Capital Works Management Framework

Contractor PQC Performance Reporting
The suite of Capital Works Management Framework documents is available online (www.hpw.qld.gov.au):

- The Capital Works Management Framework policy document describes the capital works management process and contains the policy requirements.
- Guidelines complement the policy document and expand on various aspects of the capital works management process, particularly in terms of best practice procedures. The Prequalification (PQC) System guidelines are included in the Capital Works Management Framework suite of documents.
- Policy advice notes provide advice on particular policy issues and/or procurement processes relating to the planning and delivery of government building projects.
- The Online Toolbox provides online support to assist in the implementation of best practice planning and delivery of government building projects. It includes templates, flowcharts, guides, sample documents, and links to useful information.

Contractor PQC Performance Reporting
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(Department of Housing and Public Works)

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1.0 Introduction

This guideline forms part of the *Capital Works Management Framework* (CWMF). The CWMF is the Queensland Government’s key policy for managing risks in the planning and delivery of building projects.

This guideline applies to the design and construction stage of project delivery within the capital works management process. The process, illustrated in Diagram 1, is a generic process that assists departments in adopting a strategic asset management approach to building projects.

**Diagram 1: Capital works management process**
In accordance with Capital Works Management Framework policy requirement 13, departments are required to complete PQC performance reports for each contractor engaged through the PQC System at the construction 50 per cent complete stage and three months after practical completion. Reports may also be initiated by the Principal under the contract at other times on an exception basis, or undertaken at the request of the contractor, the PQC Registrar or the department sponsoring the project.

1.1 Objective

The objective of this guideline is to provide guidance for government departments on contractor performance reporting associated with government building projects. This will facilitate a consistent approach to such reporting. However, performance reports should only be completed by government employees.

1.2 Scope

In particular, this guideline provides information for those managing the contract (i.e. Superintendents, Superintendent’s Representatives, Principal’s Representatives and Site Representatives) who are required to prepare performance reports on building contractors. The guideline focuses on the purpose of contractor performance reports and the steps for completing a performance report.

1.3 Key definitions

A building industry contractor or contractor is an organisation or individual contracted directly to the Queensland Government to provide services in relation to government building projects.

Contractor’s Representative is the Contractor’s nominated representative appointed to the project. For non-traditional projects an equivalent role is the Manager’s Representative.

The Superintendent undertakes the contract management functions on the contract entered into between the Principal and Contractor. For non-traditional projects an equivalent role is the Principal’s Representative.

Superintendent’s Representative (SR) is the Superintendent’s nominated representative. For non-traditional projects an equivalent role is the Site Representative.

Superintendent’s Management is interpreted as the most appropriate director/manager of the person undertaking the role of the Superintendent.

‘government department’ or ‘department’ has the meaning expressed in s8 of the Financial Accountability Act 2009.

Government building project is as defined in Attachment 1 of the Capital Works Management Framework policy document.
The Prequalification (PQC) System supports the Capital Works Management Framework (CWMF) by providing a comprehensive central register of prequalified building industry consultants and contractors. The PQC System also establishes clear and consistent performance requirements and guidelines for the selection of building industry service providers for government building projects.

The PQC Registrar is the key contact for the Prequalification (PQC) System.

1.4 Other relevant documents

Contractor PQC Tendering and Selection Process guideline (Department of Housing and Public Works)

Contractor PQC Conditions of Prequalification (Department of Housing and Public Works) (refer to Application Form 3: Office Details)

Contractor PQC Review and Sanctions Process guideline (Department of Housing and Public Works)

2.0 Performance reporting: A key element of contract management

Routine and accurate reporting on the performance of a building contractor during the life of a contract is an essential element of contract management. Firstly, performance reports are used in the assessment of building contractors for continued registration on the whole-of-Government Prequalification (PQC) System and for inclusion on select tender lists. In addition to these functions, performance reporting helps those managing the contract and the building contractor to reach a common understanding regarding the work being undertaken. Performance reports also facilitate the identification of performance areas in which the contractor is excelling and any areas that may need improvement. Lastly, performance reports help serve the public interest in that those managing the contract provide candid comments about the performance of contractors, that are receiving public funds and constructing public buildings.

3.0 What is the purpose of contractor performance reports?

Contractor performance reports fulfil four main functions. They:

- support contract management and administration
  - The completion of performance reports in a face-to-face meeting can promote discussion of performance and compliance matters.

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1 Namely, the department or entity undertaking the role of Superintendent or Superintendent’s Representative under traditional contracts, or Principal’s Representative or Site Representative under non-traditional contracts.
- Completed performance reports complement the contract by providing background information and documentation to support any subsequent actions taken under the contract.
- **provide feedback on contractor performance to the management levels of that contractor**
  - Completed performance reports can be used by the contractor's onsite representative to brief contractor management on performance under the contract.
  - At the end of the performance reporting process, the PQC Registrar will provide a copy of the performance report to contractor management for their information.
- **provide feedback to the PQC Registrar on the capability and/or performance of a prequalified contractor**
  - The PQC Registrar reviews all performance reports received and may undertake a review of the registrant’s status under the PQC System, initiate a ‘seek advice’ flag against the registrant’s details on the PQC System, issue a warning or notice of intent, and/or apply a sanction as considered appropriate (refer to the Capital Works Management Framework guideline, Contractor PQC Review and Sanctions Process for a detailed explanation of this process).
- **assist in the development of invitation lists for select tenders**
  - As stated in the Capital Works Management Framework guideline, Contractor PQC Tendering and Selection Process, select tendering involves the selection of a limited number of contractors who are invited to tender on a project based on several factors, including ‘past performance regarding time and quality of work and, in particular, any evidence of superior performance’.

### 4.0 Approach to completing contractor performance reports

In accordance with the principles of natural justice\(^2\), contractor performance reports must be objective, accurate and reasonable, and prepared in a way that will demonstrate that adequate opportunity has been given to the contractor to present their version of events. Contractor performance reports should be treated as sensitive documents and information on a contractor’s performance must only be released in accordance with the Contractor PQC Conditions of Prequalification and when developing select lists.

In the interest of developing a common understanding between those managing the contract and the contractor’s representative regarding the work being undertaken, it is preferable that performance reports are initially completed at a face-to-face meeting between these two parties. On some occasions, it may be appropriate for the management levels of both the entity managing the contract and the contractor to attend this initial meeting.

\(^{2}\) Natural justice is defined in *The Australian Policy Handbook* as the ‘legal rules requiring decision makers to act fairly and in good faith, without bias (pre-judgment or interest in a matter), to provide details of any matters affecting individuals, and to ensure a fair hearing’. Natural justice is also referred to as ‘procedural fairness’.  

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Capital Works Management Framework Guideline
While it is preferable that the initial completion of performance reports be undertaken face-to-face, either or both parties may choose to prepare a draft performance report prior to the meeting for use as a starting point for discussions. Furthermore, both parties may agree to the post-meeting completion of the performance report by the entity managing the contract (i.e. the entity managing the contract completes the performance report after the meeting using information presented and discussed during the meeting).

The following must be observed during the performance reporting process:

- the reporting officer must maintain frequent and direct liaison with the contractor to be in a position to make factual assessments regarding the contractor’s performance
- all information contained in the performance report must be discussed by the parties to the contract
- appropriate officers, who must be employees of the State (i.e. someone to whom the Public Service Act 2008 (Qld) and the Public Sector Ethics Act 1994 (Qld) applies), must sign-off on the performance report to certify that the report is objective and accurate, and can therefore be relied upon by the Department of Housing and Public Works when making accountable decisions regarding registration of the contractor on the PQC System and possible inclusion on, or exclusion from, select tender lists
- in accordance with the principles of natural justice, the contractor must be given reasonable opportunity to comment on the assessment of their performance as that assessment progresses.

The procedure for completing a contractor performance report (including relevant sign off points) is outlined in Attachment 1.

Once completed, a performance report must be forwarded to the PQC Registrar (the latest version of the performance report template, available on the Department of Housing and Public Works’ website at www.hpw.qld.gov.au, must be used when assessing a contractor’s performance under a contract).

5.0 Assessing a contractor’s performance

A contractor is to be assessed against specific elements (as outlined in the performance report template at Attachment 2) in relation to:

- project delivery
- compliance with relevant government policies (refer Attachment 3)
- compliance with non-price criteria (if included in tender documentation).

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3 Superintendent and Superintendent’s Management (as is applicable – refer Attachment 1) or equivalent roles.
The adequacy of the contractor’s performance against these specific elements is to be assessed using one of the following descriptions:

**Less than adequate**
The contractor’s work/materials etc have:
- failed to comply with the contract
- required frequent adjustments/modifications
- attracted many/serious complaints.

**Adequate**
The contractor’s work/materials etc have:
- complied with the contract and met expectations
- required nil or minor adjustments/modifications
- attracted few/minor complaints.

**Superior**
The contractor’s work/materials etc have:
- complied with the contract and exceeded expectations in many/most aspects
- required nil or minor adjustments/modifications and has added unexpected value/improvement
- attracted broad and consistent praise with no/inconsequential complaints.

Adverse findings in a performance report must be supported by evidence. As such, reporting officers should include copies of the following (as relevant) with their completed performance report:
- key items of correspondence
- site minutes
- requests for information
- claims
- site directions
- variation orders
- show cause notices
- written statements
- photographs
- responses from the contractor associated with any of the above.

Similarly, any elements identified as ‘superior’ in a performance report must also be supported by evidence. As such, reporting officers should include copies of the above (as applicable) with their completed performance report.

Additionally, the performance report is used to assess a contractor against the following elements:
- payment of subcontractors
- industrial relations
- workplace health and safety.
In regards to these elements, the reporting officer is to record on the performance report whether or not there have been any issues/concerns, and if so, a brief outline of the issue/concern.

### 6.0 Actions arising from completed performance reports

The PQC Registrar will review completed performance reports and determine what, if any, actions should arise from the reports.

In general terms, unsatisfactory performance is likely to result in the contractor having reduced future select tender opportunities, while superior performance is likely to result in a contractor having increased future select tender opportunities (for those tenders where the select tender system is used).

The overall performance outcome may also be a trigger for determining the priority for review of a contractor's capability to undertake future work at a particular PQC Service Risk Rating (refer to the Contractor PQC Service Risk Assessment guideline for further information on Service Risk Ratings).

Where overall performance on a contract during a reporting period is unsatisfactory, a review will be undertaken and sanctions may be applied. The Contractor PQC Review and Sanctions Process guideline outlines the approach used in these circumstances.

Where overall performance of a contractor during a reporting period is adequate, this will be recorded and no further action will be required.

Similarly, where overall performance of a contractor is superior, this will be recorded and no further action will be required by the PQC Registrar.

### 7.0 Privacy of information

All personal information held by the Department of Housing and Public Works is subject to the Information Privacy Act 2009 which aims to provide safeguards for the handling of personal information in the public sector environment, and to allow access to and amendment of personal information.

The Department of Housing and Public Works manages prequalification information on a whole-of-Government basis. Under the Conditions of Prequalification, it is deemed that the contractor has given consent for their name, title and work contact information to be collected and used for whole-of-Government activities without specific authorisation.
Attachment 1: Procedure for completion of Contractor PQC Performance Reports

The Superintendent’s Representative (SR) considers the contractor’s performance under the contract and identifies such performance against elements listed on the report as ‘less than adequate’, ‘adequate’ or ‘superior’ as appropriate.

Any elements of performance identified as ‘less than adequate’ or ‘superior’ on the report must have accompanying comments provided by the SR. Relevant documentation (such as copies of site minutes, site directions, general correspondence, variation orders, show cause notices, photographs, drawings etc) must also be attached to the performance report by the SR to support such comments.

The SR is to complete step 1 of the sign-off section; contact the Contractor’s Representative (CR); provide a copy of the proposed report; and make arrangements to discuss (preferably face-to-face) the proposed assessment. In some situations, the report may need to be amended to reflect agreements reached during these discussions.

In situations where the report is agreed between the SR and the CR, and it is not practical for the CR to sign-off at step 2 of the sign-off process of the report, the SR may tick the “Yes” box in response to the statement “I have discussed the content of this report with the Contractor’s Representative, who has agreed with the report” and forward all relevant documents to the Superintendent to complete step 3.

Where the SR and the CR are not able to reach agreement on the report, or if the CR wishes to add some further comment, the SR is to forward the report (and all attachments) to the CR for sign-off at step 2 and return to the SR. Upon receipt of the report from the CR, the SR is to forward the report to the Superintendent for review and sign-off at step 3.

The Superintendent is to consider the contents of the report (including attachments) and sign-off at step 3. If the Superintendent’s sign-off supports the comments previously made, the report can then be forwarded to the PQC Registrar (note: the report and any attachments must be in PDF format). Upon receipt, the PQC Registrar will forward the report and any attachments to the Contractor’s Management for information purposes.

However, if, the Superintendent makes additional comments that could be considered to be “unfavourable toward the contractor”, then the CR is to be provided with a right of reply (at step 4) under the provisions of natural justice. In such cases the CR is to provide comment; sign-off and return the report and all attachments to the Superintendent.

By the time issues raised under the performance report reach this stage, it will be fairly clear if:

- there is general agreement with the comments provided; or
- the comments provided in the report are significantly challenged by any of the parties.

Where there is general agreement to the report, it is to be forwarded by the Superintendent to the PQC Registrar (note: the report and any attachments must be in PDF format).
Upon receipt, the PQC Registrar will forward the report and any attachments to the Contractor’s Management for information purposes.

Where there is significant challenge by any party, the report is to be issued to the Superintendent’s Management (at step 5) for consideration and addressing as appropriate with engagement of the Contractor’s Management (at step 6) and the PQC Registrar as considered appropriate.

Following any discussions between the Superintendent’s Management and the Contractor’s Management, advice is to be provided to the PQC Registrar by both parties on the outcomes of these discussions, actions to be taken and any agreements reached. The Superintendent’s Management is to forward the completed performance report to the PQC Register.

Upon receipt of a performance report, the PQC Registrar is to review the report and any attachments and:

a. request (if necessary/appropriate) that the Superintendent’s Representative, Superintendent and/or Superintendent’s Management provide further information in relation to any assessed elements or clarification of any issues

b. initiate, if appropriate, a review of the contractor’s prequalification status (refer to the Capital Works Management Framework guideline, Contractor PQC Review and Sanctions Process) in relation to poor performance

c. record the results of the performance report against the contractor’s registration in the PQC Database.

Important Note:

The latest version of the performance report template (available on the Department of Housing and Public Works’ website at www.hpw.qld.gov.au) must be used when assessing a contractor’s performance under a contract. Outdated versions of the performance report template will not be accepted by the PQC Registrar.
## Attachment 2: Contractor PQC Performance Report template (version November 2012)

<table>
<thead>
<tr>
<th>Details</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractor</td>
<td></td>
</tr>
<tr>
<td>Project name</td>
<td></td>
</tr>
<tr>
<td>Project number</td>
<td></td>
</tr>
<tr>
<td>Contractor’s Site Representative</td>
<td></td>
</tr>
<tr>
<td>Review date</td>
<td>/ /</td>
</tr>
<tr>
<td>Status</td>
<td>☐ In Progress - Go to Qs 1, 2 and 5  ☐ In Defects Liability Period - Go to Qs 3, 4 and 5</td>
</tr>
<tr>
<td>Q1: % Complete as at</td>
<td>/ /</td>
</tr>
<tr>
<td>Q2: Current Date for Practical Completion</td>
<td>/ /</td>
</tr>
<tr>
<td>Q3: Date of Practical Completion</td>
<td>/ /</td>
</tr>
<tr>
<td>Q4: Defects Liability Period</td>
<td>weeks ☐ / months ☐</td>
</tr>
<tr>
<td>Q5: Liquidated Damages applied: $ (being days ☐ / weeks ☐ @ $ )</td>
<td></td>
</tr>
</tbody>
</table>

The Superintendent’s Representative and the Contractor’s Representative complete this report co-operatively preferably during a face-to-face meeting.

A Site Meeting held close to a performance reporting period (i.e. at the construction 50% complete stage) is acceptable. Contact the PQC Registrar if delays expected.

| Function/Quality – Construction/Maintenance | ☐ ☐ ☐ |
| Function/Quality – Contractor’s Documentation | ☐ ☐ ☐ |
| Time – Rate of Progress/Rectification of Defects etc. | ☐ ☐ ☐ |
| Time – Delivery of Submissions | ☐ ☐ ☐ |
| Variations/Claims (with regard to number, nature, valuation and validity) | ☐ ☐ ☐ |
| Communication | ☐ ☐ ☐ |
| Environment | ☐ ☐ ☐ |

| Assessment |  |
| Compliance with 10 per cent Training Policy (see note 1 – pg 3) | ☐ ☐ ☐ ☐ |
| Compliance with Non-Price Criteria | ☐ ☐ ☐ |
| Compliance with Indigenous Employment Policy (IEP) (see note 1 – pg 3) | ☐ ☐ ☐ |
| Compliance with Local Industry Policy | ☐ ☐ ☐ |
| Quality of Contract Documents Issued by Principal (in terms of their coordination, accuracy, completeness and number/extent of revisions since acceptance) | ☐ ☐ ☐ ☐ |

Less than Adequate – e.g. for this reporting period the contractor’s work/materials etc. have: failed to comply with the contract; required frequent adjustments/modifications; attracted many/serious complaints. (Attach supporting documentation)

Adequate – e.g. for this reporting period the contractor’s work/materials etc. have: complied with the contract and met expectations; required nil or minor adjustments/modifications; attracted few/minor complaints.

Superior – e.g. for this reporting period the contractor’s work/materials etc. have: complied with the contract and exceeded expectations in many/most aspects; required nil or minor adjustments/modifications and has added unexpected value/improvement; attracted broad and consistent praise with no/consequential complaints. (Attach supporting documentation)

Comments (must be provided for Less than Adequate and Superior responses)

| Project Team is aware of actual or possible Adverse Issues / Concerns |  |
| No known Issues / Concerns | ☐ ☐ ☐ |

Feedback only

| Payment of Subcontractors/Suppliers (compliance with legislative and contractual provisions) | ☐ ☐ |
| Industrial Relations (e.g. inappropriate engagement and/or remuneration of workers, non-approved subcontracting, prosecutions, investigations or site specific industrial action) | ☐ ☐ |
| Workplace Health and Safety (e.g. workplace injuries or incidents, investigations, prosecutions, notices issued or adverse OHS audit reports) | ☐ ☐ |
Contractor PQC Performance Report

For non-traditional forms of contract, the terms “Superintendent’s Representative”, “Superintendent” and “Contractor’s Representative” are to be read as “Site Representative”, “Principal’s Representative” and “Manager’s Representative” respectively.

1
Superintendent’s Representative’s comments and sign off:

Preferably completed face-to-face.

In my opinion:

AND
I have discussed the content of this report with the Contractor’s Representative, who has agreed with the report:
Yes [ ] No [ ] (go to 2)

Name: ____________________________ Date: ____________________________
Signature: ____________________________

2
Contractor’s Representative’s comments on this report:

Preferably completed face-to-face.

In my opinion:

Name: ____________________________ Date: ____________________________
Signature: ____________________________

3
Superintendent’s comments and sign off:

I agree with and support the comments provided in this report (forward report to the PQC Registrar).

OR
In my opinion:

If comments at 3 are unfavourable toward the contractor, go to 4, if not forward report to the PQC Registrar.

Name: ____________________________ Date: ____________________________
Signature: ____________________________

4
Contractor’s Representative’s comments on this report:

In my opinion:

Name: ____________________________ Date: ____________________________
Signature: ____________________________

Where there is general agreement with the comments provided above – the completed report is to be forwarded to the PQC Registrar.

Where the comments provided in the report are significantly challenged by any of the parties above, this report is to be forwarded to the Superintendent’s Management.

5
Superintendent’s Management comments and sign off:

I agree with and support the comments provided in this report (forward report to the PQC Registrar).

OR
In my opinion:

If comments at 5 are unfavourable toward the contractor, go to 6, if not forward report to the PQC Registrar.

Name: ____________________________ Date: ____________________________
Signature: ____________________________

6
Contractor’s Management comments on this report:

Complete as requested by Superintendent’s Management or PQC Registrar.

In my opinion:

Name: ____________________________ Date: ____________________________
Signature: ____________________________
Notes:
1. Compliance with 10 percent Training Policy / Indigenous Employment Policy (IEP) – a score of “Adequate” means that the contractor has submitted appropriate documentation (i.e. compliance plan, compliance reports) as per contract conditions.

2. All comments and opinions must be capable of substantiation.

3. Where comments and opinions are unfavourable, opportunity to review, comment and sign must be provided to the Contractor’s Representative or Contractor’s Management as required under the provisions of natural justice.

4. As a minimum, the report must be signed at sign-off points ① and ③ if the report has been discussed and agreed with the Contractor’s Representative and there is nothing at ③ which could be considered detrimental to the contractor.

5. Completed report to be forwarded to PQC Registrar:
   - email - pqcregistrar@publicworks.qld.gov.au
   - telephone enquiries - 07 3224 5241 or 1800 072 621.

Privacy Notice:

The Department of Housing and Public Works is collecting the information on this form for the purpose of reviewing the contractor’s technical and management performance, and compliance with contractual, statutory and prequalification requirements. In accordance with the Queensland Government’s Prequalification (PQC) System, contractors undertaking any government building project valued at more than $500,000 are required to contribute to the completion of performance reports on the service they provide.

In assessing the contractor’s performance, information on this form may be given to:
- Queensland Building Services Authority
- Workplace Health and Safety Queensland
- Department of Justice and Attorney-General
- Work Cover Queensland
- QLeave
- QComp
- Construction Skills Queensland.

The Department of Housing and Public Works may also give some of this information to other relevant government and industry entities for the purpose of reviewing the contractor’s performance.

This information will not be disclosed to any other third party without the contractor’s consent, unless authorised or required by law.
Attachment 3: Compliance with Government policies

Contractors working on government building projects are required to comply with Government policies (as listed below), as applicable to the subject project.

- **10% Training Policy** - requires that a minimum of 10 per cent of the total labour hours on any Queensland Government building or civil construction project (valued over $250,000 for building or $500,000 for civil construction) must be undertaken by apprentices, trainees, cadets or Indigenous workers or used for the upskilling of existing employees (to a maximum of 25 per cent of the deemed hours).

- **Indigenous Employment Policy (IEP 20% Policy)** - requires contractors to ensure employment and accredited training occurs on Queensland Government building and civil construction sites, and that a minimum of 20 per cent of the total labour hours on any such site in specified Indigenous communities be undertaken by Indigenous people recruited from the local community. Where the IEP 20% Policy applies, the 10% training policy is not required as its intent is covered in this policy.

- **Local Industry Policy** - applies to infrastructure and resource based projects valued at more than $5 million that are undertaken by departments and agencies, and to similar projects in regional and rural Queensland valued at more than $2.5 million. The Local Industry Policy demonstrates the Queensland Government’s commitment to ensuring that local industry is given full, fair and reasonable opportunity to be considered for major project work being undertaken in Queensland, in both the public and private sectors.

The contractor’s level of compliance with the relevant policy is to be assessed and recorded on the performance report as ‘less than adequate’; ‘adequate’; or ‘superior’. In the case where a particular policy does not apply to the subject project, this is to be recorded as ‘not applicable’ on the performance report.