on the front of the Application Form. Do not submit a hard copy. Each section must be completed in its entirety with all required supporting evidence. Incomplete applications will not be assessed.

Enquiries may be directed to [DIT.BuildingsPrequal@sa.gov.au](mailto:DIT.BuildingsPrequal@sa.gov.au).

## Assessment Criteria

Listed below is a summary of the assessment criteria that will be used to assess Applicants. Except for the company financial capacity assessment, full details of the information to be submitted and the minimum criteria for each level is included in the application form.

### Company experience

Applicants are required to demonstrate satisfactory performance on past and current projects, relevant to the value and technical capacity for the category being sought. Details of the nominated projects must be provided, along with Performance Reports and referee details.

Applicants must have a minimum 3 years operational experience relative to the category level.

### Technical capacity/resources

Applicants must have:

- experienced senior management with a demonstrated track record of successfully delivering projects to the client's time, cost and quality requirements;
- sufficient key personnel with qualifications appropriate for the level applied for; and
- processes to ensure appropriate availability of plant and equipment and a history of establishing successful working relationships with subcontractors.

### Management Systems

The Applicant must have management systems which are appropriate for the level applied for and which cover:

- safety (OHS);
- quality; and
- environmental.

## Financial capacity

Applicants must demonstrate strong business viability over both the short and long term.

The financial level is determined by an assessment of a company's financial stability and considers factors such as working capital, profitability, turnover and other financial ratios. 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. DIT may require an updated financial assessment to be undertaken prior to the award of any contract. Refer to Appendix B for details of the financial information to be submitted and the assessment criteria.

### Assessment of Applications

DIT may take into account information from any of the following sources:

- information submitted with the application;
- documented evidence held by DIT or other government agencies regarding the Applicant's previous performance;
- information that was submitted in a previous prequalification application (where appropriate); and
- any other valid information relevant to the Application, notwithstanding that the information has not been submitted by the Applicant.

Performance reports will be a key consideration for determining whether an Applicant meets the minimum requirements for company experience. Applicants must submit all Performance Reports on the DIT Performance Report proforma [Download](#) available from the website.

DIT is not obliged to accept a non-DIT Performance Report if DIT forms the reasonable opinion that it is biased, inadequate or not representative of the Applicant's actual performance on that project.

The referee must have a technical role in and knowledge of the contract, and in consultation with other team members, must be capable of making impartial technical assessments of the contractor's performance. The referee must be independent of the Applicant.

Where a Performance Report indicates that the company's performance is marginal or unsatisfactory, the Applicant must demonstrate that it has successfully implemented corrective action to prevent a re-occurrence of the issue.

DIT may use internal and/or external assessors when considering an application.

To assess the financial capacity of Applicants, DIT has appointed private sector Chartered Accountants and/or Certified Practising Accountants to act in the role of Financial Assessor. The Financial Assessors will:

- maintain the highest level of confidentiality / security of the Applicant's financial information at all times;
- erase the information when directed by DIT; and
- not have any business relationship with the Applicant.

The assessment will be based on a comparison of ratios calculated from the contractor's data with the ratios contained in these guidelines. The Financial Assessor will make a value judgement of the applicant's financial capacity and make a recommendation to DIT of the appropriate financial level.

DIT does not charge for assessing prequalification applications. However, if a reassessment is necessary as a consequence of insufficient information being provided in the initial

application (particularly insufficient financial information) and DIT will incur additional costs, DIT may require pre-payment of these costs from the Applicant.

## Notification

Applicants will be notified in writing regarding which, if any, prequalification level it has achieved within approximately 6 weeks of lodgement of their application. However, if the information provided is not sufficient to complete the assessment, this time may be extended. Applicants that are not satisfied with the outcome of the assessment may lodge a request for a review or appeal (refer Section 2.7 of these Guidelines).

## Upgrading Prequalification Status

A prequalified contractor may apply for an upgrade of its prequalification status after having successfully completed several projects at the higher level within its current prequalification period.

To be eligible for an upgrade, a Contractor must have been active at the current level for a year and be able to demonstrate that its circumstances have changed sufficiently since its last prequalification application was assessed. As such, it may not be necessary to complete the entire application form and Applicants should confirm the requirements for the application with DIT before submitting an upgrade application. Temporary upgrades for specific projects will not be issued.

## Maintenance of Prequalification

Prequalification is for a notional 3 year period. However, if a company is subject to adverse performance reports, undergoes a restructure or its competency is materially reduced, DIT may request a new application. At any time, DIT may seek confirmation that the information submitted with an application remains relevant or request an update of the information.

DIT will monitor and assess the ongoing performance of each prequalified company. A company's ongoing prequalification is subject to it maintaining a satisfactory level of performance in its delivery of contracts. A failure to comply with the requirements for maintenance of prequalification may result in the prequalification being withdrawn or the level downgraded in accordance with the DIT Building Conditions of Prequalification (refer Section 2.7 below). The applicant must notify DIT in writing of any change of circumstance that will affect their prequalification status.

## Terms and Conditions of Prequalification

Applicants and prequalified contractors are required to comply with the Building Conditions of

Prequalification, available from:

[http://www.dit.sa.gov.au/contractor\\_documents/prequalification](http://www.dit.sa.gov.au/contractor_documents/prequalification)

Details of the review and appeal process are also included in this document.

# APPENDIX A –CHARACTERISTICS AND EXAMPLES OF BUILDING PROJECTS IN EACH LEVEL

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The following characteristics are indicative for each level. However, it is not expected that any one project will include all of the characteristics listed for that level.

## GB Level 1: Simple

### Delivery Risks

- Cost / quality issues are routine.
- Program is routine.
- Political impact generally limited to immediate site issues.
- Impact of non-performance is limited and can be redressed through standard contract management processes.

### Technical

- Limited to single or double story construction using conventional building techniques such as brick veneer, double brick and light steel framing.
- Uses Conventional raft or strip footings.
- May include bondeck (or equivalent) suspended slabs.
- When working in an existing facility, the worksite is substantially isolated from the facility users.
- May involve a minor addition or upgrade to an existing building.
- Construct only contract.

Note: Heritage Conservation work is excluded from GB Level 1.

## GB Level 2: Medium

### Delivery Risks

- Cost/quality issues are important.
- Program is important.
- Political impact may affect local region or interest groups.
- Non-performance may have consequential effects such as the client having to find temporary accommodation.

### Technical

- The project is of moderate complexity and scale.
- Substantial project management capability is required, requiring coordination and supervision of typical building trades, subcontractors and suppliers.

- May include multiple stories buildings and similar structures that do not require a tower crane.
- May require a moderate level of interaction with existing facility operators (eg within a school or hospital).
- Typically includes large / complex foundations such as cast in-situ piles.
- May include some special techniques / approaches.
- Moderate site works, such as car parking, soft / hard landscaping & urban design, site drainage, are typically required. May include portal steel frame buildings with long interior spans (eg warehouses, school halls).
- Specification usually based on NATSPEC.
- The contract form is either Construct Only or Design & Construct.
- Examples include new school classroom blocks, school gymnasiums, rural police stations and hospital extensions.
- May include moderate value heritage conservation work requiring special techniques / approaches and bespoke specifications.

### **GB Level 3: Complex**

#### **Delivery Risks**

- Cost/quality issues are critical.
- Program is critical.
- Political impact may be state-wide.
- Poor performance will have serious consequential effects.

#### **Technical**

- Large scale / complex project.
- Very complex project management capability is required, requiring coordination and supervision of numerous trades, subcontractors and suppliers.
- May include multiple stories buildings and similar structures that require a tower crane.
- May require significant interaction with existing facility operators ie “brownfields” environment and/or special limitations on construction environment (eg within a high security prison).
- Typically includes significant site works such as basements with cantilever pile retaining walls, major dewatering, contamination remediation or difficult geotechnical conditions.
- May include complex structural elements, such as long span steel trusses, unconventional tubular steel frames, ultra high strength concrete, post-tensioned concrete or leading edge technology.
- The building may have special design or construction requirements such as severe/aggressive exposure requirements or vibration/fatigue loading.
- May have special operating requirements for the completed building such as clean rooms, biosecurity or high security.
- Often have bespoke specifications for at least some of the works.
- Usually design and construct contracts or an innovative contracting model is used.
- May include high value heritage conservation work requiring special

techniques/approaches and bespoke specifications.

Within the above levels, there are optional sub-categories of Heritage Conservation (excluding GB Level 1) and Interior Fitout.

# APPENDIX B – FINANCIAL CAPACITY ASSESSMENT

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## INFORMATION TO BE SUBMITTED BY APPLICANT

Please provide:

- legal trading identity of the Applicant;
- the identity of the directors and/or owners of the business;
- details of any relevant previous related company;
- details/structure of any related companies and/or holding companies;
- names of any trusts associated with the Applicant;
- Contact details for the Applicant's accountant;
- the last 3 years' accounts (audited accounts preferred) although DIT will accept accounts prepared by the Applicants external accountant for taxation purposes. Interim or management accounts will not be accepted unless expressly requested by DIT; and
- the level of unused finance facilities; i.e. bank guarantees and overdraft limits and details of any holding company situation including if the ultimate parent entity fully indemnifies the registrant against any losses.

DIT may request additional information if appropriate.

### MINIMUM REQUIREMENTS

The principles of financial capacity that must be met 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.



OFFICIAL

Rating	F1	F2	F3	F4	F5	F6	F7	F8	F9	F10	F12.5	F15	F17.5	F20	F22.5	F25	F30	F35	F40	F45	F50	F50 +
Paid Up capital	\$15,000	\$20,000	\$20,000	\$40,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$50,000	\$50,000	\$60,000	\$60,000	\$65,000	\$65,000	\$70,000	\$70,000	\$70,000	\$80,000	\$90,000	\$100,000	100,000
Unused guarantee	No Specific Requirements																					
Net tangible assets	No Specific Requirements																					
Total Liabilities/ Tangible Assets	< 95 %	< 95 %	< 95 %	< 95 %	< 95 %	< 95 %	< 95 %	< 95 %	< 95 %	< 95 %	< 95 %	< 95 %	< 95 %	< 95 %	< 95 %	< 95 %	< 95 %	< 95 %	< 95 %	< 95 %	< 95 %	< 95 %
Interest Bearing debt/ Tangible Asset	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Working Capital and unused overdraft capacity.	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	12.5%	12.5%	12.5%	12.5%	12.5%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	20.0%
EBIT/ Net Interest	>2	>2	>2	>2	>2	>2	>2	>2	>2	>2	>2	>2	>2	>2	>2	>2	>2	>2	>2	>2	>2	>2
Cost of funds/ Turnover	<5%	<5%	<5%	<5%	<5%	<5%	<5%	<5%	<5%	<5%	<5%	<5%	<5%	<5%	<5%	<5%	<5%	<5%	<5%	<5%	<5%	<5%
Operating Revenue	115%	115%	115%	115%	115%	115%	115%	115%	115%	115%	125%	125%	125%	125%	125%	150%	150%	150%	150%	150%	150%	200%
Turnover/ Net Tangible Assets	< 12.5%	< 12.5%	< 12.5%	< 12.5%	< 12.5%	< 12.5%	< 12.5%	< 12.5%	< 12.5%	< 12.5%	< 12.5%	< 12.5%	< 12.5%	< 12.5%	< 12.5%	< 12.5%	< 12.5%	< 12.5%	< 12.5%	< 12.5%	< 12.5%	< 12.5%
Net Profit	Positive profit history																					
Profit/ Operating Revenue	Positive Ratio																					

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Rating	F1	F2	F3	F4	F5	F6	F7	F8	F9	F10	F12.5	F15	F17.5	F20	F22.5	F25	F30	F35	F40	F45	F50	F50 +
EBIT/ Operating Revenue	>2.5%	>2.5%	>2.5%	>2.5%	>2.5%	>2.5%	>2.5%	>2.5%	>2.5%	>2.5%	>2.5%	>2.5%	>2.5%	>2.5%	>2.5%	>2.5%	>2.5%	>2.5%	>2.5%	>2.5%	>2.5%	>2.5%
Contract Income/ Total Income	No Specific Requirements																					

However, if the Applicant can satisfy the assessing accountant that a qualitative adjustment is appropriate through the provision of credit lines or demonstrated capacity to obtain additional debt or equity, "Conditional Prequalification" at a higher "F" rating may be approved. The following may be considered:

- i) Availability of credit lines may be determined by a reasonably conclusive means by way of:
  - existing undrawn credit lines which should be evidenced by way of a facility approval letter
  - proposed or committed credit lines which should be evidenced by way of an unconditional (or reasonable limited conditions) indication that a loan would be provided if applied for.
- ii) Alternatively, capacity to borrow may be considered based on:
  - availability of funds in a related entity and assessment of the likely availability of those funds to support the entity being assessed
  - the consultant's assessed strength of the balance sheet and trading history and an indication from the entity that they would be willing to borrow to meet working capital requirements, in need.
- iii) For smaller entities, capacity to obtain additional equity will require assessment of the shareholders' or directors' capacity to contribute funds following their indication of a willingness to do so.
- iv) For larger entities, direct input from the entity concerned in relation to any proposed new equity would need to be assessed.
- v) In each of the above cases, the effect of the new/ increased debt or equity on the financial standing of the entity would need to be considered.