DELIVERING FOR QUEENSLAND

Engineering Policy 179

Infrastructure Procurement Tender Evaluation (Construction & Maintenance Delivery)

July 2026

Queensland Government

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Contents

Engineering Policy

1 Purpose

Tender evaluation is a key step in the procurement and delivery lifecycle. This policy outlines the Department of Transport and Main Road's (the department) approach to tender evaluation and how this will achieve value for money.

Key outcomes of this include:

1. Awarding contracts for a fair price, not necessarily the lowest price
2. Acknowledging past performance.

This Engineering Policy supports the operationalisation of the TMR-Infrastructure Industry Engagement Charter.

> This policy relates to the procurement of construction and maintenance delivery for road, rail and maritime infrastructure.
>
> This policy does not relate to professional services procurement. For further advice on professional services procurement refer to the respective procurement framework guidance.

2 Objectives & benefits

The purpose of this engineering policy is to provide the department and industry a clear and shared understanding of the key factors that will be considered through tender evaluation.

Key objectives include:

- Providing a clear expectation to industry that value for money is more than just price.
- Ensuring that tenderers accurately price the risks allocated to them, and that risk related pricing assumptions are properly understood.
- Setting out a structured and consistent approach for the department to undertake tender evaluations, with scope for flexibility based on project specific needs.
- Providing a mechanism for past-performance to be considered in tender evaluation, with the intention that this will need to evolve over time as the department enhances its supplier performance reporting framework.

The key benefits of the approach outlined in this policy are:

- improved cost certainty and delivery of projects within budget
- reduced disputes and improved commercial relationships
- recognising and rewarding past performance
- taking into account previous poor performance

- a shared understanding of project outcomes, and
- unlocking market capacity to enable delivery of the department's program.

3 Scope

The department's processes for tender evaluation are outlined in Table 3.

Table 3 – Application of evaluation methods for construction and maintenance procurement

Evaluation Method		Threshold	Application
Method 1	Price and non-price	Default (No lower limit)	Default approach for all competitive tender processes regardless of contract value.
Method 2	Price only	≤$20M (ex. GST)	Permitted for competitive tender processes with District Director (or equivalent) approval, only where the expected contract value is $20M excluding GST, or less.
Method 3	Sole invitation	N/A	Used for the evaluation of sole invitation tenders, including relevant works undertaken by RoadTek or Local Government. Not covered by this policy.
Method 4	Shortlisting (e.g. EOI) non-price only	N/A	Used for the evaluation of any shortlisting stage of a multi-stage tender process such as an Expression of Interest (EOI) stage. Not covered by this policy.
Any other	Only with approval of General Manager (Program Management and Delivery)		

The scope of this policy relates to Method 1 and Method 2. Further information regarding general tender evaluation including application of Method 3 and Method 4 tender evaluation is available in the Transport Infrastructure Project Delivery System (TIPDS).

The selection of the appropriate Evaluation Method(s) will be approved through the Tender Evaluation Plan.

4 Implementation

This policy will be progressively implemented by the department. For further information, contact the department's Director (Tender Evaluation and Contract Reporting) TECR@tmr.qld.gov.au.

At the time of publication of this policy, the department is undertaking a review of TIPDS. The information provided in this policy takes precedence over the content provided in TIPDS.

5 Evaluation methods

5.1 1-stage and 2-stage tender evaluation

The department's processes allow for both 1-stage, 2-stage and other multi-stage procurement. Table 5.1 identifies suitable evaluation methods for each stage of the tender process.

Table 5.1 – Use of Tender Evaluation Methods

Tender Process	Stage 1	Stage 2
1-stage	Method 1, 2 or 3	N/A
2-stage	Method 4 – shortlisting	Method 1
Other multi-stage processes	Project specific – based off 2-stage process	

5.2 Unusually low bids

Irrespective of which tender evaluation method is used, the department's Unusually Low Bid (ULB) approach shall apply. For further information, refer to TIPDS.

5.3 Preferred tenderer

Depending on the method used, the evaluation process will use price factors, or a combination of price and non-price factors to establish the preferred tenderer.

Where non-price factors are considered, the Tender Assessment Panel (Panel) will conduct the non-price assessment before the price assessment. The 2 assessment steps are carried out in sequence.

Once the results of the non-price and price assessments are finalised, the Panel will establish the ranking of tenders and identify which offer provides the best value for money.

The tender ranked first on an overall value for money basis will not necessarily be the tender with the lowest price or the tender with the highest non-price score. Rather it will be the tender that, on balance, provides the best value for money.

5.4 Method 1 – price and non-price

5.4.1 General

The combined assessment of price and non-price factors [Method 1] is the department's default tender evaluation approach for a competitive tender processes.

While the framework and core steps remain consistent, there are 2 variants of the Method 1 process to cater for varying commercial frameworks as outlined in Table 5.4.1.

Table 5.4.1 – Application and weighted and non-weighted price assessments

Method	Description	Application
Method 1A	Weighted price	Typically adopted for contracts using schedule of rates or lump sum pricing. Ranking is established using the Best Value Index (BVI) formula.
Method 1B	Non-weighted price	Commonly used for commercially collaborative style contracts where pricing is not fixed, however may also be used for contracts using schedule of rates or fixed price. May be used where project risks are difficult to quantify or where pricing variability is driven by external factors. Ranking is not established through the BVI formula, however the ranking process is structured.

5.4.2 Non-price criteria

To promote consistency across evaluation processes, the department has adopted standard selection criteria categories as per Table 5.4.2. These categories apply to both Method 1A and Method 1B.

While the scoring approach and selection criteria categories are typically consistent across projects, the evaluation criteria, category weightings and criteria-level scoring are tailored to each specific project.

Table 5.4.2 – Non-price categories

Category	Description	Application	Method 1A: Typical Weighting	Method 1B: Typical Weighting
1	Project specific delivery methodology, approach to key risks and program.	Mandatory	25 to 40%	40 to 70%
2	Demonstrated experience, capability and track record.	Mandatory	10 to 25%	20 to 40%
3	Purposeful Public Procurement	Mandatory where expected contract value is greater than $20M (excluding GST). Optional for Method 4.	10%	10 to 20%
Total Non-Price Weighting:			60%*	100%

*When Method 1A is used, the total non-price weighting will be assigned 60% of the total assessment weighting – refer to Section 5.4.3.

Each project will select the most appropriate percentage weighting for each category shown in Table 5.4.2 with the total adding up to the total non-price weighting for the chosen method.

Sub-weightings or relative importance indicators may be assigned to criteria within a category.

For evaluation criteria to be effective, each criterion must be directly linked to specific tender questions, facilitating a clear and structured assessment.

Approval of weighting allocation is required from the nominated Principal's Representative before release of the tender. This would normally be facilitated though the Tender Evaluation Plan.

5.4.2.1 Category 1 – Project specific delivery methodology, approach to key risks & program

Evaluation criteria under this category will be developed to address project specific factors, targeting key risks, issues and opportunities. Tender questions / schedules may require the:

- Explanation of:
  - proposed delivery methodology for high-risk / critical elements
  - interface management, and
  - proposed approach to environment, sustainability, workplace health and safety and/or stakeholder engagement (as deemed relevant and meaningful to the project).
- Submission of a detailed tender program that includes a commentary on construction strategy and demonstrates how time risks have been mitigated.
- Demonstration of innovation / design solutions (where applicable).

Project specific questions will be developed by the department, generally with multiple questions forming this category of the tender assessment. This would normally be facilitated though the Tender Evaluation Plan.

5.4.2.2 Category 2 – Demonstrated experience, capability and track record

Evaluation criteria under this category will be developed to address project specific factors. Tender questions / schedules may require:

- Demonstration of company experience relevant to the scope, scale, technical requirements and risks of the project.
- Nomination of key personnel and their experience relevant to the scope, scale, technical requirements and risks or the project.
- Information on past performance relevant to the scope, scale, technical requirements and risks of the project.

These criteria will expand the department's assessment beyond existing prequalification and Contractor Performance Reporting processes.

Evaluations will consider referee checks and project records in addition to written tender responses where appropriate. The department reserves the right to carry out any referee checks as deemed appropriate.

Over time, the department aims to shift aspects of the past performance assessment toward objective data-driven analysis, requiring less information from tender submissions. A key consideration in developing this approach will be ensuring there are pathways for new entrants to demonstrate past performance.

5.4.2.3 Category 3 – Purposeful Public Procurement

The *Queensland Procurement Policy 2026* (QPP), requires agencies to assess Purposeful Public Procurement (PPP) outcomes through tender evaluation.

The QPP outlines the following 12 PPP outcomes:

1. Local benefits, including local workforces and use of local suppliers in the supply chain.
2. Regional and community benefits, and impacts on communities.
3. Support for local manufacturing.
4. Increase in spend with small and family businesses and medium enterprises.
5. Increase in spend with Aboriginal and Torres Strait Islander businesses.
6. Increase in spend with social enterprises.
7. Increase in spend for female-owned businesses.
8. Improved environmental outcomes, including reduction in waste and increased use of locally recycled materials.
9. Commitment to apprentices and trainees.
10. Encouraging inclusive employment practices in the private sector, including:
    a. employment of people with disability
    b. employment of females, and
    c. commitment to employment of Aboriginal and Torres Strait Islander peoples.
11. Increase in spend with Queensland suppliers that are owned by, or employ, veterans, or that support veteran transition from the Australian Defence Force to civilian employment, or that partner with veteran charities or training programs.
12. Enduring community value, including housing availability and affordability.

The QPP requires that for significant procurement between 2 and 4 PPP outcomes must be selected for assessment within the tender evaluation criteria. A maximum PPP weighting between 10 and 20% must be applied for the criteria. For each individual criterion, weighting must be between 5 and 10%.

A typical example of adopting the PPP outcomes is shown in Table 5.4.2.3.

Table 5.4.2.3 – Example PPP outcomes

Criteria		Non-Price Weighting [example only – Method 1A]
Project specific delivery methodology, approach to key risks and program		30%
Demonstrated experience, capability and track record		20%
PPP	local benefits, including local workforces and use of local suppliers in the supply chain	5%
	regional and community benefits, and impacts on communities	5%
	Total Non-Price Weighting*:	**60%**

For construction and maintenance delivery, the department defines significant procurement as any procurement with an expected contract value greater than $20M (excluding GST). The department requires PPP outcomes to be included as tender evaluation criteria for all such tender processes.

For further information on the implementation of PPP outcomes through departmental Infrastructure Procurement contact the department's Director (Infrastructure Procurement).

Approval of nominated PPP outcomes is required from the nominated Principal's Representative before release of the tender. This would normally be facilitated though the Tender Evaluation Plan.

5.4.3 Method 1A: weighted price approach

Method 1A requires a specific price weighting to be assigned and adopts the BVI process to identify the ranking of tenders, including which tender offers the best value for money.

Table 5.4.3 outlines the default price and non-price assessment weightings.

Table 5.4.3 – Price and non-price weighting (Method 1A)

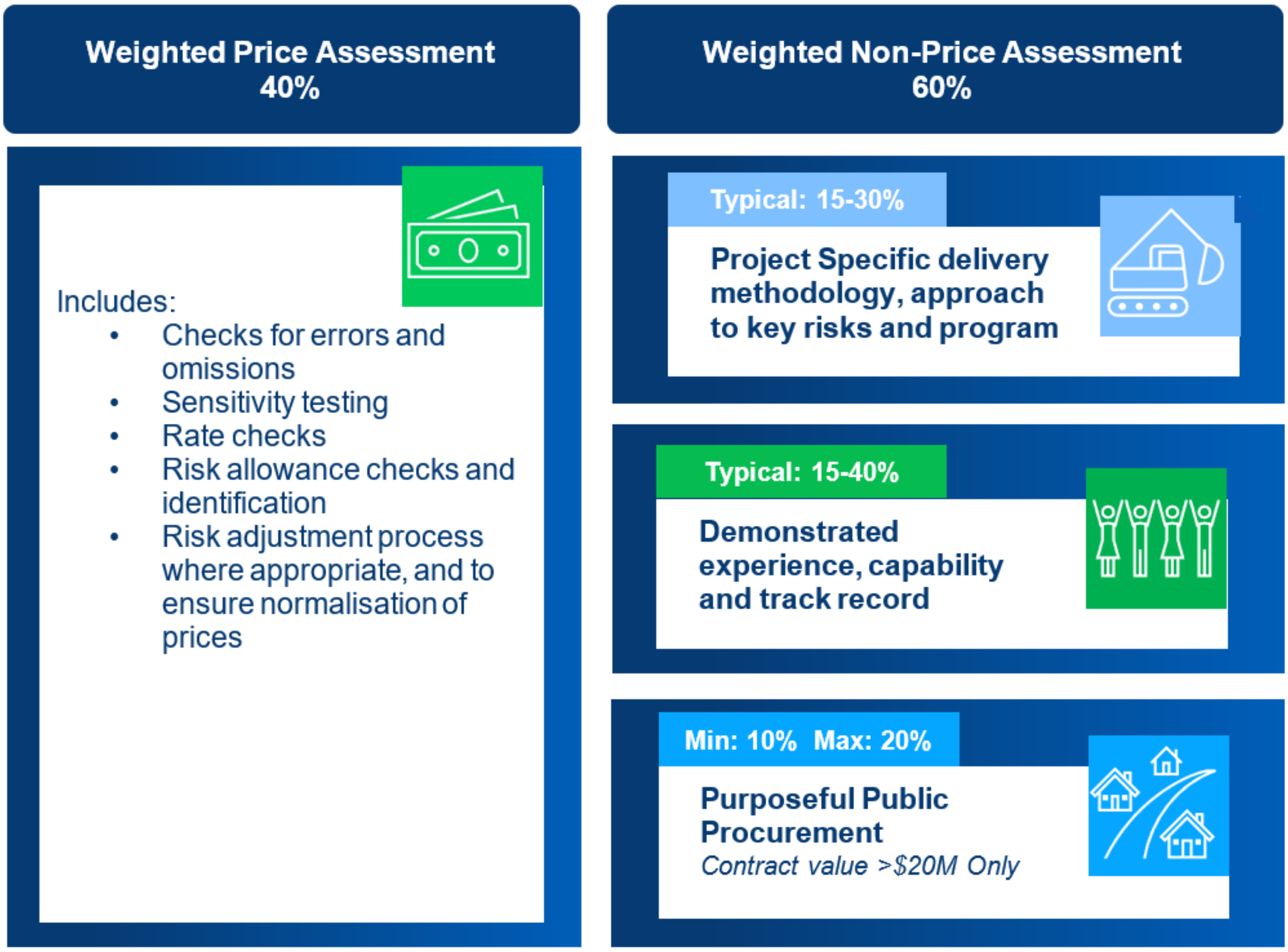
Price Weighting	Non-Price Weighting
40%	60%

Alternative weightings may only be used with approval as follows:

- Expected Contract Value ≤$20M (excluding GST) – District Director (or equivalent).
- Expected Contract Value >$20M (excluding GST) – General Manager (Program Management and Delivery).

Figure 5.4.3 shows the typical combined price and non-price weightings for Method 1A.

Figure 5.4.3 – Price and non-price weighting



5.4.3.1 Price and non-price assessment

Non-price assessment

For non-price assessment, the department utilises standardised criteria categories with typical weighting ranges, as outlined in Table 5.4.2. Within each criteria category project-specific assessment criteria are developed.

During the evaluation process, tenders are assessed against these criteria, with the Panel assigning scores based on their evaluation, supported by input from subject matter experts and specialist advisors where required.

At the end of the non-price assessment, the Panel reaches a consensus on the final score for each tenderer.

Price assessment

The primary objective of the price assessment is to ensure that the price accurately reflects the total cost of completing the works under the contract. This involves evaluating whether the submitted price is a fair price, free from significant omissions or errors, and reasonably normalised in comparison to competing tenders.

In certain cases, adjustments to the submitted price may be necessary to account for:

1. Sensitivities – for example, provisional items
2. Tenderer specific risks – to ensure normalisation of prices across tenders.

Any price adjustments must be justified and documented.

5.4.3.2 Assessing best value using the BVI

Once the price assessment is finalised, the BVI process is adopted to establish the ranking of tenders.

The tender with the highest BVI is identified as offering the best value for money and, pending final compliance and prequalification checks, should be recommended as the preferred tender.

This approach requires a weighting to be allocated to the price and non-price assessment as per Section 5.4.3.

The calculation of the BVI is as follows:

$$BVI = PI + NPI$$

Where:

BVI = Best Value Index

PI = Price Index [determined by multiplying the Price Score (PS) by the price weighting (PW)]

NPI = Non-Price Index [determined by multiplying the Non-Price Score (NPS) by the non-price weighting (NPW)]

5.4.4 Method 1B: non-weighted price approach

Method 1B follows a similar process for the non-price and price assessment steps, however unlike Method 1A it does not rely on the BVI process to determine ranking. While the process is not formula-driven, it is structured.

After completing the non-price and price assessment, the following process is used to establish the overall ranking of tenders:

1. The Panel ranks the tenders by price (lowest to highest), using the adjusted prices from the price assessment (e.g. 1st, 2nd, 3rd, 4th).

2. Starting with lowest priced tender, the Panel reviews the non-price assessment outcomes (including the score) against the adjusted price, with consideration to any unresolved issues or risks. The Panel forms a consensus view on whether the submission represents value to the state. If necessary, any tender clarifications should be sought prior to this process.
3. The Panel repeats the same assessment for the second-lowest priced tender. The tender is then compared to the first price ranked tender to establish whether the tender would provide increased value to the state outweighing the additional cost.
4. The process continues for all tenders until the final ranking and preferred tenderer are determined.

All justification for the final ranking is captured in the Tender Assessment Report.

5.5 Method 2 – price only

5.5.1 General

The price only method can only be used where the expected contract value is below $20M, and the works are considered simple and low risk. Even in these instances however, it must still be approved by the District Director (or equivalent).

While this method is straightforward and efficient to administer, it is not recommended for complex or higher-risk projects, regardless of the contract value. This is because the method does not facilitate a comprehensive assessment of project-specific non-price factors needed to address such complexities and risks. This method also does not recognise past performance.

Price-only evaluation should not be used for marine or high-risk environments regardless of contract value.

5.5.2 Price assessment

The primary objective of the price assessment is to ensure that the price used to establish the preferred tenderer accurately reflects the total cost of completing the works under the contract. This involves evaluating whether the submitted price is a fair price, free from significant omissions or errors, and properly normalised in comparison to competing tenders.

In certain cases, adjustments to the submitted price may be necessary to account for:

1. Sensitivities – for example, provisional items
2. Tenderer specific risks – to ensure normalisation of prices across tenders.

Any price adjustments must be able to be justified and documented.

6 Expectations of industry

The requirements of this engineering policy have been informed by input and consultation with industry.

During this process it was clear that both the department and the industry have a shared expectation of proper risk allocation and transparency.

Key expectations of the industry to support this updated approach to tender evaluation include:

- allow for the risks that are allocated contractually
- raise queries where requirements are unclear, information is missing, or a perverse outcome is likely, and
- provide tender responses that align with the requirements and intent of the tender evaluation criteria.

A key aspect of this approach is that a contractor's past performance will be taken into account during tender evaluation. This may include, but is not be limited to, consideration of:

- relationships
- innovation and continuous improvement
- quality
- time
- cost certainty
- safety, and
- road user experience.

7 Summary of delegations of authority

Table 7 – Delegations of authority

Decision	Delegated Authority	Reference
Use of Method 2 (price only) Allowed for projects <$20M only	District Director or equivalent	Section 3
Use of Method 3 (sole invitation)	Nominated Principal's Representative (via Tender Evaluation Plan)	Section 3
Use of evaluation method not outlined in this Engineering Policy	General Manager (Program Management & Delivery)	Section 3
Use of Method 1B (non-weighted price)	Nominated Principal's Representative (via Tender Evaluation Plan)	Section 5.4.1
Approval of weighting % for non-price categories	Nominated Principal's Representative (via Tender Evaluation Plan)	Section 5.4.2
Selection of PPP outcomes	Nominated Principal's Representative (via Tender Evaluation Plan)	Section 5.4.2.3

Decision	Delegated Authority	Reference
Choice of price / non-price weighting other than 40%/60% For projects ≤$20M only	District Director or equivalent	Section 5.4.3
Choice of price/non-price weighting other than 40% / 60% For projects >$20M only	General Manager (Program Management & Delivery)	Section 5.4.3