

# Cascade Tendering: A Guide for Professional Services Contractors (G211)



Government  
of South Australia  
Department for Infrastructure  
and Transport

## Introduction

This guide note provides guidance for Professional Services Contractors (PSCs) on cascade tendering processes that may be applied on building projects.

## Background

The Building Projects directorate of the Department for Infrastructure and Transport (the Department) engages design teams comprising architectural, engineering, and other professional service providers on behalf of Government agencies undertaking major building construction projects.

There are various models available for assembling the design team for a building project. One method commonly used by the Department is to invite tenders for the role of Lead PSC, with the tenderer to nominate as part of its submission the full team of subcontractor Discipline PSCs (DPSCs) that will be required to deliver the services.

In response to requests by DPSCs for equitable access to tendering opportunities, a 'cascade' approach has been developed for selecting and assembling the design team. This is now generally applied to building projects valued over \$4 million. Under this approach, the Lead PSC is selected prior to the tendering and selection of DPSCs. The Lead PSC's tender will include Lead PSC fees and disbursements, and an upper limit provisional sum for DPSCs as determined by the Department.

## Cascade Models

There are two variations of cascading used for the selection of DPSCs, which will usually depend on the project value. Key features of each are summarised below.

Model	Lead PSC initiated	Principal initiated
<b>Typical Project Value</b>	\$4 million - \$50 million	Over \$50 million
<b>Key features</b>	<p>Lead PSC calls and evaluates tenders for DPSCs in accordance with its Procurement Plan developed after contract award.</p> <p>Lead PSC manages any post-tender clarifications, prepares tender assessment reports and makes recommendations to the Department on preferred tender acceptance.</p> <p>If there is no objection to accept, the Lead PSC engages DPSCs as per the contract conditions in the tender documents.</p>	<p><u>Engineering DPSCs:</u></p> <p>Department initiates the tender and manages the evaluation process.</p> <p>Lead PSC participates in the evaluation.</p> <p>Department leads any post-tender clarifications including the withdrawal of DPSC qualifications.</p> <p>Department prepares the tender assessment reports.</p> <p>Lead PSC provides recommendations to the Department on preferred tender acceptance.</p> <p>If there are no objections to accept, Lead PSC engages Engineering DPSCs as per the contract conditions in the tender documents.</p> <p><u>Other DPSCs:</u></p> <p>As per the 'Lead PSC initiated' cascade model.</p>

When a cascade tendering process is to be applied to a project, the Lead PSC's obligations under the applicable model will be set out in the Lead PSC's tender documents.

## Selection of DPSCs

Lead PSCs are encouraged to refer to the best practice selection and ethics principles adopted in the *Code of Practice for the South Australian Construction Industry*<sup>1</sup> (Code of Practice) in the procurement of DPSCs. The Code of Practice incorporates principles of AS 4120—1994 *Code of tendering* and AS 4121—1994 *Code of ethics and procedures for the selection of consultants*.

The following notes are intended to assist Lead PSCs by providing some guidance in the practical application of these principles when managing a cascade tendering process.

Activity	Guidance
<b>Tender Field</b>	<p>When selecting a tender field, sufficient competition needs to be balanced against the contract value and cost of tendering incurred by tenderers. Sufficient competition generally results in better value for money outcomes. The following is recommended as a guide:</p> <ul style="list-style-type: none"> <li>• 3 tenderers where the subcontract is valued over \$50 000.</li> <li>• 1 or 2 tenderers where the subcontract is valued under \$50 000.</li> </ul> <p>Determining a tender field should give consideration to capacity, capability and experience.</p> <p>The proposed tender fields for each DPSC will need to be identified in the Procurement Plan. Any conflict of interest with the proposed tender field should be identified for discussion with the Department.</p>
<b>Tender Call Period</b>	<p>Two weeks is generally recommended where written responses to evaluation criteria are requested. If the requirement is particularly complex, a longer tender period may be required. One week may be sufficient for simple requirements.</p>
<b>Request for Tender</b>	<p>The request for tender should typically provide:</p> <ul style="list-style-type: none"> <li>• The type of professional services required.</li> <li>• The subcontract (back-to-back) document with a redacted copy of the Lead PSC's contract with the Principal.</li> <li>• The evaluation criteria.</li> <li>• The pricing information requested (i.e. total price with a breakdown of fees and disbursements in each part, and hourly rates for additional work).</li> <li>• Details of the Lead PSC's contact person for receiving any queries.</li> <li>• The closing date and time for responses.</li> <li>• An email address / lodgement instructions for submissions.</li> </ul>
<b>Tender Queries</b>	<p>Any material clarification or information requested from a tenderer, which is not already addressed in the tender documents, should be communicated to all tenderers. The process must be fair and equitable.</p>

<sup>1</sup> [https://dit.sa.gov.au/data/assets/pdf\\_file/0006/255561/08\\_code\\_of\\_practice\\_and\\_implementation\\_guidelines\\_2016\\_po22\\_v1.2.pdf](https://dit.sa.gov.au/data/assets/pdf_file/0006/255561/08_code_of_practice_and_implementation_guidelines_2016_po22_v1.2.pdf)

Activity	Guidance
<p><b>Receiving Tenders</b></p>	<p>Where more than one tender has been requested, prices must not be viewed until after the close date – the Lead PSC must use a relevant platform, nominated as part of the Procurement Plan, for the secure electronic lodgement of tenders unless otherwise agreed by the Department Project Manager. The cost associated with a relevant platform will be treated as a disbursement.</p> <p>A summary of tenders received should be recorded and verified by two people where possible. Acknowledgement of receipt of tender should be provided.</p>
<p><b>Evaluation Method</b></p>	<p>The methodology for assessing tenders should be outlined by the Lead PSC in the Procurement Plan. There are multiple evaluation methodologies available.</p> <p>Building Projects generally uses ‘value select’ methodology to evaluate tenders. This calculates weighted scores for price and non-price criteria but requires the input of the Department’s budget risk adviser in the assessment of price (tender sum and price risk/variance).</p> <p>A similar evaluation methodology that may be considered by the Lead PSC is ‘matrix method’, which also considers and calculates scores for both price and non-price criteria, with the score for price relating to the median tender price. Where the highest scoring tenderer has submitted an unrealistically low bid and doubt exists as to the ability to perform the work, this should be raised with the Department for discussion as part of forming a recommendation.</p> <p>An optional template with guidance notes to assist in applying the matrix method is included with this guide note.</p>
<p><b>Non-price Criteria</b></p>	<p>Non-price evaluation criteria should focus on what is critical for the success of the project. The number of non-price criteria should be kept to a minimum – up to 2 or 3 concise non-price criteria are suggested for evaluating DPSCs.</p> <p>Examples of non-price criteria that may be suitable include:</p> <ul style="list-style-type: none"> <li>• Project Team – key team members, their roles, relevant experience, and the proposed time allocated to this project.</li> <li>• Company Experience – recent examples relevant to the project.</li> </ul>
<p><b>Evaluating Tenders</b></p>	<p>Where a competitive tender process is used, a panel of at least three people is recommended to evaluate responses.</p> <p>Sufficient time should be given for the panel to fully consider and assess the submissions before convening to determine a preferred tenderer.</p> <p>A clear record of the evaluation results and outcome will need to be documented in a tender assessment report. An optional template is included with this guide note.</p>

## Appendices

The following optional templates are provided as appendices to this guide note:

1. Procurement Plan
2. Tender Assessment Report

The following standard template is also provided:

3. Recommendation for the Award of Professional Service Contractor

## Contact

For further information contact:

**Team Leader, Building Projects Procurement**

Phone: 08 7133 2055

## Appendix 1: Procurement Plan – optional template

Summary Details	
Project Name	
Lead PSC Name	
DPSC categories for which tenders will be called by the Lead PSC	<input type="checkbox"/> Civil/Structural Engineer <input type="checkbox"/> Building Services Engineer, including: <input type="checkbox"/> Electrical/Electronic/Security Engineer <input type="checkbox"/> Fire Engineer <input type="checkbox"/> Hydraulic Engineer <input type="checkbox"/> Mechanical Engineer <input type="checkbox"/> Vertical Transportation Engineer  <input type="checkbox"/> Acoustic Engineer <input type="checkbox"/> Building Surveyor (NCC/DDA Advisor) <input type="checkbox"/> Landscape Architect <input type="checkbox"/> Traffic Engineer <input type="checkbox"/> Other/s: .....
Provisional Sum for all DPSCs	\$[insert] (excluding GST) \$[insert] (including GST)

DPSC Tender Details	
DPSC Category	
Prequalification Level	<input type="checkbox"/> Level 1 <input type="checkbox"/> Level 2 <input type="checkbox"/> Level 3 <input type="checkbox"/> Not applicable
Proposed Tender Field	<ul style="list-style-type: none"> <li>• [List/insert tenderer name(s)]</li> </ul>
Procurement Program Target Dates	Tender call period: [Insert dates] Tender evaluation complete: [Insert date] Recommendation to Department: [Insert date]
Platform for receiving competitive tenders	[Insert details if applicable]
Evaluation Methodology	<input type="checkbox"/> Matrix Method <input type="checkbox"/> [Other (describe)]

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Evaluation Criteria and Weightings	Criteria (select / edit as appropriate): <input type="checkbox"/> Price <input type="checkbox"/> Project Team <input type="checkbox"/> Company Experience <input type="checkbox"/> [Other (describe)]	Weighting (insert):  %  %  %  %
Attachments	<input type="checkbox"/> Draft tender and subcontract documentation to be used to call tenders and engage DPSCs	

*Copy the table above and complete for each DPSC category as relevant.*

## Appendix 2: Tender Assessment Report – optional template

Summary	
Project Name	
Lead PSC Name	
DPSC Category	
Provisional Sum for all DPSCs (excl. GST)	\$

Tenders Received	
Tenderer Name	Price (excl. GST)
	\$
	\$
	\$

Summary of assessment of responses to non-price criteria			
Non-Price Criteria	Tenderer A	Tenderer B	Tenderer C
Criterion 1			
Criterion 2			

Evaluation Scores							
Tenderer		Tenderer A		Tenderer B		Tenderer C	
Tender Price		\$	-	\$	-	\$	-
Median Price	\$	-					
Criteria	Weighting	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score
Price	0%	0.0	0.00	0.0	0.00	0.0	0.00
Non-price criteria 1	0%	0.0	0.00	0.0	0.00	0.0	0.00
Non-price criteria 2	0%	0.0	0.00	0.0	0.00	0.0	0.00
Non-price criteria 3	0%	0.0	0.00	0.0	0.00	0.0	0.00
<b>Total</b>	<b>0%</b>		<b>0.00</b>		<b>0.00</b>		<b>0.00</b>



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Notes:

- The above table can be tailored as appropriate (double-click to edit) by adding the criteria and their weightings and used to record each tenderer's price and consensus scores against non-price criteria.
- The table includes the following formula for calculating the score for Price, which is based on the Matrix Method:  
$$\text{Score} = 5 + 10 \left[ \frac{\$M - \$T}{\$M} \right]$$
, where \$M = median price and \$T = tenderer's price.
- An Example Scoring System is provided in this guide note to assist in assigning scores against non-price criteria.
- Each score is multiplied by the criterion's weighting to determine a weighted score. The above table includes this formula.
- The tenderer's weighted scores are then aggregated to find the Total Weighted Score.

Preferred Tenderer	
Name	
Reason for Selection	
Upper Limit Sum	\$ (excluding GST) \$ (including GST)

Attachments
<input type="checkbox"/> Submitted tender forms (or equivalent)

## Example Scoring System

The following example scoring system may be used in scoring responses to non-price criteria.

Rating	Guidance/ Characteristics	Score
Outstanding	Highly convincing and credible. Response demonstrates outstanding capability, capacity and experience relevant to, or understanding of, the requirements of the evaluation criteria. Comprehensively documented with all claims fully substantiated.	10
Excellent	Highly convincing and credible. Response demonstrates excellent capability, capacity and experience relevant to, or understanding of, the requirements of the evaluation criteria. Documentation provides complete details. All claims adequately demonstrated and substantiated.	9
Very good	Response complies, is convincing and credible. Response demonstrates very good capability, capacity and experience relevant to, or understanding of, the requirements of the evaluation criteria. Some minor lack of substantiation but the supplier's overall claims are supported.	8
Good	Response complies, is convincing and credible. Response demonstrates good capability, capacity and experience, relevant to, or understanding of, the requirements of the evaluation criteria. Minor uncertainties and shortcomings in the supplier's claims or documentation.	7
Adequate	Response complies and is credible but not completely convincing. Response demonstrates adequate capability, capacity and experience, relevant to, or understanding of, the requirements of the evaluation criteria. Supplier's claims have some gaps.	6
Marginal	Response has minor omissions. Credible but barely convincing. Response demonstrates only a marginal capability, capacity and experience relevant to, or understanding of, the requirements of the evaluation criteria.	5
Limited	Barely convincing. Response has shortcomings and deficiencies in demonstrating the supplier's capability, capacity and experience relevant to, or understanding of, the requirements of the evaluation criteria.	4
Poor	Unconvincing. Response has significant flaws in demonstrating the supplier's capability, capacity and experience relevant to, or understanding of, the requirements of the evaluation criteria.	3
Very poor	Unconvincing. Response is significantly flawed, and fundamental details are lacking. Minimal information has been provided to demonstrate the supplier's capability, capacity and experience relevant to, or understanding of, the requirements of the evaluation criteria.	2
Inadequate	Response is totally unconvincing, and requirement has not been met. Response has inadequate information to demonstrate the supplier's capability, capacity and experience relevant to, or understanding of, the requirements of the evaluation criteria.	1
Deficient	Response was not evaluated against evaluation criteria as no response was provided.	0

### Appendix 3: Recommendation Template

[ON CONSULTANT LETTERHEAD]

Dear ,

***[Insert Project Name] - Recommendation for the Award of Professional Service Contractor [insert discipline]***

Pursuant to Contract *[insert contract number]*: Schedule 2 – Project Specific Services, Section 2.5, *[insert Consultant name]* confirms that it has [participated in / led] the evaluation of the tender submissions for the above referenced Discipline Professional Services Contractor (DPSC).

In accordance with the attached Tender Assessment Report, *[insert preferred tenderer's company name]* has returned the best overall price and service offer and is the preferred tenderer.

*[insert Consultant name]* hereby recommends award of the contract for Professional Service Contractor *[insert discipline]* to *[insert preferred tenderer's company name]* for the Contract Price of *[insert total tender price]*. The Contract Price is inclusive of the following:

	Fee (GST inclusive)	Disbursements (GST inclusive)
Part 1 (fixed)	\$.00	\$.00
Part 2 (indicative)	\$.00	\$.00
Part 3 (indicative)	\$.00	\$.00
Total	\$.00	\$.00

Regards,

*[Insert name]*

**DIT Confirmation**

DIT hereby confirms that:

- it does not intend to object
- it hereby directs the Consultant not to accept the tender as detailed herein

Signed: \_\_\_\_\_  
Client's Representative

Attachment: Tender Assessment Report for Professional Service Contractor *[insert discipline]*