

Management of Government Building Projects

The purpose of this guideline is to provide a context for assessing the management arrangements required to effectively and efficiently manage a government building project¹. In this context, the term 'management of government building projects' refers to the process by which government building projects are defined, planned, monitored, controlled and delivered in order to realise agreed goals and objectives.

The term 'agencies' is equivalent to and used interchangeably with 'departments' (as defined in s8 of the [Financial Accountability Act 2009](#)).

Benefits

The expected benefits of managing government building projects well are:

- project objectives will be achieved
- greater accountability and control as reflected in time, cost and quality outcomes
- better communication and management of stakeholders
- all participants will have a clear understanding of their roles and responsibilities
- resources will be used more effectively
- improved practices can be reinforced through the establishment of best practice standards for the delivery of future projects.

Risks

The potential risks of not managing government building projects efficiently are:

- unpredictable outcomes which may result in objectives not being fully achieved
- reduced effectiveness of the completed assets
- inability to control time and cost

¹ The term government building project is defined in Attachment 1 of the *Capital Works Management Framework*.

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- inefficiencies in the utilisation of resources
- exposure to public criticism or a negative impact on public confidence
- legal action, for example, arising from non compliance with statutory requirements.

1.0 Context

The [Capital Works Management Framework](#) (CWMF), the Queensland government's key policy for managing risks in the delivery planning of government building projects, incorporates a suite of documents including the policy document, guidelines and policy advice notes which are available on the Department of Housing and Public Works' website www.hpw.qld.gov.au. The CWMF applies to all Queensland Government departments, as that term 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 CWMF explains the:

- roles and responsibilities of various parties for implementing the policy
- capital works management process for the delivery of government building projects and key stages (project initiation, project development and project implementation).

The [Project Assessment Framework](#) (PAF) is the foundation for ensuring that project initiation and development is undertaken effectively across the Queensland public sector and delivers maximum value for money for the government's investment in project activity.

When undertaking projects involving buildings with cultural heritage significance, departments should consider the provisions of the [Heritage Act 1992](#) and the goals, objectives and priorities outlined in the [Queensland Heritage Strategy](#).

Departments should take into account the objectives of the:

[Queensland Procurement Policy](#)

[Charter of Local Content](#)

[Queensland Government Building and Construction Training Policy](#)

Refer to **Attachment 1** for an explanation of the main policy resources relevant to the management of government building projects.

2.0 Roles and responsibilities

The roles and responsibilities of the project stakeholders may vary based on the size and complexity of the project and the specific contractual arrangements for project delivery; however, the generic information below typically applies.

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Project Sponsor – the department funding the project (may include the department’s nominated representatives, such as the Project Director, Principal’s Representative(s), Superintendent(s), Client Representative(s) or Project Manager(s), depending on their roles and the specific form of contract). The Principal may also be defined as the party under a contract for whom work is being undertaken. For government building projects, the role of Principal is often undertaken by the Department of Housing and Public Works.

Building Owner/User – the department(s) that own/manage/use the building. The building owner may also be the project sponsor under the contract.

Contractor/Consultant – individuals or organisations contracted directly to the Queensland Government to provide services in relation to government building projects. They are responsible to the project sponsor (or the department, or its nominated representative, performing the role of ‘Principal’ under the terms of the contract) during the design and/or construction stages of the project.

Maintenance service providers – individuals or organisations that undertake ongoing building maintenance works and that may also have a participatory responsibility at the handover stage of a project (refer to the CWMF guideline: [Handover: Guidance for commissioning and handover associated with Government building projects](#) for further information).

Departments are responsible for ensuring that their activities related to managing government building projects are in accordance with prevailing legislation and Government policies. Where aspects of planning and delivery are outsourced by departments, their roles with regard to implementing the CWMF must be articulated in all agreements between the department and their service providers (whether private or public sector).

There are various requirements for consultation with the Department of Housing and Public Works during the management of government building projects, as identified in the CWMF. The consultation requirements may vary based on the project risks and estimated cost. A summary of the agency consultation requirements with the Department of Housing and Public Works during the management of government building projects is provided in section 4.0 of this guideline.

3.0 Considerations for management of a government building project

In order to successfully manage a government building project, there needs to be a balance between the social, environmental and economic aspects of the project. Demographic trends, changing consumer patterns and preferences should be part of the evaluation methods when investigating project options.

Key factors that impact on the management of government building projects include:

- the regulatory environment, Government priorities, strategies and policies (refer to **Attachment 1**) and agency policies
- availability and use of adequate management information for project initiation and project and program planning and control
- the development of design solutions that achieve, among other things:

- optimal layout on the site
- enhanced environmental performance (such as reducing water and energy consumption)
- enhanced economic performance (by addressing whole-of-life issues including maintenance and management-in-use) and as a consequence, the optimum balance between capital and operating costs
- optimal health, safety and security outcomes
- avoidance or mitigation of the impact of natural disasters
- stakeholder management and communication – integration and participation of various parties (i.e. consultants, contractors, maintenance providers) in managing projects. Key drivers for success include:
 - cooperative relationships between the main project participants
 - effective and efficient communication
 - strong leadership and commitment from the project sponsor
- monitoring and control of project progress
- a systematic process to identify, analyse, assess and treat risks that may impact on the project's objectives.

Using a structured process which integrates all activities in the key phases (e.g. project initiation, project development and project implementation) will result in well managed government building projects. Completion of each of these phases should provide the basis (in the form of evaluation reports, submissions, plans and other information to support the decision-making) for:

- the delivery of the project
- a review to help improve knowledge and expertise for future projects.

Depending on the size and complexity of projects, project planning involves strategic assessments (for defining the project outcomes and goals) and the development of business cases.

Budgeting for building projects should ensure that financial and programming aspects of the brief, including the budget, the forecast cashflow and the key program milestones and timelines are achievable.

4.0 Agency consultation with the Department of Housing and Public Works

Effective consultation with the Department of Housing and Public Works will lead to efficiencies in procurement and the delivery of government building projects. Procurement activities across the Queensland Government are organised in six categories with the intention of generating value and benefits for Queenslanders. DHPW was assigned as lead agency for the Building Construction and Maintenance (BCM) category and in this context,

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provides strategic procurement support services to assist agencies in achieving the principles covered in the QPP, the CWMF and MMF policy.

A Category Council for Building Construction and Maintenance oversees and directs strategic procurement activities in relation to this group of related spend, governs category strategies for a particular spend profile and engages with industry about general approaches to procurement.

Consultation with the Department of Housing and Public Works must be undertaken:

- for medium and lower value projects (estimated to cost between \$0.5 million and \$20 million), when identifying priorities and developing a delivery schedule and procurement methodology (including the determination of bundling, rescheduling and/or optimum procurement methodologies as appropriate)
- prior to considering making any alterations to a standard contract (using standard building contracts developed by the Department of Housing and Public Works is a requirement of the CWMF)
- prior to selecting building contracts for all High Risk/Significant (HRS) building projects². The CWMF requires that the selection of building contracts for all HRS projects must be undertaken by departments in consultation and agreement with the Contracts Committee that supports Department of Housing and Public Works' role as BCM. . Departments are encouraged to make written submissions to the Contracts Committee at any stage of their HRS project using the submission template provided in Attachment 2 of the CWMF guideline: [Procurement Strategy and Contract Selection](#)
- when the need to use a select tender list of building contractors on a government building project expected to exceed \$1 million has been identified. The select list is to be prepared by the Department of Housing and Public Works in consultation with the relevant department
- when preparing a tender evaluation plan, prior to calling tenders, on all HRS building projects. Departments should prepare a tender evaluation plan and consult with the Contracts Committee that supports Department of Housing and Public Works' role as BCM category manager (i.e. using the mentioned submission template to the Contracts Committee) on the proposed evaluation criteria and weightings to be used in the selection of consultants and contractors prior to calling tenders
- in case of major disputation, litigation or insolvency.

Consultation with the Department of Housing and Public Works will identify improvement opportunities in relation to the appropriate approach that departments can take with respect to identifying priorities, delivery schedules and procurement methodologies. This will assist departments to advance the Government's priorities and meet the objectives of the:

- [Queensland Procurement Policy](#)

² 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 of the CWMF).

- [Charter for Local](#)
- [Queensland Government Building and Construction Training Policy](#)

5.0 Control of project progress and reporting

Effective monitoring and control of the progress of the project will facilitate the compilation of regular progress reports which detail:

- activities completed within the reporting period and those forecast for the next reporting period with a focus on those on the critical path
- expended and forecast cashflows
- scope changes and definition of the measures intended to ensure that the changes achieve the perceived value for money outcomes identified at the business case stage of the project
- risk mitigation strategies.

Project progress reports should be prepared and managed in accordance with legislative requirements, including the *Financial Accountability Act 2009* and the *Public Records Act 2002*.

6.0 Benefits realisation

Benefits realisation, a concept defined in the PAF, occurs towards the end of the benefits management process and is reinforced by the implementation of relevant measurement processes. Benefits realisation focuses on ensuring that a project is delivering the anticipated benefits and value for money documented in the approved business case and benefits realisation plan. Some benefits can be tracked using financial measures, others will need more complex measures, or indicators, to demonstrate their realisation.

For complex projects, the review to check that a project has delivered its intended outputs can be guided by the [Gateway review](#) process (administered by the Queensland Treasury) - refer to [Benefits Realisation: Gate 5](#).

The impact of the project on service delivery can be assessed using:

- feedback from post occupancy evaluations where users have made comments about the improvements in service delivery as a result of the project being undertaken
- audit reports which have noted an overall improvement in service delivery from previous audits
- assessments of the business benefits being realised as set out in the business case (which should be continually updated during the course of the project).

In the context of the CWMF, these assessments are undertaken as part of project reviews (which include building performance reviews and process reviews). The purpose of project reviews is to assist departments to:

- determine whether a synergy exists between the project achievements and the policies and priorities of the department

- further develop and refine systems and processes for future capital works planning and investment.

The CWMF and the associated guideline: [Project Review](#) provide comprehensive information on the requirements and the review processes.

Attachment 1: List of relevant policy resources

[*Capital Works Management Framework*](#) (CWMF) (Department of Housing and Public Works) is the Queensland Government's key policy for managing risks in the planning and delivery of government building projects. The CWMF 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. It presents the generic capital works management process and prescribes a strategic asset management approach for the initiation, development and implementation of building projects. The CWMF also gives effect to the whole-of-Government Prequalification (PQC) System³ for building industry contractors and consultants seeking to undertake government building contracts and commissions.

Capital Works Management Framework guideline: [*Consultant PQC Invitation and Selection Process*](#) (Department of Housing and Public Works) explains the Queensland Government's invitation and selection process for building industry consultants for a prescribed range of higher value and risk commissions associated with government building projects. Use of this guideline will result in more efficient, transparent and consistent government procurement of buildings and associated maintenance services, enhanced service delivery and greater industry confidence in the Government's selection practices. It promotes industry development through careful and judicious use of the Government's purchasing power and incorporates provisions for recognising and rewarding consultants that demonstrate superior performance.

Capital Works Management Framework guideline: [*Contractor PQC Tendering and Selection Process*](#) (Department of Housing and Public Works) facilitates consistency in and provides guidance to government departments regarding the Queensland Government's tendering and selection process for building industry contractors.

Capital Works Management Framework guideline: [*Handover: Guidance for commissioning and handover associated with Government building projects*](#) (Department of Housing and Public Works) provides advice for departments on managing handover activities to facilitate a smooth transition between project delivery and operation/maintenance. It explains the activities required to:

- ascertain the building's readiness for occupation. There are specific pre-handover/commissioning/testing activities which are undertaken to facilitate this to determine whether the project objectives/operational aspects can be achieved and to identify any handover training programs for the users/maintenance provider(s)
- conduct required inspections and the issuing of certificates (i.e. for practical and final completion)
- receive building documentation to operate and maintain the facility ie. operation and maintenance manuals, 'as-built' building plans, certificates, warranties and guarantees, etc.

³ The PQC System and/or standard forms of contract issued under the CWMF are only required to be applied to projects where a Queensland Government department is the Principal. It is not appropriate for other types of entities (including local governments, universities, government owned corporations, statutory bodies, etc.) to be granted direct access to information in the PQC System.

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- update relevant financial and asset management systems and registers
- finalise the project which involves the following activities: closing of auditable project files, releasing of final payment to the contractor, closing of financial accounts and conducting project review (refer to the CWMF guideline: *Project Review*).

At project handover a Certificate of Practical Completion is issued and the control of the building passes from the contractor to the department that owns the building.

Capital Works Management Framework guideline: [Procurement Strategy and Contract Selection](#) (Department of Housing and Public Works) applies primarily to the project delivery phase of the capital works management process, which incorporates the project definition, procurement strategy, consultant/contractor selection, design and construction and handover stages. It provides advice on the procurement strategy selection process including selection of an appropriate contractual system. A procurement strategy facilitates the delivery of a project outcome and generally incorporates a contractual relationship that allocates risk between the principal and the contractor. The procurement strategy determines the type of contract to be used and how that contract will be adapted and used for each project. The risk allocation among all parties along the contractual chain must be clear, preferably with risks allocated to the party best able to manage them.

Capital Works Management Framework guideline: [Project Definition](#) (Department of Housing and Public Works) focuses on the project definition stage and, in particular, on the preparation of a project brief produced as a result of the project definition process. It also provides an outline of pre-design studies and accommodation guidelines and their context in the project definition stage. It offers guidance to agencies to enable them to improve their ability to undertake the project definition stage of project delivery.

Capital Works Management Framework guideline: [Project Review](#) (Department of Housing and Public Works) provides guidance for undertaking the project review phase which involves a building performance review and a process review.

[Charter for Local Content](#): (Department of State Development, Manufacturing, Infrastructure and Planning) . The policy contains particular requirements for local industry participation in Queensland Government procurement. The intent is that local industry be given a full, fair and reasonable opportunity to supply the Queensland Government and in accordance with Queensland Procurement Strategy and the associated policy.

[Project Assessment Framework](#) (PAF) (Queensland Treasury) includes methodologies and tools which support agencies with the development of strategic assessments, business cases (including how to assess broader economic implications), funding frameworks, procurement processes, project knowledge management, benefits realisation and risk management.

The PAF also provides broad general advice on project management and sets the high-level parameters that may be evaluated in [Gateway reviews](#) and other project management quality assurance processes.

It defines projects as having one pre-project stage (strategic assessment of service requirement) and six generic project stages:

- preliminary evaluation
- business case development

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- supply strategy development
- source suppliers
- establish service capability
- deliver service.

The Gateway component promotes independent reviews at the completion of key project stages to provide assurance that projects are ready to successfully progress to the next stage.

[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 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](#) (QPP) (Department of Housing and Public Works) consists of:

- the Policy statement describing its intent, principles, objectives, operation and governance
- foundation concepts that explain the Policy principles and the government's commitment to look at value for money in a broader sense (not just cheapest price) and use its expenditure to pursue economic, environmental and social outcomes
- procurement guides that assist agencies and suppliers to understand government procurement practices.

It delivers benefits for government, suppliers and the community through the commitment to advancing the priorities of government, to support genuine local employment, and achieving value for money and ensuring probity and accountability for outcomes.

The QPP's principles are:

Principle 1. Putting Queenslanders first when securing value for money.

Principle 2. Advancement of economic, environmental and social objectives.

Principle 3. Integrity, probity and accountability.

Principle 4. Leaders in procurement practice.

Principle 5. Working together to achieve outcomes.

The suite of guidelines which comprise the *Strategic Asset Management Framework* (available online at www.hpw.qld.gov.au) is organised under the following categories:

1. **Overview** - explains the principles and concepts of strategic asset management as they apply to buildings.
2. **Guidelines** - expand on key aspects of strategic asset management to inform decisions over the entire life-cycle of the asset.
3. **Decision-making methodologies and guidelines** - support agencies to implement best practice strategic management of buildings.

Principle 6. Governance and planning.

Together with the QPP, the Queensland Government Procurement Strategy sets out the government's vision for procurement - putting Queenslanders first by becoming a better customer.

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