Capital Works Management Framework

Policy for managing risks in the planning and delivery of Queensland Government building projects
The concept of the “asset life cycle” (illustrated below), covers the planning, investment / procurement, management-in-use and disposal of assets such that their service delivery potential is maximised and that risks and costs are managed over their entire life. The Capital Works Management Framework applies to various phases of the asset life cycle within a strategic asset management context.

The asset life cycle

There is a close relationship between the Capital Works Management Framework and the Maintenance Management Framework. The Maintenance Management Framework is primarily concerned with the management-in-use phase in which the maintenance of the building asset takes place, whilst the Capital Works Management Framework mainly relates to the planning and investment/procurement phases. However, both Frameworks interrelate at critical phases.
The *Capital Works Management Framework* is the Queensland Government’s key policy for managing risks in the planning and delivery of government building projects. It identifies the major risk areas and sets out the steps that must be taken to manage those risks.

The *Capital Works Management Framework* gives effect to the whole-of-Government Prequalification (PQC) System for building industry consultants and contractors seeking to undertake identified contracts and commissions associated with government building projects.

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

1. The *Capital Works Management Framework* policy document describes the capital works management process and contains the policy requirements.
2. 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 also included in the *Capital Works Management Framework* suite of documents.
3. Policy advice notes provide advice on a particular policy issues and/or procurement processes relating to government building projects.
4. The Online Toolbox provides online support to assist in the implementation of best practice planning and delivery of government building projects. It includes flowcharts, applications, and a checklist.
Contents

1.0 Introduction ........................................................................................................................................2
1.1 Policy intent and objectives ..................................................................................................................2
1.2 Scope for application ............................................................................................................................2
1.3 Operating environment .......................................................................................................................3
  1.3.1 Legislative requirements ................................. 3
  1.3.2 Policy requirements ........................................ 3
1.4 Roles and responsibilities ..................................................................................................................3

2.0 The capital works management process .........................................................................................4

3.0 Project initiation ................................................................................................................................6
  3.1 Strategic planning ............................................................................................................................6

4.0 Project development ..........................................................................................................................7
  4.1 Project evaluation ............................................................................................................................7
    4.1.1 Project feasibility ..........................................................7
    4.1.2 Business case ........................................................... 7
  4.2 Program formulation .........................................................................................................................8

5.0 Project implementation ......................................................................................................................10
  5.1 Project delivery ................................................................................................................................10
    5.1.1 Project definition ........................................................11
    5.1.2 Procurement strategy ..................................................12
    5.1.3 Consultant and contractor selection .........................13
    5.1.4 Design and construction ...........................................16
    5.1.5 Handover .................................................................
  5.2 Project review ................................................................................................................................20
    5.2.1 Building performance review .................................20
    5.2.2 Process review ........................................................20

Attachment 1: Definition of a government building project .................................................................22
Attachment 2: List of key legislation .......................................................................................................23
Attachment 3: List of key policies ...........................................................................................................25
Attachment 4: Project estimates, escalation, cash flows, and urgency and confidence levels of estimates for government building projects ..............................................................................27
Attachment 5: High Risk/Significant (HRS) building projects ..............................................................28
Index .......................................................................................................................................................29
1.0 Introduction

The construction of a building is a complex process that requires those responsible for its planning and delivery to be aware of, and manage, a number of risk areas.

The Capital Works Management Framework is the Queensland Government’s key policy for managing risks in the planning and delivery of government building projects. It identifies the major risk areas and sets out the steps that must be taken to manage those risks and achieve consistency and high quality outcomes in the procurement of government building projects.

The Capital Works Management Framework encompasses:
- this policy document
- a suite of supporting guidelines and other documents and tools.

This policy document describes the operating environment and the capital works management process, particularly in terms of regulatory requirements and best practice procedures. Specific policy requirements are highlighted throughout the document.

More detailed guidance relating to each of the major risk areas is addressed in separate supporting guidelines and other documents and tools. References to these resources are made throughout this policy document.

1.1 Policy intent and objectives

The policy intent of the Capital Works Management Framework is to facilitate the achievement of consistent, high quality, sustainable outcomes in the procurement of building projects by Queensland Government departments. In this context, sustainability implies a commitment to long-term planning and the development of outcomes that take into account whole-of-life costs and environmental and social impacts.

The policy objectives of the Capital Works Management Framework are to:
- facilitate a whole-of-Government approach to the planning and delivery of government building projects
- facilitate effective management of the risks to Government associated with building procurement
- prescribe minimum requirements for the initiation, development and implementation of building projects and programs
- highlight the importance of sustainable development and whole-of-life costs in government building procurement
- improve certainty of agreed project outcomes for Government, the building industry and the community
- meet the requirements of the Queensland Procurement Policy and related policies in the procurement of government buildings with respect to advancing priorities of the Government, achieving value for money and ensuring probity and accountability for outcomes
- ensure consistency and transparency in the procurement process
- lay the foundation for effective asset management.

1.2 Scope for application

The Capital Works Management Framework applies to all Queensland Government departments, as the term ‘department’ is defined in s8 of the Financial Accountability Act 2009, except where exemption has been determined by the Director-General of the Department of Housing and Public Works.

The processes set out in this document apply to Queensland Government building projects as defined in Attachment 1.
1.3 Operating environment

The environment within which the Capital Works Management Framework operates includes legislative and policy requirements.

1.3.1 Legislative requirements

There is a large body of legislation that affects the planning and delivery of government building projects. The applicability and impact of these laws will vary from project to project.

The Planning Act 2016 (Planning Act) is the principal legislation relating to development (which includes government building projects). The Planning Act requires that State Government building developments comply with the building regulatory framework, focusing on land use planning outcomes, management of the development process and management of the environmental impact of development.

All Queensland Government departments are subject to the provisions of the Financial Accountability Act 2009 and its supporting legislation, the Financial and Performance Management Standard 2009. The Financial and Performance Management Standard requires departments to facilitate an optimal relationship between building assets and service delivery objectives. Application of the Capital Works Management Framework will assist departments to meet the requirements of this Standard. A list of key legislation applying to the planning and delivery of government building projects is provided in Attachment 2 (refer to the Department of Housing and Public Works for periodic updates).

1.3.2 Policy requirements

The Capital Works Management Framework interfaces with a number of whole-of-Government policies. Relevant references are made throughout this policy document and the suite of supporting documents. A list of key policies applying to the planning and delivery of government building projects is provided in Attachment 3 (refer to the Department of Housing and Public Works for periodic updates).

1.4 Roles and responsibilities

The roles and responsibilities of the various parties for implementing the Capital Works Management Framework are detailed as follows.

Executive Government

Executive Government considers and, as appropriate, approves:

- submissions prepared by departments as part of the annual budget process
- submissions for major building project proposals
- policy submissions related to the Capital Works Management Framework.

Department of Housing and Public Works

As determined by Executive Government, the Department of Housing and Public Works:

- assists departments to implement the Capital Works Management Framework
- monitors the implementation of the Capital Works Management Framework across Government and undertakes minor amendments to maintain its currency following consultation with departments
- develops and maintains standard contracts for building projects to be used by all government departments
● develops, after consultation with affected departments, strategic delivery programs for medium and lower value (estimated to cost between $0.5 million and $20 million) government building projects
● assists departments in the selection of the procurement strategy and form of contract for all High Risk/Significant (HRS) projects
● administers the Prequalification (PQC) System for building industry consultants and contractors
● prepares select lists of building industry contractors
● reviews the building industry consultant selection process, where that process has been undertaken by departments
● assists in the resolution of major contractual disputes where litigation is involved; and
● provides a central repository for the storage of building regulatory compliance documents.

Departments
Departments are responsible for ensuring their activities related to planning and delivering government building projects are in accordance with this policy and prevailing legislation.

Specific responsibilities related to particular aspects of the policy are highlighted throughout this document with further details being provided in the suite of supporting guidelines and other documents and tools.

Where aspects of planning and delivery are outsourced by departments, the roles with regard to implementing this policy must be articulated in all agreements between the department and their service providers (whether private or public sector).

2.0 The capital works management process

The capital works management process, as illustrated in Diagram 1, is a generic process that adopts a strategic asset management approach for the initiation, development and implementation of building projects. This generic process has been developed to:

● illustrate the key stages of the building planning and delivery process
● identify major risk areas within that process
● set out the steps that must be undertaken to manage those risks.

Diagam 1 shows the key stages of the capital works management process, namely: strategic planning; project evaluation; program formulation; project delivery; and project review. These stages are briefly described in the following sections, with further explanation contained in a suite of supporting guidelines and other documents and tools.
3.0 Project initiation

Project initiation is undertaken by departments as they develop service delivery strategies to match the outcomes required of them by Government. Project initiation involves strategic planning, which is aligned with community needs through government priorities and corporate outcomes. This encompasses the development of:

- service delivery strategies
- operational strategies including asset strategies, which may include building requirements.

Guidance on this part of the capital works management process is provided in two key whole-of-Government policies administered by Queensland Treasury: the Financial Accountability Handbook and the Project Assessment Framework.

The Financial Accountability Handbook forms the basis for decisions on planning, resource allocation and management, monitoring and reporting within the Queensland public sector.

The Project Assessment Framework provides tools and techniques to assess projects throughout the project lifecycle and sets the foundation for ensuring that project management is undertaken effectively across the Queensland public sector, and that the Government achieves value for money from its significant investment in project activity.

The Project Assessment Framework: Queensland Public-Private Partnership supporting guidelines provide guidance to departments in assessing whether greater value for money can be achieved through delivering a project as a Public Private Partnership (PPP) rather than through more conventional procurement processes.

As the guidance on project initiation provided in these documents is comprehensive, this aspect of the process is not covered in detail in the Capital Works Management Framework.

3.1 Strategic planning

The capital works management process begins with strategic planning. This step focuses on developing service delivery strategies that match the outcomes required by Government with the current and projected needs of the community. This step also requires these service delivery outcomes to be consistent with endorsed regional planning framework documents and local governments’ land use planning schemes, where applicable.

These service delivery strategies are supported by a number of detailed operational strategies, including asset strategies. Asset strategies address the physical assets needed to support the service delivery strategies identified in the strategic planning process. Asset strategies may need to be reviewed during the project evaluation phase, if analysis at that time reveals the need to reconsider assumptions that formed the basis on which the asset strategy was originally prepared.

Information on asset strategy development is provided in the Department of Housing and Public Works’ Strategic Asset Management Framework guideline: Asset Planning for Buildings.
4.0 Project development

Project development comprises the project evaluation and program formulation phases.

4.1 Project evaluation

The project development process begins with project evaluation. At this point, asset strategy options are evaluated to ensure that they are providing maximum value for money. The Project Assessment Framework, administered by Queensland Treasury, provides detailed guidance on how to prepare evaluations.

Project evaluation comprises two main stages, project feasibility and business case.

4.1.1 Project feasibility

The project feasibility stage involves the comparative evaluation of ‘build’ and ‘non-build’ scenarios relating to the project. This process culminates in the identification of a preferred option. If the ‘build’ scenario is identified as the preferred option, it should aim to achieve the optimum balance between capital costs, the building’s operating and maintenance costs and its residual whole-of-life value. This can be achieved by incorporating appropriate design, construction and maintenance measures to achieve the intended life for the given social, economic and environmental conditions, and taking the opportunity to provide long term flexibility.

4.1.2 Business case

The business case stage involves the documentation of the results of the project feasibility stage in a form that allows evaluation by the Cabinet Budget Review Committee (CBRC).

The Project Assessment Framework guideline, Business Case Development provides further information on the range of issues to consider when fully developing a business case.

In general, departments should pursue innovative solutions and best practice measures when formulating options in the project evaluation phase. As illustrated in Diagram 2, the ability to influence cost factors of a building project decreases as the project moves through the planning and delivery stages.

For this reason, it is important to establish a reliable basis for the preferred option early in the planning stages, when the greatest savings can be achieved. One possible cost saving measure that departments should consider is cross-portfolio coordination and joint use of facilities.

Additionally, Building Queensland has a Business Case Development Framework to assist government agencies, government owned corporations and statutory bodies with the development of infrastructure proposals, including government building projects. The Framework includes templates and guidance to support the development of Strategic, Preliminary and Detailed Business Cases.

Diagram 2: Project delivery cycle

In terms of cost saving, attention should also be given to identifying options that minimise the demand on capital and recurrent funds.
4.2 Program formulation

The final phase in the project development process is program formulation. It is during this phase that the impact of effective strategic planning and project evaluation becomes evident. Having used a sound strategic planning and project evaluation process, departments can develop a capital acquisition plan that is based on accurate information. This reduces the risks to departments and Government of:

- overall capital works program under-expenditure or over-expenditure
- setting unachievable project budgets
- projecting unachievable project cash flow and time lines
- inefficiencies in cross-portfolio coordination where departments have co-dependent delivery objectives; and
- setting inappropriate procurement strategies.

Policy requirement 1 — Centralised workload smoothing and program management for medium and lower value projects

Departments are required to consult with the Department of Housing and Public Works to identify priorities and to jointly develop an agreed delivery schedule and procurement methodology (including the determination of bundling, rescheduling and/or optimum procurement methodologies as appropriate) for medium and lower value projects (estimated to cost $0.5 million to $20 million).

Where agreement is not reached with the Department of Housing and Public Works in relation to the scheduling, bundling, workflow smoothing and procurement methodologies to be used for the projects, and unless the Director-General, Department of Housing and Public Works agrees that the project is urgently required social infrastructure, the Department of Housing and Public Works has the authority to determine any or all of these aspects.

A stressed market environment is one where the general workload is such that the building and construction industry that services a region appears to be, or is assessed to be, unable to meet the Government’s building requirements or can only do so in a suboptimal way. In these circumstances, the Government considers that a whole-of-Government approach is required to the planning and delivery of medium and lower value (estimated to cost $0.5 million to $20 million) Queensland Government building projects (and programs that may include such projects).

The consequential delivery schedule and procurement methodology could result in projects being bundled under one contract to be built concurrently or, if it is of more benefit to the Government and the local community, each could be built sequentially under one contract or separate contracts.

As a guiding principle, where the timing of construction to meet critical service delivery objectives of a department is inconsistent with the optimal regional approach to the procurement of government building projects, the achievement of the critical service delivery objectives of the department should prevail.

Departments may apply to the Department of Housing and Public Works, through the Director-General, for an exemption from policy requirement 1. Delivery of urgently required social infrastructure could be a valid reason for such an exemption.

The Capital Works Management Framework policy advice note, Centralised Program and Project Coordination: Bundling and Scheduling of Medium and Lower Value Government Building Projects, provides further information on this policy requirement.
Policy requirement 2 — Proposed project estimates, escalation, cash flows and urgency

When developing work programs for all government building projects, departments are required to consult with the Department of Housing and Public Works regarding the confidence level of estimates, provision for escalation, proposed cash flows and the degree of urgency for each proposed project before any submission is made to Executive Government for funding. Further details on the approach to be used to meet this requirement are provided in Attachment 4.

Consultation must also take place with the Department of Housing and Public Works during the project definition stage of the capital works management process.

There is a risk to contractors and their supply chains, and to the Government, when budgets for building projects are not sufficiently developed (i.e. not based on a robust scope of works and have not taken account of building cost movements) and when cash flow targets are set at unrealistic expenditure levels in relation to industry capacity and lead times prior to tender.

Capital acquisition plans are used in preparing budget submissions when seeking funding through the annual budget process. Departments should ensure that achievable project budgets are set (allowing, where appropriate, for building cost escalation, realistic contingency amounts, and prudent reserves) when developing capital acquisition plans. Professional quantity surveying advice should be sought on building cost estimates, cash flow forecasting, contingencies and reserves, and building cost escalation. General guidance in this regard is contained in the following Capital Works Management Framework policy advice notes:

- Estimate Categories and Confidence Levels: An Initiative to Improve Budget Formulation for Government Building Projects
- Programming and Cash Flow Considerations when Budgeting for Government Building Projects
- Forecasting Escalation in Building Costs: Calculating, Documenting and Reviewing Allowances.

It is important that all assumptions made on these matters are disclosed at the business case stage and the funding approval stage.

The budget process culminates in the release of the Budget Papers which include an overview of proposed capital works programs for each department in the budget year.

Capital works program: Notification to suppliers

To meet the needs of the building industry for strategic information on the Government’s capital works building programs, the Department of Housing and Public Works administers an online project search facility which provides regularly updated information based on project details sourced from the Prequalification (PQC) System. The online project search facility can be found at www.hpw.qld.gov.au. In order that the relevant strategic information is made available to industry in a timely manner, departments need to implement appropriate systems and procedures so that project details are entered in the PQC System prior to the engagement of consultants and contractors.

The Capital Works Management Framework policy advice note, Contract Cost Estimates: the need for realistic cost estimates and tender durations, provides information on the importance of entering realistic cost estimates and contract durations into the PQC System Database.
Policy requirement 3 — Creating and maintaining records of building projects in the Prequalification (PQC) System

Upon allocation of budgets for projects, departments are required to create project records for all capital works building projects with total allocations exceeding $1,000,000 in the PQC System database and thereafter maintain the accuracy and currency of these records. The records should include, apart from project budget and location details, details of planned tender call, contract award and practical completion dates.

For all procurement covered under the Australia—United States Free Trade Agreement (AUSFTA) and the Australia-Chile Free Trade Agreement (ACFTA), departments are obligated to publish a Notice of Intended Procurement. A notice concerning the contract award is also required to be published no later than 60 days after the award of the contract. The list of entities covered by the Government Procurement provisions is included in the agreements. Further details on the AUSFTA and ACFTA are provided in the Capital Works Management Framework policy advice notes: Australia—United States Free Trade Agreement and Queensland Government Building Projects and Australia-Chile Free Trade Agreement and Queensland Government Building Projects.

The Queensland Procurement Policy requires all budget-sector agencies to use QTenders to publish all open tender opportunities, along with forward procurement pipelines. The Queensland Procurement Policy also requires that budget sector agencies publish details regarding awarded contracts valued at $10,000 and over in accordance with the Procurement Guidelines: Contract Disclosure as issued by the Director-General, Department of Housing and Public Works.

To align with the Queensland Procurement Policy, a probity auditor or advisor must be used for High Risk or Significant (HRS) building projects over $100 million to ensure that the procurement process is being or will be undertaken in accordance with government policy and legislation. QGP has developed a procurement guidance document, Use of probity auditors and advisors in procurement, which provides information relating to the engagement of independent probity auditors and advisors during the procurement process.

5.0 Project implementation

Project implementation comprises the project delivery and project review phases.

5.1 Project delivery

The project delivery phase involves the project definition, procurement strategy, consultant/contractor selection, design and construction, and handover stages.
5.1.1 Project definition

Project definition is the process of assessing client operational needs and documenting these in a clear and comprehensible manner.

The outcomes of the project definition process are summarised in the project brief, which is prepared following budget approval for a project.

An appropriately developed project brief:

- defines all elements of the project
- is based on details set out in the business case
- is consistent with project and budget objectives and service delivery outcomes
- reduces the risk of cost and time overruns
- reduces the risk of contractual disputes and litigation
- can be used as a benchmark to measure the quality of outcomes once the project is completed.

The Capital Works Management Framework guideline, Project Definition, provides information on preparing a project brief. In essence, the major components of a project brief comprise:

- a design brief outlining the planning and design principles and the functional requirements of the project (design principles should address sustainable development considerations such as energy and water efficiencies)
- a project procurement strategy
- information technology and equipment requirements
- a project program
- project cost estimates
- an indicative PQC service risk rating for the project, determined by the department or its nominee.


Departments should ensure that the project brief is developed in full and there is appropriate consultation with stakeholders. This can be achieved when the design, construction and delivery program is complemented by a program of engagement with users, to ensure that adequate practices are adopted in the management-in-use of the new asset.

Departments must ensure that financial and programming aspects of the brief, including the project budget, the projected cash flow and the key program dates and project timelines, are achievable. Further details on budgeting for building projects are provided in the Capital Works Management Framework policy advice notes, Estimate Categories and Confidence Levels and Programming and Cash Flow Considerations when Budgeting for Government Building Projects. Professional advice may be required to ensure that the cash flows developed are adequate. Where the time between the date of a project estimate and the anticipated tender date is likely to be extended significantly, or the duration of the contract is expected to exceed 12 months, an allowance should be made in the project budget for building cost escalation. Advice on building cost escalation is provided in the Capital Works Management Framework policy advice note, Forecasting Escalation in Building Costs.

When developing work programs for all government building projects, departments are required to consult with the Department of Housing and Public Works regarding the confidence level of estimates, provision for escalation, proposed cash flows and the degree of urgency for each proposed project before any submission is made to Executive Government for funding. This consultation must take place during the project definition stage (refer to policy requirement 2).
It may also be appropriate at this stage to carry out a detailed value management study of the project to ensure that value for money strategies are adopted in the project brief. Requirements should also be defined for whole-of-life outcomes including considerations of long term maintenance and operational costs. Similarly, any design requirements for the use of environmental rating systems should also be specified in the project brief. Advice on the most appropriate environmental rating system for a project is available from the Department of Housing and Public Works.

Quality of documentation (relating to briefs, specifications, drawings etc.) is an important factor in achieving optimum outcomes in government building procurement and needs to be a key focus of these outputs.

5.1.2 Procurement strategy

Of particular importance to the successful completion of a project is the selection of an appropriate procurement strategy. The first step is to identify objectives to be achieved from the procurement, consistent with the objectives of the Queensland Procurement Policy. The selection of an appropriate procurement strategy will be based on a range of factors, including the type of contract and relationship to be developed with the supplier, and where relevant, demand and risk management, supplier development and market management strategies.

Consideration should be given at this stage to use of an open or select tender method. Further, consideration should be given to multi-stage procurement and whether to bundle or unbundle components of the building project depending on the supply market situation, the department’s needs and any broader Government issues.

The procurement strategy will need to incorporate the outcomes of earlier consultations with the Department of Housing and Public Works to identify priorities, and the agreed delivery schedule and procurement methodology for any medium and lower value government building projects (refer to policy requirement 1). The outcomes of such consultation may include any, or a combination, of the following:

- the project procurement methodology to achieve optimum value for money outcomes
- the extent to which that project is to be scheduled, sequenced or bundled with other medium or lower value government building projects of that department or any other departments
- the extent to which that project is to be bundled into, or scheduled around or in parallel with, the contract packages of any major (i.e. those over $20 million) government building projects planned for that region or area
- the scheduling of that project’s tender dates, and its relevance to the tender dates of other medium or lower value government building projects in a particular, or adjoining, geographical region where better value for money and industry development objectives are likely to be achieved.

In addition to identifying priorities, delivery schedules and procurement methodologies, consultation with the Department of Housing and Public Works will also assist departments to understand and meet the objectives of the Queensland Procurement Policy, the Project Assessment Framework, the Queensland Charter for Local Content, the Queensland Government Building and Construction Training Policy and to advance government priorities.

General guidance on the procurement strategy selection process, including selection of an appropriate contract form, is provided in the Capital Works Management Framework guideline, Procurement Strategy and Contract Selection.

The selection of an effective procurement strategy:

- reduces the risk of project time and budget overruns
- assists in securing satisfactory project outcomes
- reduces the likelihood of contractual disputes and litigation
- encourages the appropriate allocation of risk between industry and Government.
The procurement strategy should be implemented through the contractual system adopted for the project. In keeping with the aims of the procurement strategy, it is expected that the contractual system:

- will be legally sound
- will be easily understood and administered by all parties
- appropriately allocates risk between the parties.

To ensure that the contractual system meets these objectives, the Government has adopted policy requirements in relation to contracts.

**Policy requirement 4 — Using standard contracts on all government building projects**

Departments must use standard contracts, developed by the Department of Housing and Public Works, on all government building projects. Alterations to standard contracts should not occur without prior consultation and agreement with the Contract Services unit of the Department of Housing and Public Works.

Standard contracts for different types of projects are referred to in the *Capital Works Management Framework* guideline, *Procurement Strategy and Contract Selection*.

The type of building contract should be consistent with the procurement strategy. The Department of Housing and Public Works is able to assist departments with this selection process.

The Department of Housing and Public Works updates all conditions of contract to ensure consistency with current legislation and other policy requirements such as the *Queensland Procurement Policy*, the *Project Assessment Framework*, the *Queensland Charter for Local Content* and the *Queensland Government Building and Construction Training Policy*. It is intended that the contracts are used ‘as is’ and are not altered by departments without prior consultation and agreement with the Department of Housing and Public Works, as such alterations could fundamentally affect the contract’s basic allocation of risk.

The Department of Housing and Public Works can ensure that the specific form of contract is aligned with the intended project outcomes and risk profile.

High Risk/Significant (HRS) building projects are those where failure to achieve project objectives would critically affect the delivery of services to the community or impact on aspects of industry development (for a full definition see Attachment 5).

It is considered that these types of projects require a whole-of-Government approach to the management of risk strategies.

**Policy requirement 5 — Selection of contracts for High Risk/Significant (HRS) projects**

Selection of building contracts for all HRS projects must be undertaken by departments in consultation and agreement with the Department of Housing and Public Works.

In case of doubt as to the most appropriate form of contract for a project, departments should consult with the Department of Housing and Public Works, which reserves the right to make a determination in cases where significant risks to Government can be demonstrated.

**5.1.3 Consultant and contractor selection**

The selection of appropriate building industry consultants and contractors is fundamental to achieving project objectives. However, this selection also has to be consistent with the principles of the *Queensland Procurement Policy*. 
Against this background, optimal selections can only be made if departments rigorously match consultant and contractor capabilities with project characteristics. The benefits of such an approach include:

- limiting exposure of departments, the community, and industry by selecting consultants/contractors with adequate expertise and financial stability
- greater certainty of project outcomes
- reduced probability of industry complaints regarding unfair dealings and lack of opportunities to compete.

In support of this approach, the Department of Housing and Public Works provides clear and consistent performance requirements and guidelines for the selection of all building industry service providers for government building projects as part of the Prequalification (PQC) System for building consultants and contractors. Selection should be in accordance with guidelines developed by the Department of Housing and Public Works.

In accordance with the principle of matching abilities with project needs, a number of requirements have been endorsed by Executive Government.

**Policy requirement 6 — Using the Prequalification (PQC) System to engage building consultants and contractors**

(a) Departments are required to ensure that all building commissions undergo a service risk assessment early in the planning process. Building consultancies expected to exceed $60,000 in value, or determined to have a service risk rating of 3 or 4 where the consultancy fee is below $60,000, must be drawn from the register of prequalified consultants managed by the Department of Housing and Public Works.

(b) Departments are required to ensure that all building contracts undergo a service risk assessment early in the planning process. Departments are required to engage building contractors for contracts expected to exceed $1,000,000 in value from the register of prequalified contractors managed by the Department of Housing and Public Works.

(c) Details of all selections, offers and acceptances must be entered in the PQC System by departments at the time of each event.

(d) Where a commission/contract follows an earlier related commission/contract that was below the relevant PQC System thresholds of either value or service risk, and where the combined effect of all related commissions/contracts associated with the same project or standing offer or period consultancy arrangement exceeds these thresholds, departments are required to source the consultant/contractor from the PQC System. In such multiple stage commissions/contracts, value for money must also be demonstrated through the initial and subsequent consultant/contractor selection processes.

Under the PQC System, consultants and contractors are graded from 1 to 4 in accordance with predetermined criteria, with level 4 representing the ability to undertake the most complex building works.

Departments are required to determine a service risk rating between 1 and 4 for each consultancy service and building contract required. For further details, refer to the *Capital Works Management Framework* guidelines, *Consultant PQC: Service Risk Assessment* and *Contractor PQC: Service Risk Assessment*.

The process for selection of consultants and contractors is outlined in the *Capital Works Management Framework* guidelines, *Consultant PQC: Invitation and Selection Process* and *Contractor PQC Tendering and Selection Process*. The final PQC service risk rating for the commission/contract must be determined prior to calling tenders.
Policy requirement 7 — Preparing a select list of building consultants

Where consultancy service commissions have a commission value expected to exceed $100,000, a select list of consultants is to be prepared by departments in consultation with the Department of Housing and Public Works.

Generally, all building consultancies will be invited using select lists of consultants matched to specific project requirements. The PQC System must be used for commissions with the particular consultancy fees/service risk thresholds identified in policy requirement 6(a).

Policy requirement 8 — Preparing a select list of building contractors

Where a select list of building contractors is required on a government building project expected to exceed $1,000,000 in value, the select list is to be prepared by the Department of Housing and Public Works in consultation with the relevant department.

In the contractor selection process, offers will be invited either using open tender or select lists according to the following criteria:

- For government building projects with a low PQC service risk rating (1 or 2), offers should generally be invited via open tender. In these cases, departments will need to ensure that contractors who have submitted tenders have a PQC level equal to, or exceeding, the identified PQC service risk rating.
- For government building projects with a high PQC service risk rating (3 or 4), offers should generally be invited using select lists of contractors drawn from the PQC System. These select lists will be prepared by the Department of Housing and Public Works, in consultation with the relevant department.

A two-stage tendering process involving an expression of interest can be used to ascertain consultants’ and contractors’ availability or suitability for particular projects, where appropriate. General guidance on this process is provided in the Capital Works Management Framework policy advice note, Expressions of Interest for Building Industry Consultants and Contractors.

Policy requirement 9 — Assessing financial capacity of the preferred tenderer

For all government building projects exceeding $1,000,000 in value, a formal financial capacity assessment of the preferred tenderer is to be undertaken.


Departments must ensure that appropriate financial approval (e.g. Executive Council, Ministerial) for the allocation and expenditure of funds for the project has been obtained before formally accepting the offer from the successful consultant/contractor.

Policy requirement 10 — Preparing a tender evaluation plan for High Risk/Significant (HRS) projects

On all HRS building projects, departments must prepare a tender evaluation plan and consult with the Department of Housing and Public Works on the proposed evaluation criteria and weightings to be used in the selection of consultants and contractors prior to calling tenders.
The use of appropriate price and non-price selection criteria and weightings is critical to ensure that an appropriately qualified consultant or contractor is selected and associated risks to Government are minimised. Evaluation of tenders is to be undertaken in accordance with the Queensland Procurement Policy. The Capital Works Management Framework guidelines, Contractor PQC Tendering and Selection Process and Consultant PQC: Invitation and Selection Process, provide further information on the tender evaluation process, including the preparation of a tender evaluation plan and the use of appropriate criteria. Further guidance is available through the Capital Works Management Framework policy advice notes, Advancing government priorities through the use of non-price criteria on government building projects and Construction Tender Evaluation: Best Value Not Lowest Price.

In accordance with the Queensland Procurement Policy, details of the award of tenders and consultant commissions must be published through the Queensland Government Procurement website (refer to the second last paragraph of Section 4.2).

5.1.4 Design and construction

Implementation of building projects is progressed through the design and construction stage by the consultants and contractors selected. The process must proceed in accordance with the requirements established through the project definition and procurement strategy stages and in accordance with regulatory requirements. These requirements should include: determining design solutions that achieve optimal layout for the location and site; meeting environmental performance requirements (such as reducing water and energy consumption); enhancing economic performance (by addressing whole-of-life issues such as maintenance and management-in-use); meeting health, safety and security requirements; and other criteria identified as important.

Depending on the procurement strategy chosen, the design and construction stages can overlap to varying degrees. The procurement strategy will also determine the level of interaction that can be achieved between the design team, the party responsible for managing the construction, and key specialist trade contractors for projects utilising building information modelling (BIM), during this stage. Under procurement strategies not involving BIM, this interaction more commonly occurs when design revisions are needed to cater for variations and unforeseen circumstances that arise during the construction period. A poor choice of procurement strategy and contractual arrangements may limit the flexibility and cooperation required at such times, as well as the department’s involvement in this process.

**Policy requirement 11 — Managing risks associated with regulatory requirements**

Departments are required to develop and implement a legislative compliance strategy for each government building project commensurate with the level of risk and cost of the project.

The risks associated with regulatory requirements during design and construction of government building projects are complex and arise from laws and other statutory instruments developed by the commonwealth, state and local tiers of government. An effective approach to managing these requirements involves the development of a legislative compliance strategy for the project. The strategy should identify the key legislation, codes and statutory policies relating to the specific project and detail the actions necessary to ensure compliance.

While there is a large body of legislation that affects the planning and delivery of government building projects, the Planning Act 2016 (Planning Act) is the key legislation governing all development work, including government building projects, in Queensland.

In relation to building regulatory requirements specifically, the Planning Act classifies building work (as defined in the PA) carried out by or on behalf of the State as self-assessable development, unless exempt under the Building Regulation 2006.
Responsibility for self-assessment rests with each Director-General or equivalent (the assessing authority under the Planning Act) in the case of government departments to ensure that the legislation is complied with on the government building projects undertaken by their department. Self-assessment under the Planning Act does not release departments from compliance with all other relevant legislation.

Each department is required to obtain formal written confirmation that their building has complied with applicable codes; and to ensure that appropriate arrangements for storage and retrieval of associated documents and/or BIM models are in place. This will reduce risks to departments and Government of:

- inefficiencies in developing Government’s asset management records
- unsatisfactory documentation, should legal proceedings relating to the building or premises be brought against the Crown at a later date.

### Policy requirement 12 — Assessment against building regulations

Departments are required to ensure that:

(a) all government building projects are assessed for compliance against the applicable legislative instruments
(b) assessments are carried out by appropriately qualified building surveyors
(c) building regulation assessment records are stored with the Department of Housing and Public Works in a central location with access available to all departments.

The roles and responsibilities for overseeing, preparing and implementing the legislative compliance strategy, including building work compliance, liaison with local authorities and building regulation assessment records management are outlined in the *Capital Works Management Framework* guideline, *Building Regulatory Requirements*.

### Policy requirement 13 — Consultant and contractor performance reporting

Departments are required to complete PQC performance reports for each consultant and contractor engaged through the PQC System as covered in this section.

Contracts are awarded to selected consultants and contractors after appropriate approvals are in place.

Departments should ensure that those managing the delivery of a project and administering contracts are appropriately qualified and trained in ‘best practice’ project and contract management processes.

During construction, contracts should be administered in accordance with the established conditions of contract. Consultant and contractor performance must be appropriately monitored to assist in the feedback on a consultant or contractor’s ability to comply with the requirements of the PQC System.

PQC performance reports on consultants are required at the completion of the consultancy service. 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 consultant, the PQC Registrar or the department sponsoring the project.

PQC performance reports on contractors are required 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.

The *Capital Works Management Framework* guideline, *Consultant PQC: Performance Reporting*, and *Contractor PQC Performance Reporting*, provide further information on this policy requirement.
Policy requirement 14 — Financial and management risk monitoring and reporting

Departments are required to keep the PQC Registrar, Department of Housing and Public Works, informed of any signs that might indicate possible consultant or contractor financial or managerial stress.

Departmental officers or superintendent’s representatives need to advise the PQC Registrar as soon as practical if they become aware that a consultant or contractor is involved in a contractual, legal or administrative action. The PQC Registrar should also be advised when a consultant or contractor is demonstrating a pattern of behaviour that may reasonably be considered to have a possible negative affect on their performance under the contract, or any proposed government building contract for which the entity may be under consideration.

Policy requirement 15 — Workforce management reporting

The Department of Employment, Small Business and Training; the Department of Justice and Attorney-General; and Skills Queensland are to provide to the Department of Housing and Public Works, copies of all reports on general compliance by prequalified consultants and contractors with workforce management legislation and policies that each department respectively administers.

Workforce management legislation and policies cover areas such as workplace health and safety; industrial relations; and training and skill development.

The Queensland Code of Practice for the Building and Construction Industry provides further information on workforce management.

Policy requirement 16 — Major disputation, litigation and insolvency reporting

In instances of major disputation, litigation and insolvency, departments are required to refer the matter to the Contract Services unit within the Department of Housing and Public Works for advice and assistance.

In respect of litigation matters, where any particular dispute involves two or more departments, departments should ensure that the Department of Housing and Public Works’ Legal Services unit is nominated as the ‘Instructing Agency’ in agreements with the legal practitioners engaged in these disputes.

It is important that the Government is seen to be fair and consistent when administering building contracts. If industry cannot be certain of consistency in interpretation of contractual issues, contractual claims may rise in number and severity.

Where there is a contract between a department (as purchaser) and a consultant or contractor (as provider), the department (or its nominated representative) performs the role of Principal under the terms of the contract. The responsibilities of the Principal vary according to the degree of risk allocation provided for in these contracts. For example, the responsibility for completing a project within a nominated period of time may be allocated fully to the contractor. Inevitably, contractual issues will arise and these must be administered in accordance with the contract conditions.

While most contractual issues are expected to be addressed at the project level, there are a number of situations that may arise which will have whole-of-Government implications. These situations include:

- **major disputation** – where a Principal’s decision is required under the contract and the Principal is not in a position to adequately resolve the dispute
- **litigation** – where an action is brought by or against the Principal during or after completion of the contract
- **insolvency** – all instances of contractor insolvency.
To properly deal with these high risk areas, it is essential that they be managed from a central point. The Department of Housing and Public Works has the specialist technical and legal skills in matters relating to building construction to manage these matters from a whole-of-Government perspective which will ensure the Government’s interests are protected.

The Department of Housing and Public Works provides this service at no cost to client departments. Departments will, however, be required to bear the actual cost of all technical and legal specialist and investigative reports that may be required as a means of resolving disputes and litigation or settling insolvencies.

It is to be particularly noted that the role of the Department of Housing and Public Works in no way derogates from the role and responsibilities of the Crown Solicitor and the activities of the Crown Law Division of the Department of Justice and Attorney-General.

5.1.5 Handover

A Certificate of Practical Completion is issued when the construction work has been completed and the building is suitable for occupation. At this stage, the control of the building passes from the contractor to the department.

Departments should ensure that responsibilities and procedures for ongoing maintenance are established and the terms and conditions of maintenance agreements and contracts are documented, understood and agreed by the parties involved. Plans should be in place to deal with any remaining defects, or defects that may arise during the initial operating period. In many cases the remaining defects will be addressed by the contractor to an acceptable standard and within an acceptable timeframe.

If, however, the contractor remains unwilling or fails to complete the works to the standard and timeframe required under the contract, the department should advise the PQC Registrar within the Department of Housing and Public Works of all action and negotiations undertaken to date. Refer to the CWMF policy advice note Rectification of building defects or omissions after final completion.

Upon achieving practical completion, the building must be registered in the departmental asset register. The registration must be in a format compatible with requirements prescribed by Queensland Treasury. If applicable, relevant information related to changes to a building (such as refurbishment, alteration, extension or improvement) where asbestos containing materials have been found to be present must be recorded in an asbestos register.

The handover stage of the project must be adequately planned, as any delays will impact on service delivery. Where necessary, a commissioning team should be established and sufficient time allocated for planning the activity. To facilitate a smooth transition between project delivery and maintenance, departments should ensure their maintenance provider is actively involved in the commissioning and handover process, including the provision of handover training, where appropriate.

It is essential that all certificates, warranties, operation and maintenance manuals, inspection and maintenance schedules, drawings and specifications and/or building information models be provided at handover to ensure proper management of the facility. Departments should ensure that systems and processes are in place for the acceptance and retention of building information.
Policy requirement 17 — Commissioning and handover

Departments are required to ensure that:
(a) commissioning is adequately planned and undertaken as required under relevant building and development codes
(b) training associated with handover is undertaken, utilising the services of members of the design and construction teams where appropriate
(c) key project documentation (e.g. certificates, warranties, operation and maintenance manuals, inspection and maintenance schedules, drawings and specifications and/or building information models) is produced, handed over to the appropriate officer for recording on a departmental register, and kept available for access by the officers responsible for operating and maintaining the facility.

Details on the responsibilities and procedures related to commissioning and handover are presented in the Capital Works Management Framework guideline, Handover: Guidance for Commissioning and Handover associated with Government Building Projects.

Key information on how the building was designed to operate (including approved drawings, specifications, manuals, warranties, certificates) should be provided by the design and construction teams to the Principal at handover. This is essential for effective and efficient management-in-use of the building.

Departments should consider conducting a project review concurrently with the handover process, as commissioning and handover activities provide valuable information on project processes and outcomes achieved as a result of the project.

5.2 Project review

Project review comprises the building performance review and process review stages. Determination of the scope of project reviews will depend on the scale, risk and strategic importance of the project and the service program.

5.2.1 Building performance review

Building performance reviews, commonly referred to as post-occupancy evaluations, are generally scheduled at least 12 months after the commissioning of a building and involve a process of evaluating performance of a new or refurbished building in a systematic manner, after it is fully operational. The Department of Housing and Public Works’ Strategic Asset Management Framework guideline: Post Occupancy Evaluation, provides guidance in this area.

The responsibility for undertaking building performance reviews lies with building owners. The objectives of the review process are to assess the suitability of the new asset to meet the service delivery objectives originally determined in the project brief and to facilitate continuous improvement in the planning process for future facilities. To this end, all departments are to monitor life-cycle costs and performance of their building assets.

Policy requirement 18 — Building performance review

Departments are required to undertake building performance reviews for High Risk/Significant (HRS) government building projects and for a representative sample of repetitive government building projects which may not be HRS projects (e.g. prototypes and standard building types).

Generally, the structure of the reviews and the sample of projects to be reviewed will be determined by the criticality of the building types within the sample to a department’s service delivery priorities and future capital works program. The resulting report should identify successful project aspects and outcomes that should be included in future projects, and similarly, unsuccessful project aspects that should be avoided. The Capital Works Management Framework guideline, Project Review provides further information on undertaking building performance reviews.
Effective management of building assets should include ongoing measurement of building performance against key criteria, including life-cycle costs and functional/service delivery requirements.

5.2.2 Process review

The purpose of a capital works process review is to evaluate the overall strategies and processes used in the delivery of the project. This information is used to further develop and refine systems and processes for future capital works planning and investment.

Specific areas in project initiation and development requiring assessment as part of the review process are:

*Project evaluation*

All significant items and information not included in the project business case should be identified and evaluated in terms of their impact on project time and cost. Differences between the business case preferred option and the final project brief should be identified and addressed. A review of the appropriateness of the service requirements and delivery strategies is useful in evaluating the success of the process.

*Capital works program formulation*

It is important to undertake a comparative analysis of initial estimates of time, cost and cash flow parameters determined during program planning and final program performance, to identify areas requiring greater attention on future projects. Particular attention should be paid to under-expenditure or over-expenditure.

Implementation activities requiring assessment as part of the review process are outlined below.

*Project definition*

The parameters of time, cost, scope and function should be assessed in terms of compliance with the end product.

*Procurement strategy*

The selection of the procurement strategy should be evaluated in terms of its appropriateness for the works undertaken. The balance of risk between the Principal and the service provider should also be evaluated.

*Consultant/contractor selection*

Performance reports should be completed for both the consultants and contractors. This review can assist in the consideration of consultants/contractors for future projects. Within this context, project team performance should also be regularly reviewed in terms of the structure and effectiveness of the team, as well as its communication and reporting processes. Performance reports of consultants and contractors are required to be forwarded to the PQC Registrar.

Once all of the components of the capital works management process have been identified and evaluated, a summary of overall performance should be completed. This summary should be used in improving practices for initiation, development and implementation of future projects.
Definition of a government building project

Government building project generally means a building project for a ‘government department’, as defined in the Financial Accountability Act 2009. A government building project must be owned by a government department on completion.

Work covered by this definition includes:

a) the erection, establishment or construction of a building; or
b) any maintenance of a building assessed as high risk/significant (refer to Attachment 5); or
c) the repair, renovation, refurbishment, alteration, extension or improvement of a building or maintenance of a building combined with any of these works; or
d) the demolition or removal of a building; or
e) any site work (defined as building work under the Queensland Building and Construction Commission Act 1991 related to work of any kind associated with a) to d) above as a separate contract in itself; or
f) travelators and escalators, water supply, sewerage or drainage) under installation or supply and installation contracts associated with a) to d) above as a separate contract in itself, the provision of services generally (including but not limited to power, lighting, communications, security systems, fire, heating, ventilation, air conditioning, lifts, but excludes:
g) service maintenance contracts associated with a building;
h) the construction, maintenance or repair of a road under the Land Act 1994;
i) the construction, maintenance or repair of a bridge;
j) the construction, maintenance or repair of railway tracks, signals or associated structures;
k) the construction, maintenance or repair of harbours, wharfs and other marine structures not related to land based building work; and
l) the construction, maintenance or repair of a dam.

The majority of government building projects involves construction of new buildings, extensions to buildings or major refurbishments to existing buildings.

Notwithstanding, this definition should be taken as a guide only and is not exhaustive. This definition does not capture grants to organisations that are external to government departments, although government departments making grants to such organisations may, at their discretion and after receiving advice from the Department of Housing and Public Works, attach conditions to a grant to give effect to specific elements of the Capital Works Management Framework.

Enquiries on the applicability to particular government building projects should be directed to the Department of Housing and Public Works.
Attachment 2

List of key legislation

A list of key legislation applying to the planning and delivery of government building projects is provided below. Refer to the Department of Housing and Public Works for periodic updates.

**Aboriginal Cultural Heritage Act 2003 (Qld) and the Torres Strait Islander Cultural Heritage Act 2003 (Qld)**
Establish requirements with regard to cultural heritage assessment surveys and collection of artefacts.

**Building Act 1975 (Qld)**
Regulates building development approvals, building work, building classification and building certifiers.

**Building Regulation 2006 (Qld)**
Establishes processes directed at the operation of private certifiers in undertaking their statutory role for the community in general. The Building Regulation 2006 includes a number of provisions that affect the way the State administers the Building Act 1975, particularly the interface between the State and private industry (e.g. obligations of builders with regard to inspections).

**Coastal Protection and Management Act 1995 (Qld)**
Prescribes that coastal plans have to be given consideration in development assessment and plan making, and works on tidal land require a permit.

**Copyright Act 1968 (Cwlth)**
Establishes particular requirements for projects involving existing buildings for which a change, relocation, demolition or destruction is undertaken. Requirements also relate to artwork contained in, fixed to, or forming part of a building.

**Disability Discrimination Act 1992 (Cwlth)**
Ensures that adequate provisions are made for people with disabilities associated with impaired sight, hearing and movement. Technical provisions are also reflected in the National Construction Code 2011 (Building Code of Australia 2011).

**Disability Services Act 2006 (Qld)**
Establishes, among other things, requirements to acknowledge the rights of people with a disability including by promoting their inclusion in the life of the community generally.

**Disaster Management Act 2003 (Qld)**
Establishes a framework for the effective management of disaster or emergency situations in Queensland, and includes provision for the preparation of disaster management plans and guidelines. Departments should be aware that these plans and guidelines may impact the design and construction of government buildings.
Environmental Protection Act 1994 (Qld)
Protects Queensland’s environment while allowing for ecologically sustainable development.

Fire and Emergency Services Act 1990 (Qld)
Establishes the role of Queensland Fire and Rescue Service to protect persons, property and the environment from fire and hazardous materials emergencies. In this context, the design of fire safety systems must facilitate safe and efficient fire brigade intervention.

Planning Act 2016 (Qld)
Regulates development in Queensland and seeks to achieve ecological sustainability by managing the development process and its effects on the environment.

Plumbing and Drainage Act 2002 (Qld)
Regulates plumbing and drainage, the licensing of plumbers and drainers, on-site sewerage facilities.

Queensland Building and Construction Commission Act 1991 (Qld)
Regulates the building industry and provides remedies for defective building work.

Queensland Heritage Act 1992 (Qld)
Requires approval for government works on any heritage listed buildings.

Queensland Industry Participation Policy Act 2011 (Qld)
Provides for the development and implementation of a local industry participation policy for the State, and requires reporting to Parliament on the policy’s implementation and government agencies’, and Government Owned Corporations’, compliance with it.

State Development and Public Works Organisation Act 1971 (Qld)
Provides for State planning and development through a coordinated system of public works organisation, for environmental coordination, and for related purposes. The Act also prescribes the Office and functions of the Coordinator-General.

Work Health and Safety Act 2011 (Qld)
Places duties on all persons conducting a business or undertaking that are involved in construction work, including designers, clients, principal contractors and sub-contractors, to ensure that the design and construction work meets work health and safety requirements.
Attachment 3
List of key policies

A list of key policies applying to the planning and delivery of government building projects is provided below. Refer to the Department of Housing and Public Works for periodic updates.

Queensland Charter for Local Content
(Department of State Development, Manufacturing, Infrastructure and Planning)
Provides a framework for encouraging government agencies to apply best practice in local content procurement while minimizing the compliance burden on government agencies and contractors, and ensuring full, fair and reasonable opportunity for local suppliers.

Queensland Code of Practice for the Building and Construction Industry
(Department of Justice and Attorney-General)
Provides a framework of behaviour and ethics for all participants in the building industry.

Queensland Government Asbestos Management Policy for its Assets
(Department of Housing and Public Works)
Provides a framework for identifying, documenting, managing and controlling, including the safe removal of, asbestos containing material in a building, when undertaking a government building project such as refurbishment, alteration, extension or improvement.

The Queensland Government Building and Construction Training Policy
(Department of Employment, Small Business and Training)
Supports employment opportunities and skills development in Queensland’s building and construction industry. The training policy also focuses on increasing the economic independence of Aboriginal and Torres Strait Islander Queenslanders in the industry. It requires contractors to employ apprentices and trainees and undertake other workforce training as mandated components of being awarded work on eligible Queensland Government projects. A minimum of 10% of the total labour hours on eligible projects is to be undertaken by apprentices and/or trainees and through other workforce training, this requirement increases to 15% for eligible major building and/or civil construction projects.

Queensland Government’s Quality Assurance Policy
(Department of Housing and Public Works)
Requires that departments examine the level of risk associated with any purchases exceeding certain values and specify quality assurance requirements depending on the level of risk identified.

Queensland Indigenous (Aboriginal and Torres Strait Islander) Procurement Policy
(Department of Aboriginal and Torres Strait Islander Partnerships)
Provides a whole-of-government framework to increase procurement with Indigenous businesses to be three per cent of the value of government procurement contracts by 2022. Under this policy, an Indigenous business is at least fifty per cent owned by Aboriginal peoples and Torres Strait Islander peoples.

Queensland Procurement Policy
(Department of Housing and Public Works)
Establishes the basis for purchasing by State Government departments. The Capital Works Management Framework supports the objectives of the Queensland Procurement Policy to:
- advance priorities of the Government
- achieve value for money
- ensure probity and accountability for outcomes.

Maintenance Management Framework
(Department of Housing and Public Works)
Explains the whole-of-Government policy for managing building maintenance.

Office Accommodation Management Framework
(Department of Housing and Public Works)
Provides whole-of-Government policy and guidance for office accommodation planning, space management, fitout and occupancy.

Project Assessment Framework
(Queensland Treasury)
Is aimed at assisting departments in securing value for money outcomes from public sector project activities. The Project Assessment Framework defines generic project stages and includes guidelines to support existing project management processes in each stage, including:
- Strategic Assessment of Service Requirement
- Preliminary Evaluation
- Business Case Development
- Supply Strategy Development
- Source Supplier/s
- Establish Service Capability
- Deliver Service
- Benefits Realisation.

Supplementary guidance material:
- Alliance Establishment and Management
- Cost-Benefit Analysis.
Attachment 4

Urgency of projects
Departments are to consult with the Building Construction and Maintenance Category Management unit in the Department of Housing and Public works regarding the urgency of their government building projects to ensure that this is properly considered for cash flowing, workload smoothing and bundling purposes.

Declaration of escalation, urgency and confidence level of estimate
Departments are to declare the escalation figures used, the urgency of the project and the confidence level of the estimate (based on the categories of estimate described in the Capital Works Management Framework policy advice note, Estimate Categories and Confidence Levels: An Initiative to Improve Budget Formulation for Government Building Projects) when presenting budget submissions for consideration by Executive Government.
Attachment 5

High Risk/Significant (HRS) building projects

HRS building projects are those where:
- failure to meet project objectives of time, cost and quality would critically affect the delivery of services to the community; and/or
- the lack of clear and transparent processes in the procurement of high value projects may impact on Government as a whole in terms of industry development and consistency of approach.

Such projects require whole-of-Government management strategies to minimise exposure to risk.

One of the risk management strategies is the early identification and ongoing monitoring of projects considered to be high risk or significant. This requires the development of criteria/parameters that describe 'high risk and significant'.

The following criteria should be used to identify HRS projects. The features listed below are intended as a guide only, as projects may also be considered HRS by virtue of potential risk elements not defined below.

HRS building project criteria

1. **Project cost and procurement strategy**
   - projects expected to exceed $20 million in value delivered utilising a traditional procurement strategy
   - projects expected to exceed $10 million in value delivered utilising a non-traditional procurement strategy

2. **Combination of standard contracts**
   - projects delivered utilising a combination of standard contracts and where the separate components are expected to exceed $10 million in value (e.g. building structure delivered utilising a traditional procurement strategy and building fitout delivered utilising a separate non-traditional procurement strategy)

3. **Bundled projects**
   - projects that involve the tendering of a ‘bundle’ of smaller projects across several different sites, where the total value of the projects exceeds $10 million

4. **PQC service risk rating**
   - projects with an assessed PQC service risk rating of 3 or 4

5. **Other criteria**
   - projects with other potential risk elements not defined above.

An HRS project is one with any one or a combination of these elements. Where the majority of an HRS project is to be put to tender as a single contractual package, the service risk rating will be, as a minimum, PQC level 3. In case of doubt as to the ‘high risk’ nature of a project, consult with the Department of Housing and Public Works.

---

1 The department sponsoring the project has full responsibility for the design and documentation process and the contractor constructs for a lump sum amount.

2 The contractor has varying degrees of responsibility for the design and documentation process.
Index

Note: This index covers the body of the policy document only

A
Australia-Chile Free Trade Agreement, 10
Australia—United States Free Trade Agreement, 10

B
building contracts. See contract
building performance review, 20
building regulation
building regulation assessment, 17
Building Regulation 2006, 17, 23
building surveyors, 17
bundling, 8, 9, 27
business case, 7, 8, 9, 11, 21

C
Cabinet Budget Review Committee, 8
capital acquisition plan, 8
capital works management process
project development, 3
cash flow, 8, 9, 11, 21
Certificate of Practical Completion, 19
commissioning and handover, 19, 20
consultants, 3, 5, 10, 13, 14, 15, 16, 17, 18, 21
contract, 5, 9, 10, 11, 12, 13, 14, 17, 18, 19, 22
contractors, 3, 5, 9, 10, 13, 14, 15, 16, 17, 18,
21, 24, 25
contracts. See contract
cost estimates, 10
building cost estimates, project cost
estimates, 9

D
delivery schedule, 8, 9, 12
department of Employment, Small Business
and training, 18, 25
department of Housing and Public Works, 1,
4, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17,
18, 19, 20, 21, 24, 25, 28
department of Justice and Attorney- General,
18
design and construction, 11, 16, 17, 20, 23, 24
design brief. See project brief

E
environmental impact. See sustainability
environmental rating systems. See sustainability
Executive Government, 4, 5, 9, 11, 14, 27

F
Financial Accountability Act 2009, 4, 22
Financial Accountability Handbook, 6
Financial and Performance Management Standard 2009, 4
financial capacity, 16

G
Government building projects. See
Attachment 1 for definition

H
handover. See commissioning and handover
High Risk/Significant. See government building projects

I
Legislation
Building Regulation (2006) Qld, 17, 23
Financial Accountability Act 2009 (Qld), 4,
22
Financial and Performance Management Standard 2009, 4
Planning Act 2016, 4
Life-cycle costs. See whole-of-life costing.

M
maintenance costs. See whole-of-life costing
Maintenance Management Framework, 2, 25
management-in-use. See whole-of-life costing

N
notification to suppliers, 10
Notice of Intended Procurement. See
Australia-United States Free Trade Agreement

O
online project search, 10
Online Toolbox, 3, 12

P
Planning Act 2016, 4
post-occupancy evaluations. See building
performance review
practical completion, 10, 18, 19
Prequalification (PQC) System, 3, 5, 10, 14
Principal, 17, 18, 20, 21
Procurement
multi-stage procurement, 12
procurement method, 10
procurement methodology, 8, 12
procurement process, 2, 6, 10
procurement schedules, 10
procurement strategy, 4, 8, 10, 11, 12, 13, 16, 21
program formulation, 5, 7, 8, 21
Project Assessment Framework, 7, 8, 26
project brief, 11, 12, 20, 21
project cost estimates, 11
project delivery, 5, 11, 19
project development, 7
project evaluation, 5, 7, 8
project feasibility, 7
project formulation, 7
project implementation, 11
project initiation, 7, 21
project review, 5, 11, 20

Q
quantity surveying, 9
Queensland Government Building and Construction Training Policy, 12, 13
Queensland Procurement Policy, 3, 10, 12, 13, 16, 25

S
select lists, 4, 15
standard contracts. See contracts.
Strategic asset management, 4
Strategic Asset Management Framework guidelines, 6, 20
strategic planning, 4, 5, 6, 8
superintendent’s representative, 18

sustainability, 2
environmental impacts, 3
environmental performance requirement, 16
environmental rating systems, 12
sustainable development, 2, 11
sustainable outcomes, 2

T
tenderer. See tendering
tendering, 14, 15, 16

V
value for money
value management study, 12
value for money outcomes, 12
value for money strategies, 12

W
whole-of-life costing, 2
maintenance costs, 7
maintenance service provider (or maintenance provider), 19
management-in-use, 11, 16, 20
whole-of-life outcomes, 12
workload smoothing, 8
Enquiries should be directed to:
The Manager
Building Policy and Practice
Building Industry and Policy
Department of Housing and Public Works

GPO Box 2457 Brisbane Qld 4001
Email: bip@hpw.qld.gov.au
This document is available at www.hpw.qld.gov.au