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Architects

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Department of Treasury and Finance  
The Treasury Building  
21 Murray Street  
GPO Box 147  
Hobart TAS 7001

By email to: [purchasing@treasury.tas.gov.au](mailto:purchasing@treasury.tas.gov.au)

## **Re: Department of Treasury and Finance Prequalification Scheme**

Dear Mr Swain,

The Tasmanian Chapter of the Australian Institute of Architects (the Institute) would like to thank the Department of Treasury and Finance for the opportunity to provide feedback on the Tasmanian Government's procurement framework, and in this instance, Treasury's Prequalification Scheme for contractors and consultants.

The Tasmanian Chapter is committed to helping create a positive future for our state that benefits all Tasmanians. The Institute advocates for the built environment, and works to shape policies, foster collaboration, and promote design excellence that benefits society as a whole. The Institute values the open communication dialogue that has been established with Treasury, and looks forward to this continuing, to enable the best outcomes for our state.

The Institute has reviewed the questions provided by Treasury for consideration and has sought feedback from members. The feedback received has come from members who have a range of difference experience with the Prequalification Scheme, ranging from those who aren't currently prequalified, those who have only recently become prequalified at the lower levels, and also larger firms with larger prequalification limits, who

have been involved with the scheme for some time. While some of the feedback has been collated under the relevant questions below, we have also outlined some of the key issues as dot points as a summary. Understandably, our membership is diverse, and differing views have been raised about some issues.

**Summary of key issues raised by members:**

- Clarity on the interpretation of ‘project cost’
- The escalation of ‘project cost’
- The ability for practices to work in collaboration/as a joint venture, and the insurance levels associated with this
- The ability for architectural services delivered that don’t result in a built outcome to be considered in the assessment process
- The assessment of project experience and the associated timeframe for assessing this
- Consistency between agencies as to how the rules are applied
- Consideration of the skills of heritage architects within the ‘Heritage Conservation Planning’ category

**1. Is the application process for prequalification clear, simple and easy to navigate?**

Some members have reported that when initially starting the prequalification process, it took a while to understand the criteria. Members have noted that the process needs to be equitable, and the manner in which consultants are assessed needs to be clear. Members have provided feedback that it can be a demanding process that requires substantial time and involves the support of past clients that is not always straight forward. Many small practices have reported that there isn’t a consistency of project size that can be used to justify their capability.

**2. Is the current scope of the Prequalification Scheme, specifically the categories and associated financial limits, appropriate for your industry?**

While the majority of the Institute’s members are qualified under the ‘Architecture’ consultant category, feedback has also been received regarding the ‘Heritage Conservation Planning’ category. Architecture practices that specialise as heritage architects bring a wider understanding of building conservation and spatial design to projects, that other professionals – such as archaeologists – cannot. Yet, these other professions are often producing streetscape visual impact assessments that are not based on spatial and built analysis. It has been suggested by our members that the ‘Heritage Conservation Planning’ category within the scheme should recognise the wider skills of heritage architects.

There is anecdotal evidence that members have been involved in submissions for, as prequalified heritage consultants, have been awarded to project teams where the heritage consultant is not prequalified. There has also been feedback received that government agencies are engaging heritage consultants directly, outside of any tender, that are also not prequalified. In instances, anecdotally, these consultants are not members of Australia ICOMOS, so they are not bound by the practice standards or professional ethics of the peak cultural heritage conservation body in Australia.

**3. Do you understand how Treasury uses the information provided to assess an application for prequalification, including how financial limits are determined?**

Some Institute members have indicated that some aspects of the assessment processes require clarity. Members have indicated that there seems to be some discrepancies between how applications are assessed, and the limits are determined, and there may be a lack of understanding about the service that architects provide by those who are assessing prequalification applications.

**4. Do you recommend changes to any of the following requirements of the Prequalification Scheme:**

- a. **CBOS licencing**
- b. **Evidence of project experience**
- c. **Financial information**
- d. **Professional indemnity and public liability insurance coverage (consultants only)**
- e. **Quality Assurance certification**
- f. **TasBuild registration (contractors only)**

It was noted that the timeframe for project experience had been recently increased to five years, due to the impacts of COVID-19. There is a question as to whether it is reasonable to limit the experience of an architect to such a short window of time, given the experience that is amassed over a career (and that this knowledge and experience isn't lost after a certain number of years), and the nature of construction within the Tasmania market providing limited opportunities to complete relevant projects in the stipulated timeframe.

The Institute acknowledges that while an individual's experience isn't lost over time, it is reasonable to assess the capacity of a practice, as over time, the individuals who make up this practice may change (e.g., employees leaving a practice, or new employees starting). The capacity and cumulative experience should be demonstrated by the practice.

Institute members have requested a clear definition for 'project cost', and clarity as to what is include and excluded as part of this, otherwise there is not an equitable process for assessment. For example, many large project cost plans may contain the cost of the

purchase of the land, however, for some projects this may be \$0, as the land is already owned etc. Members appreciate that using the project cost does capture all work and complexity undertaken, by allowing, for example, FFE (furniture and equipment), public art works etc., that may have occurred over the life of the project.

The Institute notes that Treasury has stated the project cost includes all costs associated with the project (e.g. consultant fees, land acquisition, permit fees/ fees to authorities, landscaping), including the 'cost of works', i.e., construction costs. It is critical for this point to be clarified to ensure the assessment process is equitable. Members have also noted that in some instances, architects aren't always privy to the final project cost, depending on the nature of the project and the scope of services that the architect is engaged for, however, they can easily work with a quantity surveyor to determine this, provided they can advise what to include.

Further to this, members have suggested that Treasury provides a definition of 'completed project'. There is confusion as to whether a completed project also refers to the completion of an architect's contracted services (i.e. contract documentation may be completed which is the final stage of contract services, however the project is still under construction at the time of applying for prequalification). Anecdotally, there seems to be conflicting advice being provided by the assessing officers.

There also appears to be no consideration of other services that architects often complete, that may not result in a built outcome – such as master planning. It has been noted that architects provide a 'service', which doesn't always result in a built outcome, and there should be consideration of this within the Prequalification Scheme. The assessment process requiring projects to be completed (built) is not in step with procurement processes (initial engagement may be for a master plan which may then lead to further engagement) and does not provide a reasonable assessment of a practice's capacity, experience and expertise.

Another issue that was identified by our members, was the escalation to 'project costs' over time, due to the nature of price rises across the industry, inflation etc., along with the methodology that Treasury uses to calculate this. It is important (for an equitable assessment process) that the method is communicated and understood, to ensure that project costs reflect the current construction costs at the time an applicant makes their application.

##### **5. What are the main issues (if any) your industry encounters with the Prequalification Scheme?**

Along with the above considerations, which is feedback that has been heard by the Institute from members over many years, the Institute also notes the below.

Members have reported that tenders have not been awarded or applicants have been ineligible for consideration when practices 'working in association' do not hold the same pre-qualification limits. It is often not feasible for smaller Tasmanian practices to hold the same level of insurance cover (e.g. \$20M +) as a larger national practice. Likewise, Tasmanian firms may not have had the same project experience as the larger firms and may not be able to achieve the same level of prequalification. Members, who are part of larger mainland firms, with offices in Tasmania, have reported that they have tried to work in association with smaller Tasmanian firms, however, have been limited by the smaller prequalification limit. This has the effect of limiting the opportunities of Tasmanian firms to develop the experience and expertise of their team, and in turn, grow in capability and capacity.

In receiving feedback from a number of members, it appears that the way the level of insurance is assessed, and whether the same level is required by all consultants, or just the lead consultant, differs between projects and government agencies. This has created confusion among our members, and has, at times, meant that they have spent valuable time putting together tendering information for projects to find out that they are not able to be included in the pool, or not tendered on projects due to the advice on insurance levels being unclear in the first instance. The Institute has long received feedback that the different manners in which government agencies run their procurement practices has created confusion.

Tasmanian practices, particularly smaller ones, are looking for opportunities to increase their project experience and capability, and enabling them to work with or under a lead consultant, to increase their experience, is what many are seeking.

**6. The purpose of the Prequalification Scheme is to mitigate the risk of the Tasmanian Government entering into contracts with consultants and contractors that may not have the organisational and/or financial capacity to deliver publicly funded capital projects. Do you think this purpose is achieved?**

While the Institute understands the reason and importance for the Prequalification Scheme, it is not a failsafe system and suggests that internal audits could be undertaken by Treasury to assess if the system is working as intended. While the Tasmanian Government needs to mitigate risks, it also needs to ensure that there is a large enough pool of consultants to draw from, and that smaller and newer architecture firms are afforded opportunities to build on their experience and capability to ensure that there is ongoing capacity within the state to complete these important projects to ensure the best outcomes for the people of Tasmania.

**7. Noting that the review of Prequalification Scheme aims to ensure businesses can register to undertake work for the Tasmanian Government within a framework that**

**is simple, transparent and easily understood by industry. Do you have any additional suggestions for improvement?**

As discussed above, members are asking for the rules to be clear and consistent, relevant to the architecture profession, and that they don't change halfway through a tender process. They are also looking for opportunities to grow, build their capacity and innovate, and this could be assisted by allowing smaller firms to work with larger firms, as previously noted.

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Thank you for the opportunity to provide input into the current consultation. The Institute is more than happy to meet to discuss this further, noting that we have an existing meeting scheduled for April. The Institute hopes that this feedback assists in the review of the Tasmanian Government's procurement framework and enables the best outcomes to be achieved for the public.

Kind regards,



**Daniel Lane**  
President, Tasmanian Chapter  
Australian Institute of Architects



**Jennifer Nichols**  
Executive Director, Tasmanian Chapter  
Australian Institute of Architects

The Australian Institute of Architects (Institute) is the peak body for the architectural profession in Australia. It is an independent, national member organisation with over 13,600 members across Australia and overseas. The Institute exists to advance the interests of members, their professional standards and contemporary practice, and expand and advocate the value of architects and architecture to the sustainable growth of our communities, economy and culture. The Institute actively works to maintain and improve the quality of our built environment by promoting better, responsible and environmental design. To learn more about the Institute, log on to [www.architecture.com.au](http://www.architecture.com.au).