



Government  
of South Australia



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## Construction Procurement Policy Project Implementation Process

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Construction Procurement Policy  
Project Implementation Process

## Foreword

The Government of South Australia is committed to the efficient and effective delivery of essential services to the community and to obtaining best value from new and existing built assets by ensuring its construction projects are designed and constructed to the relevant standards and functional requirements. South Australia's Strategic Plan sets the directions for the State and its service needs. It outlines the key priorities and goals to be achieved by the Strategic Infrastructure Plan for South Australia, and forms the basis for planning and delivering all construction projects.

Excellence in construction procurement meets the priorities of South Australia's Strategic Plan – creating a vibrant city; an affordable place to live; every chance for every child; growing advanced manufacturing; safe communities, healthy neighbourhoods; realising the benefits of the mining boom for all; and premium food and wine from our clean environment.

The Strategic Infrastructure Plan for South Australia emphasises the need for agencies of the Government of South Australia to undertake detailed strategic planning and to align proposed programs of work with South Australia's Strategic Plan. Agencies are required to take time to prepare the substantiation details of the project before it is formally proposed for inclusion in a government approved program. The need for the project is confirmed before committing to significant expenditure or contracts.

*The State Procurement Act 2004* and State Procurement Regulations 2005 govern the procurement operations of agencies and advance government priorities and objectives including obtaining value for money, providing ethical and fair treatment to all participants and ensuring probity, accountability and transparency in procurement operations.



The State Procurement Regulations 2005 under the Act exempt 'prescribed construction projects' from State Procurement Board processes. Instead these projects are procured within the Government of South Australia's policy framework provided by the 5-Step Infrastructure Planning and Delivery Framework, this Construction Procurement Policy: Project Implementation Process and Treasurer's Instructions.

These policies provide a robust, well established and specific policy and management framework managed by the Government's Infrastructure Agency – the Department of Planning, Transport and Infrastructure (DPTI).

The policy framework guides procurement from the time Government approves progression of a project after Step 4 of the 5-Step Infrastructure Planning and Delivery Framework. It is applicable to all prescribed construction projects. The Minister for Transport and Infrastructure oversees the Construction Procurement Policy: Project Implementation Process and DPTI administers its application.

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## Overview of Project Implementation Process

South Australia's public works authorities have been designing, building and maintaining public infrastructure and buildings since the nineteenth century. Throughout this history, construction procurement has been an independent endeavour overseen by infrastructure Ministers and their specialist agencies.

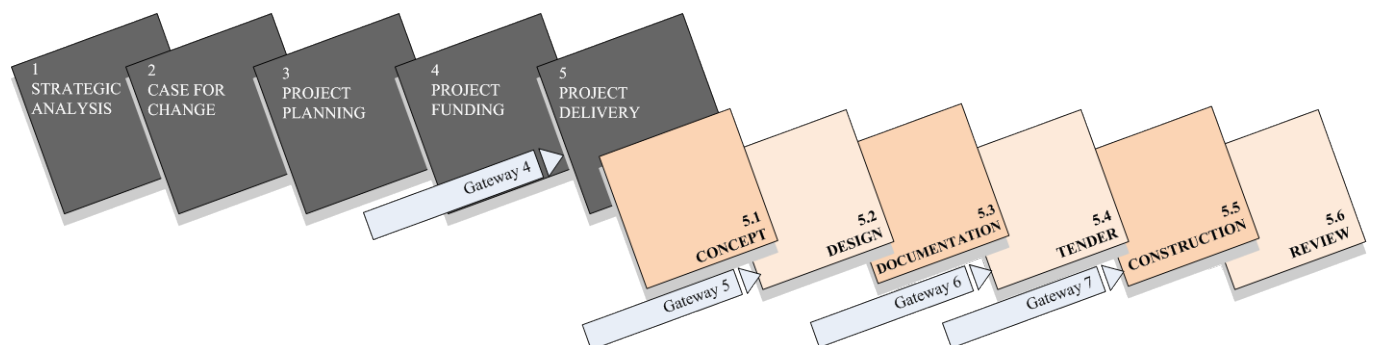
Since 1995, government construction procurement has been managed under a policy umbrella approved by the Government of South Australia. When the *State Procurement Act 2004* was introduced it was determined that 'prescribed construction projects' with a total value exceeding \$150,000 would be exempt from the Act by regulation. This recognised that construction had well-established procurement methodologies with the level of expertise and established processes required in specialised government agencies.

Construction is managed by the policy framework provided by this Construction Procurement Policy: Project Implementation Process, the 5-Step Infrastructure Planning and Delivery Framework and Treasurer's Instructions.

The Project Implementation Process is a generic policy that applies to all types of prescribed construction projects. It has been developed specifically to guide the procurement of construction of infrastructure and buildings and provides detailed procedures which guide Lead Agencies through the process of achieving well designed, appropriately tendered and effectively constructed projects.

It stipulates a role for the Infrastructure Agency, DPTI, in the delivery of prescribed construction projects. The Infrastructure Agency has developed specific implementation guidelines for the application of the Project Implementation Process to construction projects.

The Project Implementation Process integrates with **the 5-Step Infrastructure Planning and Delivery Framework** at the completion of Step 4: Project Funding Method and Resource Allocation and provides detailed guidance to Step 5: Delivery of the Project.



During Step 4 the Lead Agency ascertains the need for an infrastructure project to support existing or additional services and:

- defines precisely the service required;
- identifies strategies to meet service delivery needs;
- decides whether there is a need to upgrade, replace or procure assets;
- sets the quality standards, budget, program and risk management regime required to achieve objectives; and
- decides on the preferred funding and procurement model.

The Lead Agency establishes that the proposed construction project has a business case with demonstrable benefit under the requirements of Treasurer's Instruction 17: Evaluation of and Approvals to Proceed with Public Sector Initiatives.

At the conclusion of Step 4 the project is included on an approved government program and proceeds to the Project Implementation Process, which is Step 5 under the 5-Step Infrastructure Planning and Delivery Framework.

Step 5: Delivery of the Project is the detailed design and procurement stage for the project and may involve:

- determination of the best forms of contracting;
- implementation of expression of interest and tendering processes;
- negotiation of contracts and development agreements;
- compliance with all government probity and other policy requirements.

(Strategic Infrastructure Plan for South Australia 2005/6 – 2014/15)

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The Project Implementation Process details the process for the development and delivery of the construction project.<sup>1</sup> Its key features are:

- ensuring that projects meet service delivery needs consistent with the Government's strategic directions, agency business objectives and the business case agreed under the Strategic Infrastructure Plan for South Australia 5-Step process;
- requiring every construction project to have strong leadership from the Lead Agency and Lead Minister by taking responsibility for its progress from inception to handover and final completion;
- ensuring every project has construction procurement managed by an infrastructure agency and strategic input from Department of Treasury and Finance (DTF);
- selecting and assigning appropriate professional expertise to develop the approved concept, undertake design, manage risk, calculate cost and program times during the procurement process and to manage construction;
- establishing good project governance and clear lines of accountability for all phases of the project with documentation to provide an audit trail;
- adhering to the required gateway approvals process and the relevant legislative and policy framework; and
- providing a holistic approach that rigorously considers 'whole of life' costs, ecologically sustainable development initiatives and design options consistent with the triple bottom line of economic, environmental and social outcomes.

## Application of the Project Implementation Process

The Project Implementation Process must be applied to every project that is a 'prescribed construction project' undertaken by agencies<sup>2</sup> other than those defined as a 'prescribed public authority'<sup>3</sup> in the *State Procurement Act 2004*. (Refer Appendix 1.)

The policy is applicable regardless of whether the funding is State (capital or recurrent), Australian Government, local government, private sector or other funding sources.

The policy does not apply to minor construction projects, which are those under \$150,000 in value (excluding GST) on completion. These projects must be procured under the *State Procurement Act 2004*, State Procurement Regulations 2005 and State Procurement Board policies. It also does not apply to major plant and equipment purchases or to information and communication technology (ICT) projects.

Government has established centralised expertise in delivering construction projects in recognition that there are specific competencies required to manage project risks, ensure that essential requirements are met and provide best value. Under the policy, its Infrastructure Agency DPTI is responsible for the management of construction projects in the civil and non-residential (commercial) construction sectors.

Renewal SA and Housing SA, which are 'prescribed public authorities' under the *State Procurement Act 2004* and State Procurement Regulations 2005, are also infrastructure agencies and have relevant expertise, processes and systems related to construction projects in the residential and land development construction sectors. These organisations may provide advice to agencies with construction projects that have elements of land development or residential construction.

It is recognised that there is varied risk in projects and DPTI exercises flexibility or tailors its management role according to the specific requirements of the project and Lead Agency.

## Phases in the Project Implementation Process

The Project Implementation Process has six phases – Concept; Design; Documentation; Tender; Construction and Review. It provides detail to the requirements during each phase of construction procurement.

### 5.1 Concept

The project design team develops the project brief and concept options to the point where there are sufficient details to demonstrate that the preferred concept design is viable and acceptable to the Lead Agency and end users, the costs are within the agreed budget and any critical timelines will be met.

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<sup>1</sup> Construction project refers to a 'prescribed construction project' defined under the *State Procurement Act 2004*.

<sup>2</sup> Details of the Government of South Australia departments, agencies, branches and business units are on the website <http://www.sa.gov.au/directories/government>.

<sup>3</sup> Prescribed public authorities include South Australian Forestry Corporation, Housing SA, South Australian Water Corporation, Superannuation Funds Management Corporation of South Australia and Renewal SA.



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At the end of this phase the Lead Minister or delegate decides whether the project will proceed to Design and Documentation phases through Gateway Five.

### 5.2 Design

Design includes developing the approved concept design to a high level of design detail through schematic design and design development.

The design professionals contribute their expertise to ensure the design meets the functional and legislative requirements as well as Lead Agency standards.

### 5.3 Documentation

Documentation takes the developed design and prepares the detailed drawings and specification that will form the basis of the construction contract, including the preparation of the conditions of tendering and contract.

At the end of this phase the Lead Agency's Minister or delegate must decide whether the project will proceed to Tender phase through Gateway Six.

### 5.4 Tender

Tender includes establishing a tender field, calling tenders, evaluating tenders received and making recommendations for acceptance of tenders.

Calling and evaluating construction tenders is carried out in accordance with the tendering codes, and a final approval for budget and expenditure is obtained from Cabinet or the appropriate delegate and approval to enter into the contract is obtained from Cabinet or the appropriate delegate before awarding the construction contract(s).

At the end of this phase Cabinet, the Lead Minister or delegate as applicable must decide whether the project will proceed to Construction phase through Gateway Seven.

### 5.5 Construction

Construction includes the on-site activities by construction personnel, contractors and subcontractors that result in a new or refurbished infrastructure asset.

There are specific requirements to be met in the construction and commissioning of an infrastructure or building asset.

Progress of construction and timely response to issues as they arise are important elements of effective management during this high risk, high expenditure phase of construction projects.

### 5.6 Review

Review includes feedback about products, processes and asset performance to develop design, construction and market intelligence to benefit future infrastructure or building projects.

It includes ensuring all construction work has been completed appropriately and there is a smooth handover of the asset to the end users or asset managers. It also includes monitoring the performance of the asset, generally for 12 months, and making adjustments as required in response to operational or end user issues.

## Sequencing of Phases

The Project Implementation Process provides guidance on the main phases in the delivery of all construction projects. Experience has shown that all of the steps in the Project Implementation Process need to be completed to achieve a successful project, although it is not necessary to follow the steps consecutively or to go into the same level of detail for every project.

For simplicity the process is presented in the sequence of phases and Gateway approvals applicable to traditional procurement, which will be the procurement process for many of the construction projects to which the policy applies.

However the process need not be sequenced in this way and under a range of procurement methodologies (fast-track, early contractor involvement (ECI), design-construct or alternative financing options such as Public Private Partnerships (PPP) or private finance), phases will run in parallel and there will be integrated Gateway approvals.

DPTI will advise on the range of methodologies available to fast track projects or respond to alternative procurement models while still achieving key milestones and activities in phases and required Gateway approvals.

Typical reinvestment/new investment construction projects (A) will progress through the planning and delivery steps in a

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traditional, sequential manner.

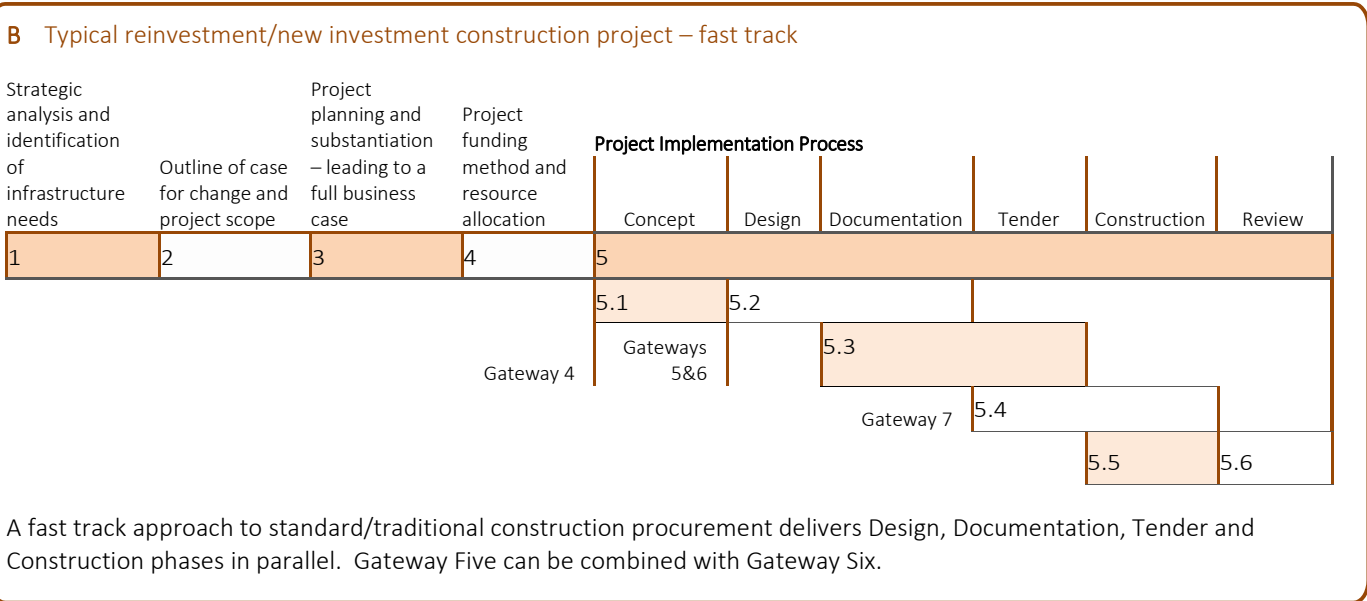
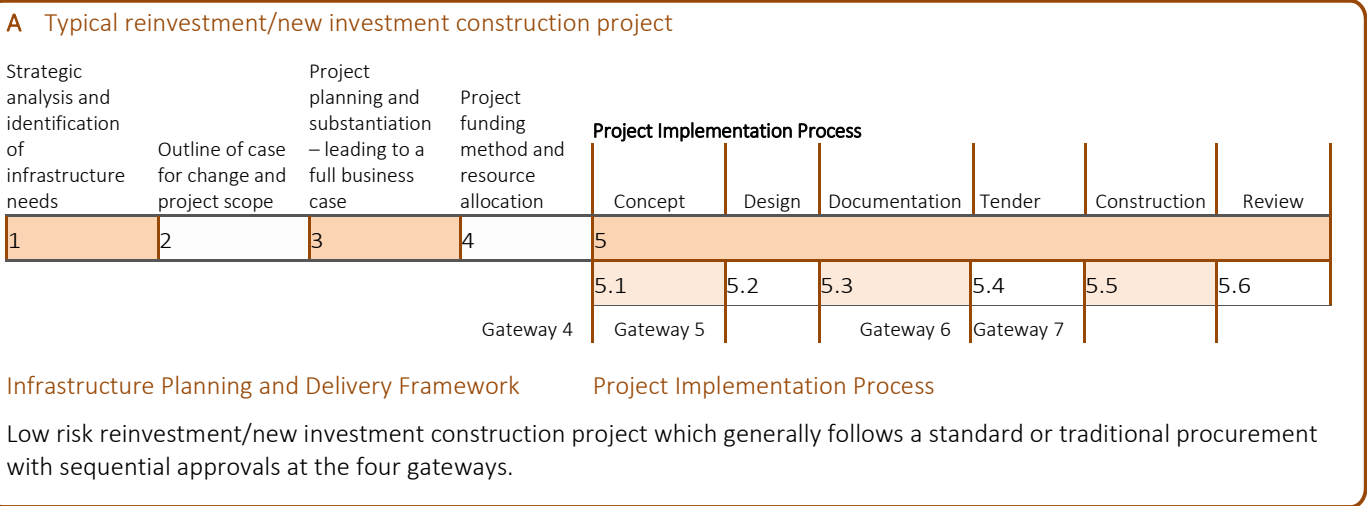
Typical reinvestment/new investment construction project – fast track (B) using techniques such as construction management, managing contractor or ECI procurement methodologies, will have the Design, Documentation, Tender and Construction phases overlapping and combined Gateway approvals to proceed to Design, Documentation, Tender and/or Construction.

Complex, high value, unusual reinvestment/new investment construction projects – fast track/alternative procurement (C) typically utilise fast track procurement methodologies and will have the Design, Documentation, Tender and Construction phases overlapping and combined Gateway approvals. They are likely to require greater development of the concept design before completion of the business case and approval of the funding and procurement model.

Complex, high value, one-off reinvestment/new investment construction projects – alternative procurement/funding (D) that are to be delivered utilising alternative funding options such as PPP or Private Finance, will require development of the concept design prior to completion of the business case and approval of the funding and procurement model. Once the project is approved to progress, the project brief and the contract documents will be further developed in Step 5.2 Design before a combined Gateway approval of final contract and funding arrangements and transfer of responsibility for achieving all subsequent delivery phases to the private sector developer.

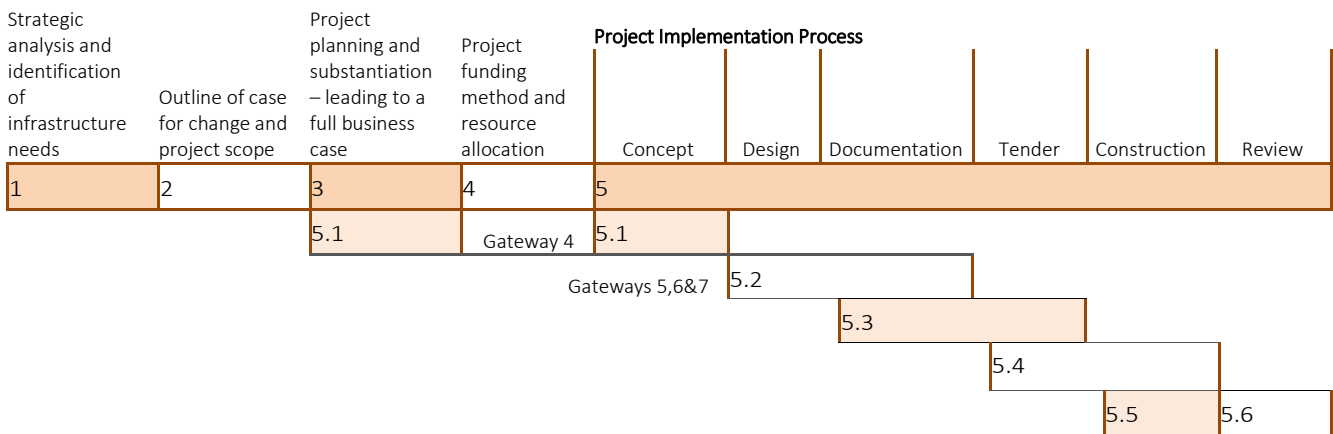
Diagram 1 provides examples of various delivery models with concurrent phases and integrated Gateway approvals and an explanation of the differences.

Diagram 1: Phases and Gateways in Various Delivery Models



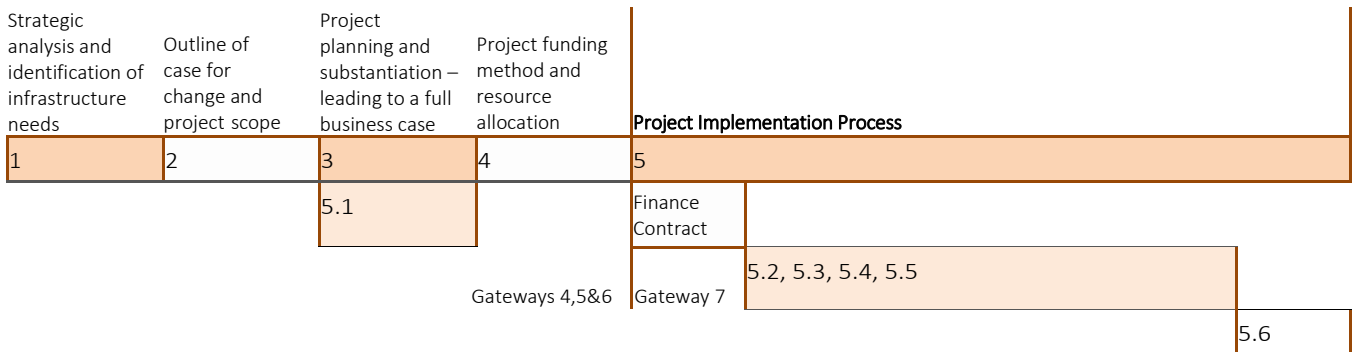
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## C Complex, high value, unusual reinvestment/new investment construction project – fast track/alternative procurement



Projects of strategic importance may need to commence concept work as part of the business case leading to approval of the funding and procurement model. The project then proceeds quickly to design and often engages the contractor early, leading to Gateway Five, Six and Seven approvals being before or during the Design and Documentation phases.

## D Complex, high value, one-off reinvestment/new investment construction project – alternative procurement/funding



Projects with alternate funding/procurement will complete significant concept design work as part of the business case leading to approval of the funding and procurement model. Development of the brief, (the public sector comparator for PPP projects) and the contract documents will follow before a Gateway approval of all contract arrangements.

## Key Roles

The Project Implementation Process describes four key roles in the delivery of construction projects – the management of project scope (Lead Agency), the management of construction procurement (DPTI Infrastructure), the management of funding (DTF) and the management of infrastructure strategy (DPTI Strategy)<sup>4</sup>.

### Lead Agency

The Lead Agency is primarily responsible for the initial planning, budgeting and approval elements of the construction project and ultimately accountable for the management and operation of the asset that results.

The Lead Agency is the project sponsor or ‘owner’ and ensures there is appropriate governance and that the project meets the requirements of government and agency strategic asset management plans. It is responsible for the provision of government services and consequently defines the extent, quality and location of services.

<sup>4</sup> Note that DPTI has a role in relation to the development of the Strategic Infrastructure Plan for South Australia and, for clarity, this role is described as ‘DPTI Strategy’ to distinguish it from the prescribed role for the agency in construction procurement, ‘DPTI Infrastructure’.

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Lead agency responsibilities include:

- ensuring the services supported by the project are consistent with the Lead Agency's legislated role;
- determining the services that require investment in a new or existing built asset;
- developing the initial project scope, required standards and preliminary budget and program;
- identifying any project-specific statutory or legislative requirements;
- developing the positive business case and achieving approval of the project on a government program under the 5-Step Infrastructure Planning and Delivery Framework;
- identifying and managing key stakeholder and end user inputs;
- project governance;
- managing that the approved project scope, quality, budget and program are achieved; and
- achieving Cabinet, statutory and Gateway approvals under the Project Implementation Process.

Lead agencies may customise their role in the Project Implementation Process to their agency business and structure. Where the Project Implementation Process indicates Lead Agency responsibility, the Lead Agency may develop details to indicate precisely what roles in its organisation are responsible and accountable for tasks.

Cabinet may designate a project over \$11 million in value (inclusive of GST) as a Strategically Important Project. On Strategically Important Projects, **Cabinet** will retain elements of the Lead Agency role that will ensure that the project meets the objectives established as part of the initial business case and project approval. Cabinet requires the Lead Minister to ensure that Government's objectives and strategies are met and, on recommendation from the Lead Minister, will approve Gateway Five (which will take the form of the referral to the Parliamentary Public Works Committee for report). Such recommendation will be accompanied by an assurance comment from the Office for Design and Architecture SA (ODASA) in addition to the costing comment from DTF and other relevant comments.

Further the Lead Minister will refer to Cabinet for decision any proposal to implement Major Variance to the project scope, quality, budget or completion date with an analysis of the impact on achieving Government's objectives and strategies. Such recommendations will be accompanied by an assurance comment from ODASA in regard to scope and quality in addition to the costing comment from DTF and other relevant comments.

### Infrastructure Agency (DPTI Infrastructure)

DPTI Infrastructure provides project, risk and procurement management to all construction projects to ensure that the Project Implementation Process and all relevant policies and guidelines for construction procurement are followed. It manages that all necessary steps have been taken, the risks inherent in the planning, design and procurement of construction projects have been identified and treated and there is appropriate and timely decision making, monitoring and reporting.

The management role includes:

- guiding all stakeholders through the Project Implementation Process;
- identifying construction project procurement risks and managing those risks;
- partnering with the Lead Agency to ensure that the approved project scope, quality, budget and program are achieved;
- ensuring that all necessary planning work is completed, assisting with the achievement of required Gateway approvals and assisting with approval processes in Strategically Important Projects;
- administering Government's endorsed policies and processes relevant to the construction project;
- determining the appropriate construction procurement model and management framework and implementing relevant processes such as the prequalification systems to select professional service and construction contractors for the project;
- accepting formal contract administration roles;
- ensuring timely and appropriate payments to professional service contractors and construction contractors, in accordance with the contract and government policy; and
- maintaining records, contract drawings and specifications and project financial details;

Generally the Minister for Transport and Infrastructure (for DPTI projects it may be the Commissioner of Highways or the Rail Commissioner) enters into professional service and construction contracts to ensure there is a consistent approach to contracting with the civil and commercial construction industry sectors supported by robust, risk managed tendering and contract processes and systems.

DPTI Infrastructure has responsibility for management of construction procurement for government road, rail, bridge and other civil engineering assets, as well as managing the risks related to government infrastructure construction and performing

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the industry interface role on behalf of Government.

DPTI Infrastructure also has responsibility for management of construction procurement for government buildings, as well as managing the risks related to government building construction and performing the industry interface role on behalf of Government. It works in conjunction with Lead Agencies, the building construction industry and the Australasian Procurement and Construction Council Inc. (APCC) to develop procurement practices that reflect best practice.

### Department of Treasury and Finance

DTF provides advice on the budgetary and financial aspects of proposals, including project financial evaluation and business case preparation as outlined in Treasurer's Instruction 17: Evaluation of and Approvals to Proceed with Public Sector Initiatives. In accordance with this instruction all initiatives which require the approval of Cabinet to proceed need to be accompanied by written advice from DTF on the financial and budgetary aspects of the initiative.

The agency is responsible for provision of economic and financial advice for the efficient management of government finances and the efficient use of resources. This includes the development of government accounting and financial reporting policies, advice to Cabinet on agency budgets including capital investment proposals and the review of major capital investment projects.

Review will include the assessment of proposals for the private sector provision and operation of infrastructure.

DTF undertakes evaluation of business cases for all proposals and advises Government on the assumptions underlying the expected costs and benefits to ensure Cabinet is fully informed of the accuracy and robustness of the economic analysis and that the final proposal provides value for money to the Government.

### DPTI Strategy

DPTI plays a strategic lead role in the implementation of South Australia's Strategic Plan and the Strategic Infrastructure Plan. It coordinates across the three tiers of Government and also provides an interface with the private sector to ensure public and private sector infrastructure planning is coordinated. It provides the strategic directions for the State through the provision of guidelines for development planning in metropolitan, outer metropolitan Adelaide and the regional areas. It can provide advice on the impact on construction projects of The 30-Year Plan for Greater Adelaide and similar regional plans.

### Other Related Roles

The **Department of the Premier and Cabinet** (DPC) sets the strategic directions through South Australia's Strategic Plan and the requirements for Cabinet submissions to ensure that due process has been observed.

The **Office for Design and Architecture SA** (ODASA) is part of DPTI and is led by the South Australian Government Architect. It provides leadership and strategic advice on design, architecture and urban design to the Government. This advice is provided through support for major projects, design review programs and the publication of design guidelines. ODASA works towards the broad principles of integrated design to enable, connect and add value through design with a strategic focus. It does this by assisting in project delivery and developing innovation in the public sector.

The **Department of Environment, Water and Natural Resources** (DEWNR) manages Crown Land in all areas of the State. This includes land held in the conservation reserve system and as public land. The agency may enlist the assistance of Renewal SA in the disposal of Crown Land on the open market. The agency is also responsible for environment policy, biodiversity conservation, heritage conservation, climate change and environmental sustainability.

The **DEWNR Climate Change Unit** works in conjunction with agencies and the private sector including the construction industry to drive strategies for addressing climate change and sustainability. It assists agencies taking social, economic and environmental factors into account at all levels of decision-making, developing sustainability frameworks and tools, modelling and encouraging integrated governance and facilitating community engagement.

The **Office of the Industry Advocate** works to further the aims of the Industry Participation Policy. This policy aims to ensure local businesses are given full, fair and reasonable opportunity to tender and participate in significant public and private sector projects.

**Renewal SA** is responsible for leading and coordinating urban development, redevelopment and renewal activity to ensure that South Australia's future housing needs are met through quality design, planning and community involvement. It oversees a significant portfolio of the State's assets from the former Land Management Corporation, Defence SA and the South Australian Housing Trust.

The **Department of State Development** (DSD) is the Government's key agency for economic and industry development policy. Its primary role is to contribute to ongoing economic growth and wealth creation in South Australia.

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The **Crown Solicitor's Office** provides advice on commercial and legal matters generally, and assists contract negotiation and development. The Office ensures the adequacy of proposed contractual arrangements, as well as the probity of procedures and the methods.

### Approval Authorities

The financial threshold for project approval is based on the total cost (capital + GST) of the project, regardless of the funding source (which may include a number of sources: Australian Government, State, local government or private). The financial thresholds apply to all construction projects including those on assets leased from the private sector.

The estimated cost used when seeking approval will be based on the cost when all stages of construction are complete and will include an estimate for price escalation. While staging of a project needs to be considered to ensure the efficient provision of services or the effective delivery of the project, it is not appropriate to stage or segment projects to avoid submission of the total proposal to the approval authority applicable to the total project cost on completion.

In accordance with Treasurer's Instruction 17: Evaluation of and Approvals to Proceed with Public Sector Initiatives, the following approval authorities apply for construction projects that are public sector initiatives included in a budget approved by Cabinet.

#### Projects >\$11 million

Cabinet approves projects where the estimated total cost of the project when all stages of construction are complete:

- is equal to or greater than \$11 million (inclusive of GST);
- is equal to or greater than \$11 million (inclusive of GST) in Net Present Value (NPV) terms for office accommodation projects.

#### Projects <\$11 million

The Lead Minister approves projects where the estimated total cost of the project when all stages of construction are complete:

- is less than \$11 million (inclusive of GST);
- less than \$11 million (inclusive of GST) in NPV terms for office accommodation projects.

#### Projects <\$1.1 million

The Lead Agency Chief Executive or other officers authorised by the Chief Executive approve projects where the estimated total cost of the project when all stages of construction are complete is:

- less than \$1.1 million (inclusive of GST).

In accordance with Treasurer's Instruction 17: Evaluation of and Approvals to Proceed with Public Sector Initiatives, the following approval authorities apply for construction projects that are public sector initiatives not included in a budget approved by Cabinet.

All submissions seeking Ministerial approval of projects should include written advice from DTF on budgetary provision, and generally should include advice from DPTI Infrastructure on construction issues including best practice procurement and compliance with the Project Implementation Process.

The Lead Agency Chief Executive or other officers authorised by the Chief Executive approve projects where the estimated total cost of the project when all stages of construction are complete is:

- less than \$1.1 million (inclusive of GST) or less than Chief Executive delegation or less than 1% of the agency's total annual recurrent and capital expenditure, whichever is the lower.

In accordance with Treasurer's Instruction 8: Financial Authorisations, the following approval authorities apply to execute contracts for the engagement of professional service contractors and construction contractors.

#### Contract value > \$11 million

Cabinet approves contracts where the total value is equal to or greater than \$11 million (inclusive of GST).

#### Contract value < \$11 million

The Minister for Transport and Infrastructure approves contracts where the total value is less than \$11 million (inclusive of GST).

#### Contract value < \$1.1 million

Officers authorised by the Chief Executive of DPTI approve contracts where the total value is less than \$1.1 million

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(inclusive of GST).

Treasurer's Instruction 17: Evaluation of and Approvals to Proceed with Public Sector Initiatives and Treasurer's Instruction 8: Financial Authorisations set out the details of approval authorities. (Refer Appendix 2.)

Details should be verified by checking the government website for any changes to the delegation amounts.

### Accreditation of Lead Agencies to Undertake Construction Procurement

Some non-infrastructure agencies have existing capabilities in construction procurement and are potentially able to independently manage lower risk and/or simple construction projects up to \$1.1 million in value (inclusive of GST).

Where an agency is of the view that it can adequately manage construction procurement risks independently, there are provisions for it to demonstrate the capability of its existing resources, processes and systems and to achieve full or partial accreditation status for projects up to a value of \$1.1 million (inclusive of GST), subject to there being no unreasonable duplication of centralised resources in the Infrastructure Agency. DPTI administers the accreditation process. Only low risk or simple construction projects up to \$1.1 million (inclusive of GST) can qualify for non-infrastructure agency management.

In considering the capabilities of a non-infrastructure agency to deliver construction projects, factors which will be considered are:

- the type and risk profile of projects or programs of work likely to be undertaken by each agency;
- the existing capability (knowledge, skills and systems) to effectively manage the risks; and
- the resources available to Government, within DPTI and the non-infrastructure agencies with consideration of the most effective and efficient use of those resources.

An agency may seek accreditation for either a specific project or for a program of proposed future works which would expedite subsequent assessment of accreditation for individual projects.

An agency may be fully accredited as having all the capabilities necessary to carry out the procurement of low risk and/or simple construction projects or 'partially' accredited, which will require the support of DPTI to mitigate particular risks.



## 5-Step Infrastructure Planning and Delivery Framework

The Government of South Australia (the Government) is committed to the efficient and effective delivery of essential services to the community, while maintaining budgetary discipline that creates the framework for responsible investments in the longer term.

Early and effective planning, prioritisation and coordination of projects by a Lead Agency, that is based on clear and shared long-term strategic directions is essential. This is to ensure investments are delivered where and when needed, for a cost that represents 'value for money' (compared to alternative proposals), within budget capacity, and that provides for the sound management of risks.

A comprehensive evaluation of a proposed public sector initiative (proposal) will benefit both Lead Agencies and the Government by:

- developing a common understanding and consistent framework for evaluating proposals on a comparable basis;
- facilitating the provision of high quality business cases that support sound and accountable decision making processes; and
- establishing a basis for undertaking post-implementation review of a proposal and its outcomes.

The 5-Step Infrastructure Planning and Delivery Framework provides for effective project governance from inception to completion, including a series of critical Gateway approvals.

### Gateway Approvals for Strategic Planning and Project Delivery

There are seven Gateway approvals recommended for construction projects, although depending on the procurement model, some may be combined approvals.

The first four gateways are part of the 5-Step Infrastructure Planning and Delivery Framework, culminating in Gateway Four, which gives approval for a project to move from strategic planning to project delivery. A further three gateways are part of the Project Implementation Process.

Achievement of these gateways may include a presentation to the Sustainable Budget Committee of Cabinet and submissions to Cabinet.

#### Gateway One

Strategic infrastructure priorities approved by Government.

#### Gateway Two

Project defined for investigation and development of business case.

#### Gateway Three

Project substantiated and business case completed.

#### Gateway Four

Funding model agreed, project included in an approved government program and a decision made to proceed to Step 5: Delivery of the Project.

#### Gateway Five

Approval that the project developed during the 5.1 Concept phase of the Project Implementation Process is consistent<sup>5</sup> with the parameters approved by Government in regard to project scope, quality, budget and program.

Approval to commit the expenditure required to progress the Design, Documentation and Tender phases.

#### Gateway Six

Approval that the project developed during the 5.2 Design and 5.3 Documentation phases of the Project Implementation Process is consistent<sup>5</sup> with the parameters approved by Government in regard to project scope, quality, budget and program.

Approval to call tenders and commit to the market.

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<sup>5</sup> consistent means no Major Variance.



## 5-Step Infrastructure Planning and Delivery Framework

### Gateway Seven

Approval that the project tendered during the 5.4 Tender phase of the Project Implementation Process is consistent<sup>5</sup> with the parameters approved by Government in regard to project scope, quality, budget and program.

Approval to proceed to construction by committing the balance of the project expenditure and awarding construction contracts.

### Framework Steps

#### Step 1 Strategic Analysis and Identification of Infrastructure Needs

Step 1 is the identification of the State's infrastructure priorities in the Strategic Infrastructure Plan.

These will be further evaluated and/or refined by Government through an ongoing strategic infrastructure planning process focusing on a five and ten year timeframe and responding to the objectives of South Australia's Strategic Plan.

The guiding principle for agencies is whether the project is consistent with South Australia's Strategic Plan, the Strategic Infrastructure Plan and other agency plans and specific infrastructure priorities as determined by Cabinet.

At the end of Step 1, Gateway One approval will be achieved.

#### Gateway One

Strategic infrastructure priorities approved by Government.

#### What to do

Government has provided a broad outline of its strategic priorities in South Australia's Strategic Plan: creating a vibrant city; an affordable place to live; every chance for every child; growing advanced manufacturing; safe communities, healthy neighbourhoods; realising the benefits of the mining boom for all; and premium food and wine from our clean environment. The initial planning of proposed construction projects includes testing of ideas against these overarching priorities for the State.

South Australia's Strategic Plan is supported by the Strategic Infrastructure Plan and by strategies for service delivery in detailed agency planning. All proposals put forward for consideration and approval by Government should be tested against the State's plans, the urban and regional planning strategies, and agency plans for improved service delivery.

To inform strategic asset management planning, the Lead Agency will apply its own research and make use of research conducted by DPTI Strategy and DPTI Infrastructure in its role of interfacing with construction industry sectors.

Step 1	Strategic Analysis and Identification of Infrastructure Needs	Government	DTF	DPTI Strategy	Lead Agency	DPTI Infrastructure
1.1	Government provides a statement of its key directions and strategies – South Australia's Strategic Plan	•				
1.2	Government provides the Strategic Infrastructure Plan		+	•+		
1.3	Review Agency Strategic Plan – Lead Agency reviews to see that its corporate planning reflects Government's key directions and strategies				•	
1.4	Review Strategic Asset Management Plan – Lead Agency considers information about asset life and performance				•+	+
1.5	Undertake strategic project planning – Lead Agency establishes the basis for proposing a construction project to support service delivery		+	+	•+	+

## 5-Step Infrastructure Planning and Delivery Framework

Step 1	Strategic Analysis and Identification of Infrastructure Needs	Government	DTF	DPTI Strategy	Lead Agency	DPTI Infrastructure
	<b>Gateway One</b> Strategic infrastructure priorities approved by Government	•				

• Lead    •• Joint Lead    •+ Lead in consultation    + Consulted

### Step 2 Outline of Case for Change and Project Scoping

Step 2 is the definition by the agency, in association with DPTI Strategy, DPTI Infrastructure and DTF of the required services and the scope of projects to address the State’s strategic infrastructure priorities. Agencies at this stage will apply a whole-of-government approach to the development of an outline business case for each project, showing:

- required services to be delivered;
- preliminary costs and timeframes;
- a review of the existing asset base to identify opportunities for redevelopment or disposal of assets;
- a well-argued case for the project, clarifying its objectives, in view of competing priorities;
- initial analysis of affordability, funding method and budget impact; and
- the results of initial consultation with key government agencies to ensure alignment of potentially conflicting policy objectives, and the possible inclusion of additional supporting agencies.

At the end of Step 2, Gateway Two approval will be achieved.

#### Gateway Two

Project defined for investigation and development of business case.

#### What to do

Lead agencies consider a range of ways in which services can be delivered to meet the Government’s strategic objectives and the agency objectives for service delivery.

The Lead Agency undertakes ongoing research and development to validate the demands for its services and reviews its existing asset base using information from its asset management plans and registers.

It tests the performance of its built assets in supporting service delivery and identifies new and innovative construction or non-construction solutions.

Testing of the idea will include:

- objectives clarified;
- required services identified;
- strategic asset review and its implications;
- opportunities for asset redevelopment; and
- rationalisation or disposal.

Testing and consideration of the ‘do nothing’ or non-construction options may result in substantiation of the requirement for a construction project and will provide an initial description of project scope along with a first broad assessment of affordability and budget impact. Preliminary costs and timeframes will be based on an initial NPV whole of life cost analysis, which will be further developed in Step 3 as part of the full business case.

There will be a preliminary risk identification, quantification and treatment exercise, which will contribute information into the NPV analysis.

By the end of this phase the Lead Agency will have established a broad prioritised schedule of service demands that require the development of built assets through projects.

There may be a requirement to submit the proposed construction project for Ministerial or Cabinet approval as advised by DTF or DPTI Strategy on a project by project basis.

## 5-Step Infrastructure Planning and Delivery Framework

Step 2	Outline of Case for Change and Project Scoping	Government	DTF	DPTI Strategy	Lead Agency	DPTI Infrastructure
2.1	Define required services and scope – Lead Agency defines required services and scope of projects to address State's infrastructure priorities		+	+	•+	+
2.2	Establish broad priorities for construction projects – Lead Agency establishes a broad priorities schedule of service demands that require construction projects				•	
2.3	Identification of options – Lead Agency considers the range of ways including 'do nothing' option in which services can be delivered				•	
2.4	Test options – Lead Agency and DPTI Infrastructure undertake research and development to validate the demand and test options				•+	+
2.5	Initial description of project scope – an initial description of project scope and first broad assessment of affordability and budget impact is prepared				•+	+
2.6	Develop outline business case for project – the planning work substantiates, through a process of consultation, that the proposed project satisfies the requirement for it to provide benefits to Government and society		+	+	•+	+
	<b>Gateway Two</b> Project defined for investigation and development of business case				•	

• Lead    •• Joint Lead    •+ Lead in consultation    + Consulted

### Step 3 Project Planning and Substantiation – Leading to a Full Business Case

Step 3 involves the development of a full business case or justification for the project, through the following series of parallel processes:

- presentation of reasons for the project;
- design development for the project;
- identification of sustainability targets for the development;
- development of whole-of-life project costs and cost benefit analysis, including a triple bottom line assessment;
- concepts, where relevant;
- identification of financing options, including budget impact, if any;
- discussion of procurement options;
- advice on development consents required;
- the results of more detailed consultation with government agencies;
- discussion of the Government's role; and
- recommendations.

Agencies may need to be granted an allocation of funds to support the development of the full business case.

A structured and well-rounded process will be applied to all projects to evaluate their economic, social and environmental impacts, both positive and negative. Other factors influencing the strategic priority of projects will also be considered, to

## 5-Step Infrastructure Planning and Delivery Framework

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derive their score or ranking within infrastructure sectors.

At the end of Step 3, Gateway Three approval will be achieved.

### Gateway Three

Project substantiated and business case completed.

#### What to do

It is critical that any proposed project, even a routine and repetitive project, is investigated thoroughly in the early stages to establish its viability, develop the project brief and document its justification through a business case indicating demonstrable benefit. The investigation will include consideration of the 'do nothing' option and exploration of non-construction alternatives.

Project planning is undertaken to initiate the proposed project by describing what the project should achieve to support service delivery, which involves analysis of the basis for the project and detailing the scope of its specific requirements and quality parameters.

Construction projects range in complexity and risk from multi-million dollar one-off projects of strategic importance to the State utilising innovative procurement, to projects nearer to \$150,000 (exclusive of GST).

Higher value, complex and/or unusual reinvestment or new investment projects will require development of a full and detailed business case with input from DTF, DPTI Strategy and DPTI Infrastructure. Unique projects are likely to require a full concept design in order to provide an appropriate basis to the business case. In these instances the concept should be developed by a professional planning, design, cost management and business team and generally funding will be required for a specific planning study and/or business case.

The Lead Agency delegate will be responsible for the appropriate approval of funds to undertake the necessary investigations.

Lower value, routine reinvestment or new investment projects will not generally require full concept development to formulate the business case and projects that are included in an ongoing approved agency investment program will have met the requirements of the first four steps of the 5-Step Infrastructure Planning and Delivery Framework in the lead up to being included in the program. For these projects DPTI Infrastructure has the in-house professional expertise capable of determining scope and developing business cases using relevant historical asset, design, cost, program and procurement data.

Lead agencies will make a judgement about the risk and complexity of the project and the associated level of detail required in the planning and business case process and confirm their judgement with DTF and DPTI Strategy. In meeting the requirements of Treasurer's Instruction 17: Evaluation of and Approvals to Proceed with Public Sector Initiatives, the level of business case detail in lower value routine projects or projects that are part of an ongoing approved agency investment program is less than that required for higher value complex projects, however agencies will generally prepare an appropriately detailed business case including a 'do nothing' option.

The planning work substantiates, through a process of broad consultation, that the proposed project satisfies the requirement for it to provide benefits to Government and the community and to be robust in regard to a triple bottom line approach to meet economic, environmental and social objectives. Project planning also determines that there is a positive business case or demonstrable benefit to Government and pays particular attention to analysing whole-of-life costs. Research into design, the suitability of new products on the market, alternative forms of contract, and processes to increase the efficiency of the construction provided by DPTI Infrastructure can provide valuable scoping information to projects at this stage.

There should be evaluation of all options for relationship to South Australia's Strategic Plan, the agency's corporate or strategic plan, governing legislation and other statutory and policy requirements. Initial scope definition, an estimated cost on completion and an indicative program, each of which has a reasonable degree of certainty, will support preparation of a preliminary project plan which will generally include an analysis of risk and an initial assessment of the consents and approvals required.

DTF will be involved from the outset in advising on financial matters. Where applicable, it undertakes full evaluation of the business case for proposals and advises Government on the assumptions underlying the expected costs and benefits. The aim is to ensure that Cabinet is informed of the accuracy and robustness of the cost benefit and economic analysis and that the proposed construction project provides effective value for money to Government.

DPTI Strategy will be involved from the outset in advising on the requirements of the State Infrastructure Plan and

## 5-Step Infrastructure Planning and Delivery Framework

opportunities for across-agency coordination, including discussions with local councils as appropriate.

DPTI Infrastructure will be involved on design, budget, program, risk and procurement matters and will apply its professional expertise in construction procurement and use Australian Standard risk management processes to identify, analyse, assess, prioritise and manage risks.

All new project proposals from Lead Agencies for the Government's Capital Investment Program will be accompanied by a comment from DPTI Infrastructure that the total project cost estimates (inclusive of contingencies) are reasonable and achievable within a 10% uncertainty level on current prices and that the price escalation for future costs is reasonable. Where the uncertainty level is above 10%, DPTI Infrastructure will indicate what higher level of uncertainty is involved, and the extent to which that greater uncertainty arises from insufficient planning and documentation or from factors such as latent conditions. This advice will allow Cabinet to better understand project cost risks and the reasons for them.

DPTI Infrastructure will also assess the overall achievability of a proposed construction project program and, if applicable, the Capital Investment Program of which it is part, so as to optimise the prospects of fully achieving the project and program cash flow.

Where there are legal issues, the Crown Solicitor's Office will provide advice. Specific advice can be provided by DPTI Infrastructure or DEWNR on heritage assets and on sustainability and climate change issues. DSD can advise on small business and regional matters; the Department for Communities and Social Inclusion for family impact issues; and DPC Aboriginal Affairs and Reconciliation division on issues relating to Aboriginal people.

The Lead Agency establishes that the proposed construction project has a business case with demonstrable benefit in accordance with Treasurer's Instruction 17: Evaluation of and Approvals to Proceed with Public Sector Initiatives.

There is consideration of the range of appropriate procurement and financing options to be explored in detail in Step 4. The business case is developed independent of a final decision on the preferred models.

### Procurement Options

During Step 3 there will be preliminary analysis of the likely construction procurement options as the method of delivery can affect other decisions including the appointment of the project team and the risk management process.

DPTI Infrastructure has a range of approved standard form contracts and the capability to develop contracts and construction procurement plans to meet unusual project requirements. Procurement options are considered to determine the appropriate form of tender and contract, taking into account a full range of public and private sector delivery and funding options. Possibilities include traditional lump sum, construction manager, design and construct, managing contractor, early contractor involvement and alliance contracting or development agreements and operating leases or public/private methods such as Design Build Operate Maintain (DBOM), Build Own Operate (BOO), Build Own Operate Transfer (BOOT), and Public Private Partnerships (PPP). DTF will advise if a PPP model is proposed.

Step 3	Project Planning and Substantiation – Leading to a Full Business Case	Government	DTF	DPTI Strategy	Lead Agency	DPTI Infrastructure
3.1	Develop full business case		+	+	•+	+
	<ul style="list-style-type: none"> <li>For high value, complex and/or unique projects full concept design may be required – seek approval of funds for business case development from the appropriate agency delegate and appoint professional service contractor team</li> <li>For lower value, standard projects utilise DPTI Infrastructure in-house expertise and design resource</li> </ul>		+	+	•+	+
3.2	Develop a preliminary project plan – Lead Agency develops a preliminary project plan based on estimated cost on completion, indicative program, assessed risk profile and initial assessment of				•+	+

## 5-Step Infrastructure Planning and Delivery Framework

Step 3	Project Planning and Substantiation – Leading to a Full Business Case	Government	DTF	DPTI Strategy	Lead Agency	DPTI Infrastructure
	consents and approvals required					
3.3	Seek relevant specialist advice – many projects benefit from specialist professional advice e.g. legal, environmental, heritage, regional, Aboriginal sites etc.				•+	+
	<b>Gateway Three</b> Project substantiated and business case completed				•	

• Lead    •• Joint Lead    •+ Lead in consultation    + Consulted

### Step 4 Project Funding Method and Resource Allocation

Step 4 involves determining the funding method, which may include an allocation of State capital funds that may need to be drawn down for the project.

A State capital allocation may be submitted as a budget bid, or Cabinet could be asked to approve a drawdown of funds as the need is established from an earlier budget allocation.

Consideration is also given to opportunities for private provision and/or funding of the project, as well as local or Australian Government participation.

Opportunities for private sector participation in the project will be reviewed, according to key criteria established in the National Public Private Partnership Policy and Guidelines, Infrastructure Australia, December 2008.

At the end of Step 4, Gateway Four approval will be achieved.

#### Gateway Four

Funding model agreed and project included in an approved government program and a decision made to proceed to Step 5: Delivery of the Project.

#### What to do

In Step 4 there is examination of and a decision on the preferred funding and procurement model.

At the conclusion of Step 4 the project is included in an approved government program.

When the construction project is substantiated through the development of an appropriate business case, the Lead Agency in consultation with DTF and DPTI Strategy will consider the potential funding source.

DTF will assist the Lead Agency in identifying the funding options and the preferred funding model where alternative funding options are available.

If Cabinet approves project delivery by the private sector, the National Public Private Partnership Policy and Guidelines must be invoked immediately. PPP options will depend primarily upon two pre-conditions, being the extent to which:

- outputs may be clearly specified in a service contract and whether there is sufficient operational content in the project to support ongoing provision of services by the private sector; and
- project risks can be effectively transferred to the private sector, which is a key element of the options appraisal.

Some projects will attract Australian Government or local government funding, or donated funds. Where there are these funding arrangements, agencies should appropriately inform Cabinet before any commitments are entered into.

When the first four steps of the Government's 5-Step Infrastructure Planning and Delivery Framework are successfully completed the project is included in an approved government program and there is a decision to proceed to Step 5: Delivery of the Project.

Cabinet may designate a project over \$11 million in value (inclusive of GST) approved in a government program as a Strategically Important Project, which places additional obligations on the Lead Agency and Lead Minister during project

## 5-Step Infrastructure Planning and Delivery Framework

delivery.

Step 4	Project Funding Method and Resource Allocation	Government	DTF	DPTI Strategy	Lead Agency	DPTI Infrastructure
4.1	Consider funding options – consideration is given to a State capital allocation or opportunities for private provision and/or funding of the project, as well as Australian Government or local government participation		+		•+	+
4.2	Consider procurement options		+		•+	+
	<b>Gateway Four</b> Funding model agreed, project included in an approved government program and a decision made to proceed to Step 5: Delivery of the Project	•				
	Designation of the project as a Strategically Important Project (as determined by Cabinet)	•				

• Lead    •• Joint Lead    •+ Lead in consultation    + Consulted

# 5-Step Infrastructure Planning and Delivery Framework

## Integration of the 5-Step Framework with the Project Implementation Process

Once a construction project has achieved gateway approvals up to the completion of Step 4 of the 5-Step Infrastructure Planning and Delivery Framework it is ready to proceed to Step 5: Delivery of the Project.

At this point the project planning policy integrates with the project delivery policy, and the Project Implementation Process guides the project through six phases and three further Gateway approvals.

### Transition Briefing

A formal transition briefing by those involved in the planning work in Steps 1- 4 to those responsible for Step 5: Delivery of the Project to ensure that assumptions, key decisions and identified risks are understood and the project is implemented accordingly is an effective strategy at this point.

Diagram 2: Integration of the 5-Step Framework

5-Step Infrastructure Planning and Delivery Framework	Step 1	Strategic analysis and identification of infrastructure needs	
		Gateway One – Strategic infrastructure priorities approved by Government.	
	Step 2	Outline of case for change and project scoping	
		Gateway Two – Project defined for investigation and development of business case.	
	Step 3	Project planning and substantiation – leading to a full business case	
		Gateway Three – Project substantiated and business case completed.	
	Step 4	Project funding method and resource allocation	
		Gateway Four – Funding model agreed, project included in an approved government program and a decision made to proceed to Step 5: Delivery of the Project.	
Integration	Step 5	Delivery of the Project	
Project Implementation Process	5.1 Concept	Gateway Five Approval	
		Approval that the project developed during the 5.1 Concept phase of the Project Implementation Process is consistent <sup>6</sup> with the parameters approved by Government in regard to project scope, quality, budget and program. Approval to commit expenditure required to progress Design, Documentation and Tender phases.	
	5.2 Design	5.3 Documentation	Gateway Six Approval
			Approval that the project developed during the 5.2 Design and 5.3 Documentation phases of the Project Implementation Process is consistent <sup>6</sup> with the parameters approved by Government in regard to project scope, quality, budget and program. Approval to call tenders and commit to the market.
	5.4 Tender	5.5 Construction	Gateway Seven Approval
			Approval that the project tendered during the 5.4 Tender phase of the Project Implementation Process is consistent <sup>6</sup> with the parameters approved by Government in regard to project scope, quality, budget and program. Approval to proceed to construction by committing the balance of the project expenditure and awarding construction contracts.
	5.6 Review		

For a detailed description of the 5-Step Infrastructure Planning and Delivery Framework refer to the policy at [http://www.infrastructure.sa.gov.au/strategic\\_infrastructure\\_plan](http://www.infrastructure.sa.gov.au/strategic_infrastructure_plan).

<sup>6</sup> consistent means no Major Variance.



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## Project Implementation Process

5.1 Concept

5.2 Design

5.3 Documentation

5.4 Tender

5.5 Construction

5.6 Review

# Project Implementation Process

The Project Implementation Process has six phases and there are detailed requirements in each phase.

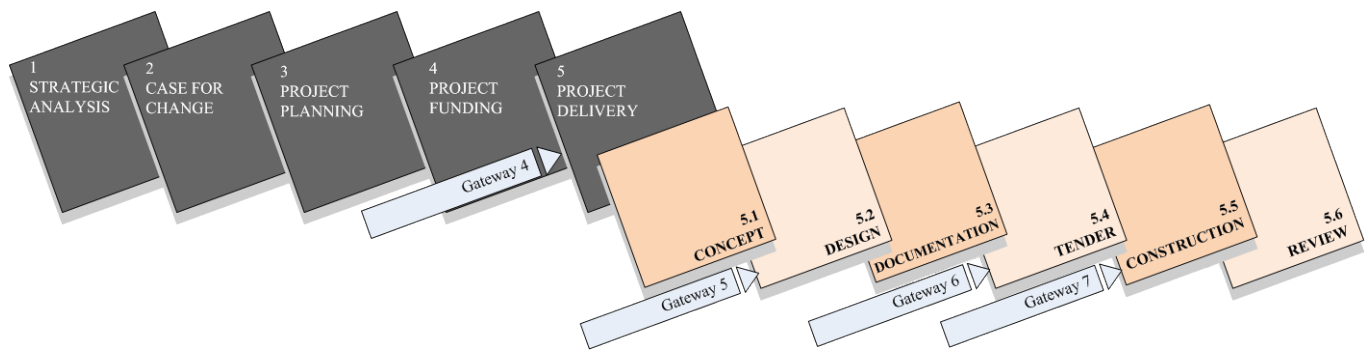
## 5.1 Concept

The Concept phase includes the development of options for a project approved in the Capital Investment Program or other government program and tests assumptions about cost, time, risk and procurement plans. At the end of this phase the Lead Agency (or Cabinet for designated strategic projects) decides whether the project will proceed to Design and Documentation phases through Gateway Five.

The construction project is progressed by DPTI Infrastructure through the establishment of a project team including any required private sector contractors, team communications and governance structures.

The project design team develops the project brief and concepts on which project approval is based to test the initially briefed scope, budget and timelines and to develop the concept design. Risks are reviewed and a risk management plan developed.

### 5-Step Framework and Project Implementation Process



The project proceeds through the Concept phase to the point where there are sufficient details to demonstrate that the concept design is viable and acceptable to the Lead Agency and the end users, the costs are within the approved budget and any critical timelines will be met.

There is a Gateway at the end of this phase where the preferred concept design and associated project plan for the management of cost, time, quality and risk is submitted for approval by a party with the appropriate financial delegation before the project is progressed into Design, Documentation and Tender with its associated commitment of further project funds.

#### Gateway Five

Approval that the project developed during the 5.1 Concept phase of the Project Implementation Process is consistent<sup>7</sup> with the parameters approved by Government in regard to project scope, quality, budget and program.

Approval to commit the expenditure required to progress the Design, Documentation and Tender phases.

Step 5.1	Concept	Government	DTF	DPTI Strategy	Lead Agency	DPTI Infrastructure
5.1.1	Appoint project sponsor				•	
5.1.2	Establish project governance				•+	+
5.1.3	Appoint the project design team				+	•+
5.1.4	Review full business case and develop risk management plan			+	•+	+

<sup>7</sup> consistent means no Major Variance

## Project Implementation Process

Step 5.1	Concept	Government	DTF	DPTI Strategy	Lead Agency	DPTI Infrastructure
5.1.5	Develop concept design				+	•+
5.1.6	Conduct strategic value management study				+	•+
5.1.7	Select the preferred concept design				•+	+
5.1.8	Secure stakeholder sign off				•+	+
5.1.9	Describe the preferred concept design in a concept report				+	•+
	ODASA assurance (required on Strategically Important Projects only)				•+	+
	Cabinet approval of Major Variance including ODASA assurance (if required, on Strategically Important Projects only)				•+	+
	<b>Gateway Five</b> Approval that the project developed during the 5.1 Concept phase is consistent with the parameters approved by Government in regard to project scope, quality, budget and program				•+	+
	Approval to commit the expenditure required to progress the Design, Documentation and Tender phases		+		•+	+
	Referral to the Parliamentary Public Works Committee (if required)				•	•

• Lead    •• Joint Lead    •+ Lead in consultation    + Consulted

### 5.1.1 Appoint the Project Sponsor

Each project will have a Lead Minister.

The Lead Minister will be represented by a senior officer at an executive level appointed as project sponsor. The Lead Minister has responsibility for the project while the project sponsor provides leadership and direction to the project team, ensures project controls are in place and takes responsibility for timely and informed decisions to ensure the project is delivered on time, within budget and to the quality required.

Accountability for the project and its outcomes rests with the project sponsor who may delegate day to day work to Lead Agency representatives.

### 5.1.2 Establish Project Governance

To manage the project, various governance committees will be established.

The Lead Agency will be represented through the project sponsor, Lead Agency representative and nominees including end users and other key stakeholders. DPTI Infrastructure will be similarly represented.

Large and complex projects may require the appointment of a steering committee in addition to a project management committee while routine projects may be appropriately governed with a project management committee only. The role of a steering committee is to guide the project and ensure the objectives are understood and being achieved. It is responsible for achieving all project approvals and for liaising with the Lead Minister. It also provides the project sponsor with an independent body to comment on the proposal and contribute to solutions to any issues arising. Notwithstanding the governance arrangements, the project sponsor is responsible for ensuring that timely and appropriate decisions are made.

The role of the project management committee is to undertake day-to-day management of all project issues, escalating those issues outside its authority to the steering committee or project sponsor. It is responsible for implementing management techniques that will achieve the required project parameters in scope, time, cost and quality. It allocates

## Project Implementation Process

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project responsibilities, seeks all relevant approvals and generally supervises the project to its completion. It reports to the steering committee and the project sponsor.

### 5.1.3 Appoint the Project Design Team

The project design team consists of carefully selected professionals (engineers of various disciplines, planners, architect, quantity surveyor etc.) who then develop the concepts that formed the basis for the business case. This ensures more precise design details and accurate measurements on which to calculate the likely cost and time needed to design and construct the project.

Members of the project design team may be selected from the private sector, using DPTI Infrastructure's government approved process for prequalification and its tendering processes for selection of professional service contractors. Private sector providers are required to meet a range of policy obligations related to local content, training outcomes and other value for money initiatives.

DPTI Infrastructure will conduct all tender calls, observing the requirements for probity and adhering to all relevant Treasurer's Instructions. During the course of the tender call it will arrange for tender enquiries to be responded to promptly and consistently for all tenderers. Prior to the close of the tender call, a tender comparison estimate will be prepared to provide a price benchmark against which to compare tenders.

### 5.1.4 Review Full Business Case and Develop Risk Management Plan

In the Concept phase the full business case developed for the proposed project during the 5-Step Infrastructure Planning and Delivery Framework process is reviewed to ensure it can be procured as anticipated and to develop the proposal in more detail.

The process should have resulted in a project that meets the Lead Agency's service delivery objectives and strategies, including:

- alignment with South Australia's Strategic Plan and the Strategic Infrastructure Plan;
- consideration of government policies;
- priorities applicable to the Lead Agency;
- mission or program statements by the Lead Agency; and
- the Lead Agency's service delivery charter and its long term strategic directions (five to ten years).

The business case will include identification of key risks to the project and these risks will form the basis of a detailed risk identification and treatment plan to be developed by the project team in accordance with Australian Standards (generally AS/NZS ISO 31000:2009 Risk management—principals and guidelines). There will be ongoing review and updating of the risk management plan throughout all delivery phases of the construction project.

### 5.1.5 Develop Concept Design

The project design team will complete a detailed design brief and develop a range of concept design options that define all elements, services and materials in the design of the built asset.

The team will indicate the design process and an analysis of the advantages and disadvantages of each alternative with a view to determining the optimum concept design to meet service delivery needs based on both capital and operational costs for the asset.

Early identification of statutory, planning and environmental constraints at this stage can help test alternative concepts and identify the impact of environmental and development approval procedures on the cost and program for the project. Long time-frames can be associated with resolution of these issues and may limit the development of some alternative options and/or identify additional cost elements.

The construction project may involve heritage or cultural issues, including those relating to Aboriginal sites and people, and will require contact with the appropriate government authority.

There should be consideration of the ways in which ecologically sustainable development initiatives can be incorporated in the construction project including undertaking life cycle costing to calculate the costs associated with any initiative and application of the Government Buildings Energy Strategy 2013-2020 requirements and other environmental policies including the *Climate Change and Greenhouse Emissions Reduction Act 2007* and ecologically sustainability development guide notes 'Water Efficient Outlets in Government Buildings' and 'Solar Panels for Government Funded Building Projects'.

## Project Implementation Process

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### 5.1.6 Conduct Strategic Value Management Study

It is important to ensure that the Lead Agency's project brief, the nominated budget and preferred concept are aligned. The project should not progress to the Design phase if there is a mismatch, so time allocated to resolving any outstanding issues, including stakeholder aspirations and expectations as well as alignment with government requirements is a critical risk management strategy at this stage.

For all construction projects, in particular those equal to or greater than \$11 million (inclusive of GST), consideration should be given to conducting a strategic value management study to assist the project team, the project sponsor and the Lead Agency generally to determine the preferred concept design.

Strategic value management is a structured, systematic and analytical process undertaken to quantify and verify the key functional requirements.

### 5.1.7 Select the Preferred Concept Design

Having considered benefits, functions, value, costs and delivery options, the preferred concept design is selected and documented in sufficient detail to enable the selection criteria to be verified.

On projects designated by Cabinet as Strategically Important Projects, the Lead Minister must ensure that Government's objectives and strategies are met in the preferred concept design and will refer to Cabinet for decision, any proposal to implement Major Variance to the project scope, quality, budget or completion date. Such recommendations will be accompanied by an assurance comment from ODASA in regard to scope and quality in addition to the costing comment from DTF and other relevant comments.

### 5.1.8 Secure Stakeholder Sign Off

To ensure the project proceeds without delay, and to avoid additional costs incurred through late changes, the Lead Agency should consult with and secure agreement to the preferred concept by key stakeholders. These include the end users, any relevant community bodies and agencies that have a role in considering the impact of the project on the budget, the environment, business or the community.

### 5.1.9 Describe the Preferred Concept in a Concept Report

For the project to progress to the later stages of the Project Implementation Process, it is necessary to document, in sufficient detail, a description of the preferred concept in a report. The report should include the following, as applicable:

- project objectives and how the project links to South Australia's Strategic Plan and the Strategic Infrastructure Plan;
- asset function objectives;
- scope and quality of proposed project;
- a written description of all viable concept options considered;
- preferred concept design described in drawings and a report on design philosophy, design solution, statutory planning and environment issues, and an assessment of cultural and heritage issues;
- capital and recurrent funding requirements, impact on the State Budget and cash flow;
- economic evaluation of the preferred option including quantified non-financial costs and benefits or appropriate financial evaluation;
- 'whole of life' costs, including those for ecologically sustainable development initiatives;
- initially preferred construction procurement method;
- cost estimate;
- indicative program;
- land acquisition plan (if applicable);
- statement of risk to Government, including risk assessment and a risk management plan; and
- asset rationalisation plans, where required.

All of this information forms the basis of subsequent submissions to the Project Sponsor, Lead Minister, Cabinet and the Parliamentary Public Works Committee.

Design work will go ahead pending approvals from the respective bodies, although no money can be spent on construction until the appropriate approval is secured. For projects of \$4.4 million (inclusive of GST) or more the Parliamentary Public Works Committee report must be tabled in the Parliament before construction commences.

## Project Implementation Process

When the preferred concept option has been selected and documented in a report, the Lead Agency will obtain Gateway Five approval from the Lead Agency delegate (which may be the Lead Minister or Cabinet), which will allow the project to proceed to the Design, Documentation and Tender phases in which further costs will be incurred. The recommendations will be accompanied by reports from DPTI Infrastructure on the required expenditure to allow the project to progress.

On projects designated by Cabinet as Strategically Important Projects, Cabinet will retain elements of the Lead Agency role that will ensure that the project meets the objectives established as part of the initial business case and project approval. Cabinet, on recommendation from the Lead Minister, will approve Gateway Five, which will take the form of the referral to the Parliamentary Public Works Committee for report.

These projects must first be referred to ODASA, which will provide independent assurance to Cabinet that the developed project scope and quality is consistent with the parameters approved by Government in regard to project scope and quality. ODASA assurance (and DTF costing comment and other relevant comments) will accompany the submission to Cabinet recommending that Gateway Five be approved and that the Strategically Important Project be referred to the Committee for report.

### Referral to the Parliamentary Public Works Committee

The *Parliamentary Committees Act 1991*, under which the Committee operates, requires that any public work with an estimated value in excess of \$4.4 million (inclusive of GST) when all stages of construction are complete be referred to the Parliamentary Public Works Committee for report, and that no amount may be applied for construction until the Committee has reported on the work to the Parliament.

The Committee will inquire into and report on the project following resolution of the Concept phase when the business case has been verified, concept designs and plans developed, and cost estimates and program timelines have been developed with a reasonable degree of certainty. It can choose to review the project at any future stage or to request further information.

Furthermore, the Committee can review any project with a value less than \$4.4 million (inclusive of GST) if it so desires. In such situations construction can proceed without waiting for the report of the Committee to be tabled.

Cabinet or if applicable the Lead Minister must approve a project requiring review by the Parliamentary Public Works Committee before it is referred to the Committee for inquiry and report.

Refer to PC015 – Procedures for Submissions to Cabinet seeking the review of Public Works by the Public Works Committee.

On projects designated by Cabinet as Strategically Important Projects, Gateway Five approval will be recommended as part of recommending that Cabinet refers the project to the Parliamentary Public Works Committee for report.

On other projects over \$4.4 million in value (inclusive of GST), Gateway Five approval may be recommended as part of recommending that Cabinet refers the project to the Parliamentary Public Works Committee for report.

Concept – Checklist of Deliverables	
•	Project sponsor appointed.
•	Project team structure and organisation implemented.
•	Required professional service contractors appointed to design team.
•	Preferred concept design developed and signed off by stakeholders.
•	Strategic value management study completed.
•	Gateway Five approval achieved from project sponsor, Lead Minister or Cabinet as applicable.
Also, if applicable:	
•	ODASA assurance (Strategically Important Projects only)
•	referral to Parliamentary Public Works Committee for report.

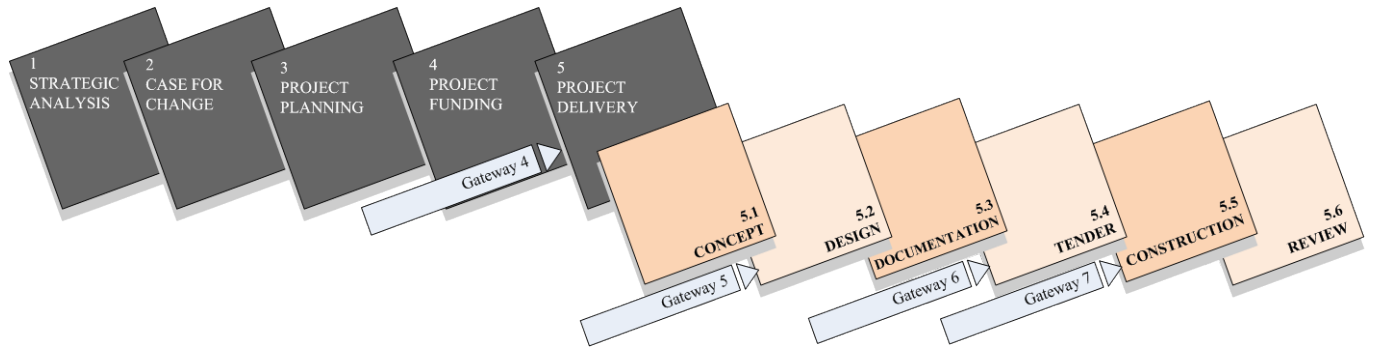
# Project Implementation Process

## 5.2 Design

The Design phase includes developing the approved concept design in detail to confirm form and structure, materials and aesthetics, services and site works and detailed work on the cost plan and estimate, procurement program and risk management plan.

Design includes the development of the concept to a high level of design detail through schematic design and design development. The design professionals contribute their expertise to ensure the design meets the functional and legislative requirements as well as the agreed Lead Agency standards.

### 5-Step Framework and Project Implementation Process



A key activity includes checking that the developed design is within the approved parameters, still meets the objectives outlined in the Concept phase and is consistent with the scope and quality requirements and the project plan.

There is also a need to check that the developed design delivers value for money and addresses the requirements for asset life cycle performance and ecologically sustainable development.

Step 5.2	Design	Government	DTF	DPTI Strategy	Lead Agency	DPTI Infrastructure
5.2.1	Maintain project governance				•+	+
5.2.2	Review concept and develop design				+	•+
5.2.3	Test and confirm a cost plan for the project				+	•+
5.2.4	Test and confirm a detailed project program				+	•+
5.2.5	Confirm construction procurement method				+	•+
5.2.6	Implement process for achieving approvals required for the project				•	•
5.2.7	Confirm that the design satisfies endorsed concept parameters				•	•
	Cabinet approval of Major Variance including ODASA assurance (if required, on Strategically Important Projects only)				•+	+
5.2.8	Transition briefing				+	•+

• Lead    •• Joint Lead    •+ Lead in consultation    + Consulted

### 5.2.1 Maintain Project Governance

To manage the project during design, the governance structures are reviewed to ensure they are meeting the requirements for proper management of construction procurement during the more detailed Design phase. The design team including any professional service contractors will play a pivotal role in coordinating the design process and ensuring

## Project Implementation Process

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that all have the necessary input to produce an integrated design.

### 5.2.2 Review Concept and Develop Design

The report, detailing the preferred concept, is used by the design team to develop the design.

The process includes:

- incorporating Lead Agency design standards;
- architectural or engineering design to establish form, appearance and layout, functional relationships, area definition, location and site plans, plans, elevations, sections, materials selection etc.; and
- documentation and drawing of the project to design development stage.

### 5.2.3 Test and Confirm a Cost Plan for the Project

Based on the estimates prepared in the Concept phase, a cost plan is prepared.

The cost plan will include a breakdown of costs for the project and an estimate within an order of accuracy of 10% (plus or minus) and will indicate the cash flow required on a financial year basis.

For building construction projects, professional cost planners should have a key input into the management of the budget and costs. For civil construction projects, cost planning is generally the responsibility of the project manager/engineer.

### 5.2.4 Test and Confirm a Detailed Project Program

Following development of the project design, program timelines are established to coordinate all the project variables that are time-dependent.

The timelines will be influenced by the method of delivery chosen for the project.

The key timelines include:

- project approval processes including development, Cabinet (or delegate) and Parliamentary Public Works Committee;
- enabling legislation;
- site acquisition and vesting of ownership;
- schematic design, design development, contract documentation processes;
- tender call and acceptance and contract execution processes;
- construction;
- commissioning and handover; and
- post-handover period.

### 5.2.5 Confirm Construction Procurement Method

Construction procurement options developed by DPTI Infrastructure and considered in the Concept phase will be discussed further. The preferred procurement option will be determined by DPTI Infrastructure as the selected option influences the approach to and sequence in which contract documentation is prepared. The procurement option also affects the project program.

### 5.2.6 Implement Process for Achieving Approvals Required for the Project

Some projects require specific approvals before they can proceed. In addition to Cabinet (or delegate) and Parliamentary Committee approvals, public sector projects must conform to legislative requirements. The approvals identified in the Concept phase as required and the timelines to secure these approvals should now be confirmed.

If development approval is required under the *Development Act 1993*, DPTI Infrastructure is responsible for early consultation with the Development Assessment Commission and for timely identification of issues that may need to be addressed to meet development requirements.

For building construction projects, certification for compliance with the Development Regulations 2008 under the *Development Act 1993* is also required. Certification covers planning approval and building rules consent on matters including structural integrity, appropriate provision of amenities, lighting, ventilation and fire safety, and disability access.

Reference will be made to other relevant legislation including the *Work Health and Safety Act 2012*, *Environment Protection Act 1993*, *South Australian Public Health Act 2011*, *Fair Work (Building Industry) Act 2012* (Cth), *Heritage Places*



# Project Implementation Process

*Act 1993, Disability Discrimination Act 1992 (Cth) and the Disability (Access to Premises – Buildings) Standards 2010 (Cth), Native Title (South Australia) Act 1994, Native Vegetation Act 1991, and Natural Resource Management Act 2004.*

There are specific approvals that, where required, must be secured before the project design is finalised. These include, but are not limited to:

- verifying land and property ownership;
- resolving any land use agreements;
- checking for any easements or encumbrances on the property;
- addressing legislation regarding any significant trees on site;
- addressing heritage requirements if it is a National, State or local heritage listed property;
- identifying and addressing issues relating to Aboriginal sites and people; and
- checking for site contamination and meeting the requirements of the Environment Protection Authority.

## 5.2.7 Confirm that the Design Satisfies Endorsed Concept Parameters

With all aspects of the project defined, the proposed design will be compared with the approved business case and the progressively refined project brief. This is done to ensure that the project has not deviated from the original intent unless there has been justification and approval for the changes. These changes and associated approvals need to be documented.

Some time may have passed since the development of the concept so it is necessary to confirm that the project still meets the needs of the Lead Agency. If the project has deviated significantly from the original endorsed concept, effectively it is a new project with likely variations in the estimated total cost and subject to a thorough review. In these circumstances the project should be referred back to the project sponsor within the Lead Agency with full details of the proposed changes and the associated costs.

The documentation developed for the project can be used for a value management study, which confirms the strategic value management study undertaken in the Concept phase. The value management process may be used now to ensure delivery of the essential functions described earlier, and to eliminate high cost/low function elements of the design.

The Lead Agency and key stakeholders should sign off on the design details before proceeding to the Documentation phase. Documentation takes considerable time and expertise and significant costs are incurred. These costs, and any additional expenses incurred in making late changes to design and escalation costs due to extension of time, may put pressure on the project budget. The sign off process is to ensure that all parties agree on the design before detailed documentation work is done.

The Lead Agency will manage that the developed design is consistent<sup>8</sup> with the parameters approved by Government in regard to project scope, quality, budget and program.

On projects designated by Cabinet as Strategically Important Projects, the Lead Minister must ensure that Government’s objectives and strategies are met in the Design phase and will refer to Cabinet for decision, any proposal to implement Major Variance to the project scope, quality, budget or completion date. Such recommendations will be accompanied by an assurance comment from ODASA in regard to scope and quality in addition to the costing comment from DTF and other relevant comments.

## 5.2.8 Transition Briefing

There is a formal briefing from those people involved in the Concept and Design phases to those responsible for documentation to ensure that assumptions, key decisions and identified risks are understood and the project is implemented accordingly.

Design – Checklist of Deliverables	
•	Value management study confirmed project within budget.
•	Design professionals have completed schematic design and design development.
•	Project cost plan developed.

<sup>8</sup> consistent means no Major Variance.

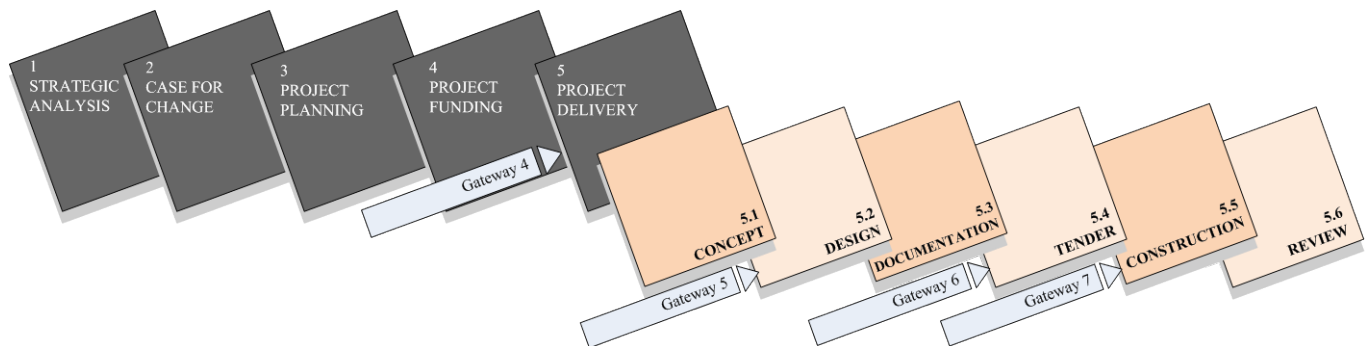
# Project Implementation Process

Design – Checklist of Deliverables	
•	Detailed project program prepared and agreed.
•	Construction procurement model selected by DPTI Infrastructure.
•	All necessary approvals secured – planning approval and other project specific approvals.
•	Sign off by Lead Agency and key stakeholders to confirm the design is consistent <sup>9</sup> with the parameters approved by Government in regard to project scope, quality, budget and program and meets requirements.
•	Design team briefed on key project requirements.
If applicable:	
•	Report from Parliamentary Public Works Committee tabled in Parliament.
•	Cabinet approval of Major Variance including ODASA assurance (if required, on Strategically Important Projects only)

## 5.3 Documentation

The Documentation phase includes the preparation of the drawings, specification and conditions of contract for the required construction contracts. At the end of this phase the Lead Agency’s Minister or delegate must decide whether the project will proceed to Tender phase through Gateway Six.

### 5-Step Framework and Project Implementation Process



Documentation involves using the developed design as the basis to prepare the detailed drawings and specification, which in turn form the basis of the construction contract documentation. Review is undertaken to ensure that the documents are coordinated and complete, the market is provided with a robust basis for tendering and the Lead Agency is confident that costs during construction will be contained within approved budgets.

There is a gateway at the end of this phase where once the Lead Agency is satisfied that the project has been sufficiently developed to be reasonably certain that it is within the parameters approved by Government, it gives approval for DPTI Infrastructure to commit to the market and conduct a tender call.

#### Gateway Six

Approval that the project developed during the 5.2 Design and 5.3 Documentation phases of the Project Implementation Process is consistent<sup>10</sup> with the parameters approved by Government in regard to project scope, quality, budget and program.

Approval to call tenders and commit to the market.

Step 5.3	Documentation	Government	DTF	DPTI Strategy	Lead Agency	DPTI Infrastructure
5.3.1	Confirm the project plan				+	•+

<sup>9</sup> consistent means no Major Variance.

<sup>10</sup> consistent means no Major Variance.

## Project Implementation Process

Step 5.3	Documentation	Government	DTF	DPTI Strategy	Lead Agency	DPTI Infrastructure
5.3.2	Complete design approvals					•
5.3.3	Prepare construction contract documents				+	•+
5.3.4	Obtain pre-tender estimate					•
	Cabinet approval of Major Variance including ODASA assurance (if required, on Strategically Important Projects only)				•+	+
	<b>Gateway Six</b> Approval that the project developed during the 5.2 Design and 5.3 Documentation phases is consistent with the parameters approved by Government in regard to project scope, quality, budget and program.  Approval to call tenders and commit to the market.				•+	+

• Lead    •• Joint Lead    •+ Lead in consultation    + Consulted

### 5.3.1 Confirm the Project Plan

It is essential in this phase to review the project plan in regard to management of cost, time, communications, risk and procurement.

DPTI Infrastructure will review the elemental cost plan to ensure that there is agreement on the provisions for the key activities of construction, fees, contingency, escalation, equipment and sundry works or contracts. If the cost plan indicates that the project budget will be exceeded, steps will be taken using value management or other techniques to identify options for returning the project to budget. Where this is not possible the Lead Agency will take action to gain approval from the appropriate delegate for additional funds and an adjustment to the budget.

The anticipated cash flow will be updated by DPTI Infrastructure.

The detailed program will be updated by DPTI Infrastructure to ensure there is adequate time provided for the thorough preparation of drawings and specification. Insufficient time will result in incomplete or incorrect documents, which will present a significant risk of claims for variations from the construction contractor during the Construction phase.

Roles of the members of the project team during documentation will to be confirmed and communicated clearly so there is a common understanding of functions and responsibilities.

The preferred construction procurement model will be confirmed by DPTI Infrastructure after discussion between the Lead Agency and other members of the project team on the options available including confirmation of the preferred risk allocation model in regard to which parties will manage the range of construction risks – design, weather, latent conditions, program, cost, industrial etc.

Decisions will be made on which parties have authority to approve documents, proceeding to tender call, total expenditure and tender acceptance.

### 5.3.2 Complete Design Approvals

Projects are required to conform to legislative requirements including the *Development Act 1993*, the *Work Health and Safety Act 2012*, the *Environment Protection Act 1993*, the *South Australian Public Health Act 2011*, the *Fair Work (Building Industry) Act 2012* (Cth), the *Heritage Places Act 1993*, the *Disability Discrimination Act 1992* (Cth) and the *Disability (Access to Premises – Buildings) Standards 2010* (Cth).

Planning approval, together with certification that the plans comply with the Regulations under the *Development Act 1993*, must be sought and confirmed before tenders are let by DPTI Infrastructure.

### 5.3.3 Prepare Construction Contract Documents

Government is a signatory to an in principle agreement to use Australian Standards and benchmarks in relation to tendering procedures. (Refer Appendix 3.)

## Project Implementation Process

DPTI Infrastructure will manage that the project team, including the professional service contractors where appointed, will prepare the contract, drawings and specifications that describe the construction services requirements in sufficient detail to allow a construction contractor to provide a reliable tender for the work and to construct the project with the minimum of errors and omissions and to the required standard.

The Lead Agency will manage that the design that is documented is consistent<sup>11</sup> with the parameters approved by Government in regard to project scope, quality, budget and program.

On projects designated by Cabinet as Strategically Important Projects, the Lead Minister must ensure that Government’s objectives and strategies are met in the Documentation phase and will refer to Cabinet for decision, any proposal to implement Major Variance to the project scope, quality, budget or completion date. Such recommendations will be accompanied by an assurance comment from ODASA in regard to scope and quality in addition to the costing comment from DTF and other relevant comments.

In any form of construction procurement the scope of the contractor services, the scope of the works under the contract and the quality standards with which the construction contractor is to comply will be defined by DPTI Infrastructure in the contract documentation to ensure the required project outcomes are achieved. A final check will be carried out to ensure that the conditions of tendering are completed and a complete and coordinated set of contract documents is available.

In fast-tracked construction procurement the contract documentation may not be complete and will be concentrated on describing the construction services required (the contract conditions) and the scope of the works (the Principal’s Project Requirements). It is important that these documents are in sufficient detail to provide a reliable tender for the management services and/or an upper limit cost of construction.

### 5.3.4 Obtain Pre-Tender Estimate

Those responsible for managing the cost plan will progressively review it to ensure that the scope of work and the design detailed in the contract documentation can be met from the allocated budget.

If the progressive review of cost or the pre-tender estimate exceeds the approved budget there should be agreement on the arrangements for budget management prior to proceeding to tender.

Generally, if the pre-tender estimate is less than 5% above the construction budget steps will be taken to identify items in the contract documentation that can be separately priced by the tenderers and, if necessary, deleted after tender close to return the project to budget.

If the pre-tender estimate is 5% or more over the construction budget, steps will be taken either to identify options for returning the project to budget or for there to be approval of additional funding by the relevant Lead Agency delegate (which may be Cabinet or the Lead Minister) before tenders are called.

When the design and documentation is at a stage when the selected procurement model can progress within reasonable risk parameters, the Lead Agency must achieve Gateway Six approval at the appropriate level of delegation.

Documentation – Checklist of Deliverables	
•	Project plan confirmed.
•	Design approvals completed.
•	Pre-tender estimate prepared with estimated cost confirmed within 5% of budget.
•	Tender and contract documents (contract conditions, drawings and specifications as applicable) finalised.
•	Gateway Six approval achieved from project sponsor, Lead Minister or Cabinet as applicable.
If applicable:	
•	Cabinet approval of Major Variance including ODASA assurance (if required, on Strategically Important Projects only)

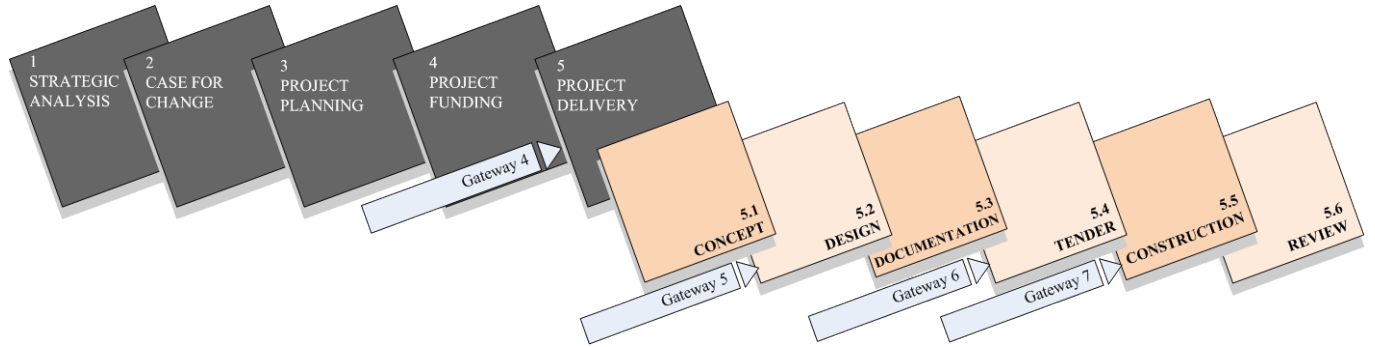
<sup>11</sup> consistent means no Major Variance.

# Project Implementation Process

## 5.4 Tender

The Tender phase includes establishing a tender field, calling tenders, evaluating tenders received and making recommendations for acceptance of tenders. At the end of this phase the Lead Agency’s Minister or delegate must decide whether the project will proceed to Construction phase through Gateway Seven.

### 5-Step Framework and Project Implementation Process



Calling and assessing construction tenders is carried out in accordance with tendering codes.

There is a gateway at the end of this phase which ensures that there is formal Lead Minister sign-off and appropriate contract approvals in place before the most significant expenditure component of the construction project is committed.

#### Gateway Seven

Approval that the project tendered during the 5.4 Tender phase of the Project Implementation Process is consistent<sup>12</sup> with the parameters approved by Government in regard to project scope, quality, budget and program.

Approval to proceed to construction by committing the balance of the project expenditure and awarding construction contracts.

Step 5.4	Tender	Government	DTF	DPTI Strategy	Lead Agency	DPTI Infrastructure
5.4.1	Determine the construction contractor tender field				+	•+
5.4.2	Call tenders and obtain tender comparison estimate					•
5.4.3	Prepare tender evaluation report and recommendation					•
	Cabinet approval of Major Variance including ODASA assurance (if required, on Strategically Important Projects only)				•+	+
	<b>Gateway Seven</b> Approval that the project tendered during the 5.4 Tender phase is consistent with the parameters approved by Government in regard to project scope, quality, budget and program.  Approval to proceed to construction by committing the balance of the project expenditure and awarding construction contracts.				•+	+
				+	•+	+

• Lead    •• Joint Lead    •+ Lead in consultation    + Consulted

<sup>12</sup> consistent means no Major Variance

## Project Implementation Process

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### 5.4.1 Determine the Construction Contractor Tender Field

DPTI Infrastructure's prequalification schemes ensure that construction contractors have the specific skills and expertise to undertake the contract to the specified requirements. Required skills and experience may include:

- the management and technical capacity of the construction team, including experience, expertise and performance on previous projects;
- financial capacity and financial control systems;
- registration as required under various industry development, training and local preference policies;
- conformance with Work Health and Safety Regulations 2012; and
- conformance with Ecologically Sustainable Development (ESD) capability requirements.

The rules established under prequalification schemes will be utilised to select the tender field.

### 5.4.2 Call Tenders and Obtain Tender Comparison Estimate

DPTI Infrastructure will conduct all tender calls, observing the requirements for probity and adhering to all relevant Treasurer's Instructions. During the course of the tender call it will arrange for tender enquiries to be responded to promptly and consistently for all tenderers. Prior to the close of the tender call, a tender comparison estimate will be prepared to provide a price benchmark against which to compare tenders.

### 5.4.3 Prepare Tender Evaluation Report and Recommendation

Tender evaluation is generally undertaken in accordance with the principles outlined in AS 4120—1994 Code of tendering (Code) and always in accordance with the evaluation process set out in the conditions of tendering documents (and if applicable the evaluation plan). The Code is a statement of ethics and procedures that underpins best practice tendering. It details the obligations of the tenderers in the tendering process and the Principal in the construction contract and provides a consistent basis for the calling of tenders among construction contractors and subcontractors.

Government has published 'Guidelines for the Application of the Australian Standard Code of Tendering AS 4120 – 1994' (July 2000) to assist agencies with implementation of the Code.

Tender evaluation progresses in accordance with the principles detailed in the Code and the Lead Agency is a participant in the process.

Many contracts will be subject to the provisions of Government of South Australia procurement policies e.g. the South Australian Industry Participation Policy (IPP) and the Workforce Participation in Government Construction Procurement Policy. (Refer Appendix 3.) Tender evaluation will determine that the tender satisfactorily meets applicable policies.

The recommended tender should be demonstrably delivering the required contract outcomes and be a price within or near to the approved budget.

On projects designated by Cabinet as Strategically Important Projects, the Lead Minister must ensure that Government's objectives and strategies are met in the Tender phase and will refer to Cabinet for decision, any proposal to implement Major Variance to the project scope, quality, budget or completion date. Such recommendations will be accompanied by an assurance comment from ODASA in regard to scope and quality in addition to the costing comment from DTF and other relevant comments.

The Lead Agency must achieve Gateway Seven approval by the authorised delegate, Lead Minister or Cabinet as applicable, ensuring that the total capital and GST budget and expenditure approved is sufficient to allow acceptance of the recommended tender before awarding construction contracts and/or extending professional service contractor contracts into the Construction phase.

Cabinet, the Minister for Transport and Infrastructure or the authorised delegate as applicable, will approve the professional service and construction contracts. (Refer Appendix 2.)

DPTI Infrastructure will accept the tender, establish the contract and execute a formal instrument of agreement in accordance with the AS 4120—1994 Code of tendering, the 'Code of Practice for the South Australian Construction Industry' (May 2013) and 'Guidelines for the Application of the Australian Standard Code of Tendering AS 4120 – 1994' (July 2000). The Code and its guidelines state the minimal acceptable levels of behaviour and the best practice required to bring about improved performance, and they have been endorsed by the construction industry in South Australia.

## Project Implementation Process

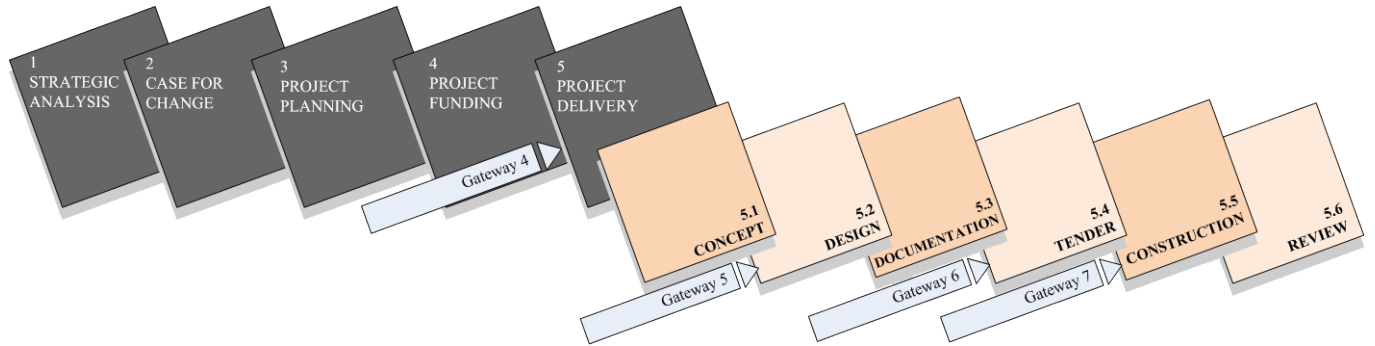
Tender – Checklist of Deliverables	
•	Construction contractors selected to tender.
•	Tender call process completed using DPTI Infrastructure systems with required standards of probity and in accordance with conditions of tendering.
•	Tender evaluation report documented.
•	Contract and expenditure approval recommendation documented.
•	Approval of sufficient expenditure to complete the project.
•	All contracts approved, extended or awarded as necessary.
•	Gateway Seven approval achieved from project sponsor, Lead Minister, Infrastructure Minister or Cabinet as applicable.
If applicable:	
•	Cabinet approval of Major Variance including ODASA assurance (if required, on Strategically Important Projects only).

# Project Implementation Process

## 5.5 Construction

The Construction phase includes the on-site and off-site activities by construction contractors and subcontractors or government construction personnel that result in the built asset being constructed or refurbished.

### 5-Step Framework and Project Implementation Process



There are specific requirements to be met in the construction and commissioning of a construction project. In particular, progress of construction and timely response to issues as they arise are important elements of effective management during this high risk, high expenditure phase of construction projects. There will be regular reviews with the design and construction team to monitor progress and to agree on the appropriate response to issues. The response may require formal approval of adjustments to the scope, design, budget or program of the construction project. As there are legal issues arising from construction contracts and their administration, it is essential that the authorised persons appointed by DPTI Infrastructure under the contract manage and resolve these issues.

Step 5.5	Construction	Government	DTF	DPTI Strategy	Lead Agency	DPTI Infrastructure
5.5.1	Transition briefing				+	•+
5.5.2	Review project governance				•+	+
5.5.3	Manage the construction contract				+	•+
5.5.4	Manage the project budget and program				+	•+
	Cabinet approval of Major Variance including ODASA assurance (if required, on Strategically Important Projects only)				•+	+
5.5.5	Commission the construction project				+	•+
5.5.6	Handover the completed construction project				+	•+
5.5.7	Defects liability period of the contract				+	•+

• Lead    •• Joint Lead    •+ Lead in consultation    + Consulted

### 5.5.1 Transition Briefing

There is a formal briefing from those people involved in the Design and Documentation phases to those responsible for construction to ensure that assumptions, key decisions and identified risks are understood and the project is implemented accordingly.



## Project Implementation Process

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### 5.5.2 Review Project Governance

The various governance committees required to manage the project during construction are reviewed and re-established. The steering committee and project management committee or equivalents will generally invite executive and management representatives of the construction contractor to participate. This ensures that there is direct input from the party with most influence on the success of the project during construction.

### 5.5.3 Manage the Construction Contract

Construction contracts are administered by DPTI Infrastructure on behalf of the Principal in the contract. Generally the construction contracts are arranged so that the Minister for Transport and Infrastructure or equivalent<sup>13</sup> (Principal) appoints senior personnel in DPTI Infrastructure to independently and objectively administer the contract. These personnel have responsibility for ensuring that the construction procurement processes and policies are applied to the contract administration activities undertaken by all parties.

Many contracts will be subject to the provisions of Government of South Australia procurement policies. Management of the contract will ensure that, if applicable, the contractor implements the requirements of such policies e.g. South Australian Industry Participation Policy (IPP) and Workforce Participation in Government Construction Procurement Policy.

### 5.5.4 Manage the Project Parameters

DPTI Infrastructure is responsible for working with the Lead Agency to provide all information necessary to allow the Lead Agency to retain responsibility for the project during the Construction phase.

DPTI Infrastructure will immediately advise the Lead Agency of any changes to milestones and program, increase in the estimated cost on completion, or significant changes to design or variations arising during the construction period, with an explanation of the changes and the proposed action to be taken. In most instances such issues will be discussed at the regular (usually monthly) steering committee and project management committee meetings. If any extended time is required and milestones are likely to be missed DPTI Infrastructure will, wherever possible, provide early warning to allow the Lead Agency to advise the end users and to make alternative arrangements if required.

If any increase in cost is expected to exceed the approved expenditure, approval of additional funds must be sought by the Lead Agency from the party with delegated authority to incur expenditure for the total amount (i.e. the initial approval plus the proposed additional amount).

The Lead Agency will manage that the project is constructed consistent<sup>14</sup> with the parameters approved by Government in regard to project scope, quality, budget and program.

On projects designated by Cabinet as Strategically Important Projects, the Lead Minister must ensure that Government's objectives and strategies are met in the Construction phase and will refer to Cabinet for decision, any proposal to implement Major Variance to the project scope, quality, budget or completion date. Such recommendations will be accompanied by an assurance comment from ODASA in regard to scope and quality in addition to the costing comment from DTF and other relevant comments.

### 5.5.5 Commission the Construction Project

Commissioning of the construction project is usually undertaken to ensure the requirements have been met to allow occupation or use. Any work outstanding under the contract will be identified and documented so there is a clear understanding of the work still to be completed by the construction contractor.

### 5.5.6 Handover the Completed Construction Project

Once the construction work has reached practical completion or equivalent, handover from the construction contractor to the Lead Agency and end users can occur. From this time on the Lead Agency takes responsibility for the asset and its use.

Practical completion or equivalent is when a construction contract has been completed and the built asset is fit for its intended purpose, except for minor omissions and defects that do not prevent its use or expose the end users to risk. Any testing required under the contract will have been carried out. Generally this milestone is marked by the issue to the construction contractor of a certificate of practical completion or equivalent.

Handover will be managed by DPTI Infrastructure and includes the provision of operating instructions and maintenance

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<sup>13</sup> Commissioner of Highways or Rail Commissioner in road and rail construction contracts.

<sup>14</sup> consistent means no Major Variance

## Project Implementation Process

plans for the built asset and for any specific items of equipment that require instructions. At handover the Lead Agency will generally be provided with ‘as built’ plans and financial information.

### 5.5.7 Defects Liability Period of the Contract

Most construction contracts have a defects liability period e.g. 12 months, during which the construction contractor is responsible for completing minor omissions and defects outstanding at the time the asset was handed over to the Lead Agency or for rectifying construction defects identified during this period.

Lead agencies and end users are advised by DPTI Infrastructure on the contractual responsibilities that the construction contractor retains after handover and will ensure that no contract work is carried out by anyone except the authorised construction contractor or its nominee.

A clear delineation should be made between rectifying matters under the contract as distinct from additional work that will require additional funds to be approved and allocated by the Lead Agency.

Construction – Checklist of Deliverables	
•	Construction team briefed on key project requirements.
•	Project team structures and organisation in place.
•	Construction contract administered in accordance with conditions of contract.
•	Sign off by Lead Agency and key stakeholders to confirm the construction is consistent <sup>15</sup> with the parameters approved by Government in regard to project scope, quality, budget and program and meets requirements.
•	Construction completed.
•	Commissioning arrangements in place including training and manuals.
•	Certification of occupancy to confirm statutory requirements have been met before handover.
•	Handover of construction from the construction contractor to the Lead Agency and end users.
•	Defects documented and action agreed.
If applicable:	
•	Cabinet approval of Major Variance including ODASA assurance (if required, on Strategically Important Projects only).

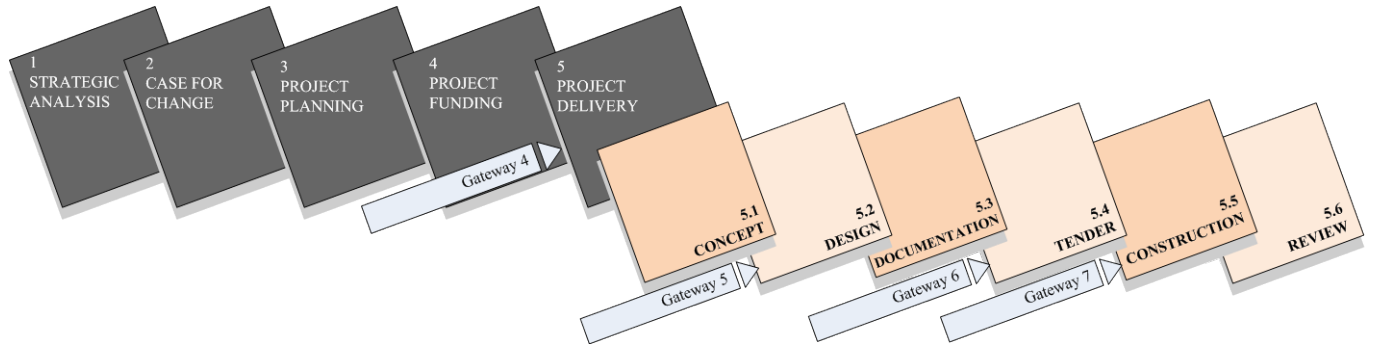
<sup>15</sup> consistent means no Major Variance.

# Project Implementation Process

## 5.6 Review

The Review phase includes feedback about products, processes and asset performance to develop design, construction and market intelligence to benefit future projects.

### 5 – Step Framework and Project Implementation Process



It includes ensuring all construction work has been completed appropriately and there is a smooth handover of the project to the end users and asset manager. It includes monitoring the performance of the asset, generally for 12 months, and making adjustments as required in response to end user issues.

DPTI Infrastructure manages Post-Construction and Post-Occupancy Reviews that systematically and rigorously compare the actual project outcomes with the stated objectives of the original brief. These processes seek to identify ways to improve subsequent project outcomes including design, construction, project relationships or service delivery outcomes.

The Review phase includes finalising all design and construction contracts and updating information systems including data systems, asset registers and asset management plans so that information will be fed back into the planning process to provide reliable information to facilitate ongoing improvements to the planning and delivery of future projects.

Step 5.6	Review	Government	DTF	DPTI Strategy	Lead Agency	DPTI Infrastructure
5.6.1	Update Information Systems				•	•
5.6.2	Defects Management				+	•+
5.6.3	Post-Construction Review				+	•+
5.6.4	Post-Occupancy Evaluation				•	•
5.6.5	Management Review		+	+	•+	+
5.6.6	Finalise the Project Finance and Contracts				•	•
5.6.7	Update Construction Contract/ Professional Service Contract Data					•
5.6.8	Feedback Information to the Project Planning and Substantiation phase		+	+	•+	+

• Lead    •• Joint Lead    •+ Lead in consultation    + Consulted

### 5.6.1 Update Information Systems

The physical details of the project as built, with relevant information about the nature and location of the asset will be incorporated in an asset management information system.

At the completion of construction, the following information should be recorded in asset management systems so that accurate records are established:

- ‘as built’ plans and drawings;
- operating and maintenance information; and
- copy of certified documents.

## Project Implementation Process

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The financial details of the project need to be incorporated in the Lead Agency's financial management information system (if applicable).

### 5.6.2 Defects Management

There will be ongoing review undertaken to identify any items that need to be rectified by the construction contractor during the defects liability period.

### 5.6.3 Post-Construction Review

A Post-Construction Review identifies and documents lessons learnt, both opportunities and risks, for application to the delivery of future projects. It also provides an opportunity to identify any steps that need to be clarified to improve project approval and implementation processes or to amend the documented standards. DPTI Infrastructure, the Lead Agency and, if applicable, representatives of the end user group that are using the new asset will participate.

A Post-Construction Review must be undertaken on all Strategically Important Projects.

A Review should be undertaken on other projects, and to be effective and successful it will require the input of project decision makers, access to all relevant information and personnel, and a commitment to apply the knowledge learnt from the study. It will provide a balanced assessment focusing on positive and negative feedback.

Post-Construction Review need not be limited to recently completed projects and may be implemented during the Construction phase to identify lessons learnt on Strategically Important Projects or other projects that are performing exceptionally well or poorly.

### 5.6.4 Post-Occupancy Evaluation

A Post-Occupancy Evaluation should be undertaken on all Strategically Important Projects (building construction only as civil construction projects generally are not 'occupied' in the same sense as buildings are occupied and used for service delivery) and may be undertaken on other building construction projects. Post-Occupancy Evaluation is the last step in the Lead Agency's project delivery process and represents closure of the feedback loop to benefit future projects. The Post-Occupancy Evaluation will:

- identify ways to improve the functional value of a project;
- identify ways and means to assist asset users to overcome occupation problems;
- increase user morale through the continuous improvement of asset created environments;
- provide opportunities to learn from precedent;
- improve project briefing and performance criteria; and
- improve decision-making.

It is a careful and systematic evaluation of the performance of an occupied facility, measured in terms of user satisfaction, fitness for purpose (based on the requirements stated in the evaluation brief), technical performance and value for money.

Information from the Post-Occupancy Evaluation is used by the Lead Agency to update briefing information and to review standards and benchmarks. A successfully completed Post-Occupancy Evaluation will, in its simplest form, provide a forum for discussion and the basis for improved understanding between the Lead Agency representatives and the end users. A more complex form will extend the current body of knowledge to the broader Lead Agency and to DPTI Infrastructure and DPTI Strategy.

### 5.6.5 Management Review

In some instances a management review may be required to address specific issues relating to matters of probity and accountability such as:

- accountability for decisions and outcomes consistent with the project brief and documented plans;
- confirmation that due process has been observed and endorsed procedures have been followed;
- evidence that appropriate records have been maintained, and that an effective audit trail exists;
- documentation that confirms that all costs have been identified and substantiated, and payments made accordingly; and
- evidence that all necessary approvals were sought and confirmed at the appropriate time and at the approved level of delegation.

A management review is most likely if the integrity of the process or project management is questioned, although it may be

## Project Implementation Process

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used to audit whether endorsed processes are being followed and to assure Government that all aspects of procurement risk are being managed appropriately.

A management review report is expected to identify whether due process has been followed. The report will provide the Lead Agency's senior management with the necessary information for action including adjustment or improvement of the processes to be applied in future projects.

### 5.6.6 Finalise the Project Finance and Contracts

All contracts and project finance will be finalised at the conclusion of the Review phase. The Lead Agency and DPTI Infrastructure will arrange that any required expenditure and contract approvals are sought from the party with the appropriate level of authority. (Refer Appendix 2.)

The project team will review that project finance has been finalised in accordance with the authorised approvals and any contract has been finalised in accordance with the conditions of contract and contract approvals.

### 5.6.7 Update Construction/Professional Service Contractor Data

Performance reports on construction contractors and professional service contractors will be completed to update the prequalification register that is maintained by DPTI Infrastructure.

### 5.6.8 Feed Back Information to the Project

Information from a Post-Construction Review, Post-Occupancy Evaluation or management review is fed back into subsequent projects to improve the planning process and provide for continuous improvement to all facets of the 5-Step Infrastructure Planning and Delivery Framework.

Review – Checklist of Deliverables	
•	Management review, Post-Construction Review and Post-Occupancy Evaluation completed.
•	Information systems updated and records management requirements addressed.
•	Contracts and project finance finalised.
•	Prequalification performance report information completed.
•	Feed back into the Project Planning and Substantiation phase to ensure continuous improvement.

### Appendix 1

#### State Procurement Act 2004 and State Procurement Regulations 2005

The Minister for Finance has responsibility for administration of the *State Procurement Act 2004* and DTF provides administrative support. The Act regulates the procurement of goods, services and construction by public authorities and advances government priorities and objectives including:

- value for money in the expenditure of public monies;
- providing for ethical and fair treatment of participants; and
- ensuring probity, accountability and transparency in procurement operations.

The State Procurement Regulations 2005 under the *State Procurement Act 2004*, exclude a 'prescribed public authority'. These include South Australian Forestry Corporation, Housing SA, South Australian Water Corporation, Superannuation Funds Management Corporation of South Australia and Renewal SA. These agencies possess the level of expertise and the robust procurement process controls required to independently procure goods, services and construction.

The Regulations also exclude a 'prescribed construction project' of a cost exceeding \$150,000 (excluding GST). These projects are managed by DPTI Infrastructure under the policy umbrella provided by the 5-Step Infrastructure and Planning Framework, this Project Implementation Process and Treasurer's Instructions.

The Regulations state:

A **prescribed construction project**—

- (a) is a project that primarily involves the procurement of construction work; and
- (b) encompasses—
  - (i) the acquisition and installation of fixtures, plant, equipment, appliances and fittings in conjunction with construction work; and
  - (ii) the acquisition of survey, planning, design and other services in conjunction with the construction work; and
- (c) does not encompass the acquisition of goods and services for the ongoing maintenance of a building or structure.

In the Regulations—

**building work** has the same meaning as in the *Building Work Contractors Act 1995* and means—

- (a) the whole or part of the work of constructing, erecting, underpinning, altering, repairing, improving, adding to or demolishing a building; or
- (b) the whole or part of the work of excavating or filling a site for work referred to in paragraph (a); or
- (c) work of a class prescribed by regulation.

**construction work** means

- (a) building work; or
- (b) the whole or part of the work of excavating or filling of land not constituting building work.

## Appendix 2

### Approval Authorities for Expenditure and Contracts

Treasurer's Instruction 17: Evaluation of and Approvals to Proceed with Public Sector Initiatives provides details on approvals to proceed with public sector initiatives.

DPC Circular PC018 – Government Office Accommodation Framework sets out the process for planning and procuring office accommodation.

Treasurer's Instruction 8: Financial Authorisations provides details on approvals to enter into a contract.

Diagram 3: Approval Authorities for Projects

Approval Authorities for projects included in an approved budget (\$ including GST)					
Construction type	Lead Agency Project Sponsor	Lead Agency Chief Executive	Lead Minister	Cabinet	Public Works Committee
Buildings, Infrastructure, Land Development	Agency/Minister's delegation	Less than \$1.1M or Chief Executive delegation whichever is the lower	Less than \$11M	Equal to or greater than \$11M	\$4.4M or more
Details – Treasurer's Instruction 17: Evaluation of and Approvals to Proceed with Public Sector Initiatives. DPTI Infrastructure must be involved in projects of \$150,000 (excluding GST) or more.					
Office Accommodation	As above	As above	As above	As above	As above
Details – DPC Circular PC018 – Government Office Accommodation Framework.					
Approval authorities for projects not included in an approved budget (\$ including GST)					
Building Infrastructure, Land Development	As above	Less than \$1.1M or Chief Executive delegation or 1% of agency's total annual recurrent and capital expenditure whichever is the lower	Greater than \$1.1M or 1% of agency's total annual recurrent and capital expenditure and less than \$4.4M	Equal to or greater than \$4.4M	As above

Lead Agency delegation – refer to internal delegations as these differ according to the agency

Diagram 4: Approval Authorities for Contracts

Approval authorities for contracts (\$ including GST)			
Contract type	Officers authorised by the Chief Executive of DPTI	Minister for Transport and Infrastructure	Cabinet
Professional service contractor or construction contractor	Less than \$1.1M	Less than \$11M	Equal to or greater than \$11M
Details – Treasurer's Instruction 8: Financial Authorisations			

### Appendix 3

#### References for the Project Implementation Process

This Construction Procurement Policy: Project Implementation Process is applied to all types of 'prescribed construction projects' as defined by the *State Procurement Act 2004*. It complements the 5-Step Infrastructure Planning and Delivery Framework and guides construction procurement of infrastructure including roads, rail, ports and jetties and buildings. It also provides a detailed procedure to guide agencies and private sector providers through the government process for construction project planning and delivery.

The policy was first implemented in 1996 in response to Government's requirement for a clear process that would provide consistency in the planning and delivery of its construction projects. It followed the endorsement of a submission to Cabinet in July 1995 and replaced DPC Circular PC112 – Capital Works Efficiency Measures. The policy was revised as the Project Implementation Process in 2005. It was further revised and updated in 2011 and 2015. The DPC Circular PC028 – Construction Procurement Policy: Project Implementation Process describes the policy.

##### South Australia's Strategic Plan

South Australia's Strategic Plan was first released in March 2004 and has been reviewed and updated progressively in 2006, 2008, 2010 and 2011. It sets the directions for the State and its service needs, outlines the key priorities and goals to be achieved and forms the basis for all services and infrastructure. It is supported by the Strategic Infrastructure Plan 2005/6 – 2014/15 which was released in April 2005 and is also reviewed and updated.

##### Strategic Infrastructure Plan for South Australia 2005/6 – 2014/15

The Strategic Infrastructure Plan first published in April 2005 is a dynamic document that outlines priority infrastructure projects. It is subject to ongoing review to meet service needs.

##### Treasurer's Instructions

Key Treasurer's Instructions, issued in accordance with *Public Finance and Audit Act 1987*.

- Treasurer's Instruction 8: Financial Authorisations (May 2014).
- Treasurer's Instruction 17: Evaluation of and Approvals to Proceed with Public Sector Initiatives (December 2012).

##### Guidelines for Public Sector Initiatives

- Guidelines for the Evaluation of Public Sector Initiatives, DTF (updated in July 2014).
- National Public Private Partnership Policy and Guidelines, Infrastructure SA, December 2008.

##### The South Australian Planning Strategy

DPTI provides the Planning Strategy to outline the Government's direction for land use change and development within South Australia.

The Planning Strategy has various volumes covering different geographic areas of the state and includes:

- the 30-Year Plan for Greater Adelaide; and
- plans for regional South Australia.

##### Strategic Asset Management Framework

Outlines government policy for asset management of public infrastructure and provides a framework for assessing asset needs to support service delivery, consistent with South Australia's Strategic Plan and the Strategic Infrastructure Plan.

##### Annual Budget Papers

As developed and published by DTF and DPC Circulars.

##### Department of the Premier and Cabinet Circulars

- PC015 – Procedures for Submissions to Cabinet seeking the review of Public Works by the Public Works Committee, revised in March 2008.
- PC018 – Government Office Accommodation Framework, revised in June 2012.
- PC020 – Upgrading of Safety and Access in Crown Buildings, December 2002.
- PC024 – Integration of South Australia's Strategic Plan, the South Australian Planning Strategy, the Strategic



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Infrastructure Plan for South Australia and the Core Directions of the Integrated Design Commission of South Australia into Government Agency Planning Processes, May 2004 (amended August 2010).

- PC027 – Disclosure of Government Contracts, December 2005.
- PC028 – Construction Procurement Policy: Project Implementation Process, January 2015.
- PC114 – Government Real Property Management, October 2010.

### Government and the Building and Construction Industry Policies and Guidelines

- Code of Practice for the South Australian Construction Industry, May 2013.
- Government Buildings Energy Strategy 2013-2020.
- Risk Management Policy Statement, SA Insurance Corporation (SAICORP), November 2009.
- Solar Panels for Government Funded Building Projects
- South Australian Industry Participation Policy, August 2014. (This policy aims to deliver greater economic contribution to the State by ensuring that local businesses are given full, fair and reasonable opportunity to be considered for contracts being undertaken in South Australia by the private sector.)
- Water Efficient Outlets in Government Buildings
- Workforce Participation in Government Construction Procurement Policy. (A policy to increase workforce participation, skill development and social inclusion through the employment of Aboriginal people, trainees and apprentices, local people with barriers to employment and to up-skill workers through government civil and building construction procurement contracts. It applies to construction contracts exceeding \$150,000 using a tiered approach, with contracts over \$5 million being required to meet specific employment targets.)

### National Standards and Benchmarks for the Building Construction Industry

The Government of South Australia is a signatory to an in principle agreement which is part of the National Construction Industry Reform Strategy. The agreement includes an undertaking to develop and implement national standards and codes of practice which will ensure consistency, equity and professional conduct in the delivery and maintenance of infrastructure. The in principle agreement by Government supports the implementation of international best practice and the ongoing monitoring of industry benchmarks to ensure there are acknowledged examples of best practice. Australian Standards are regularly used in this process along with other nationally recognised contracts as listed below.

- AS/NZS ISO 31000:2009 Risk management—Principles and guidelines. This standard provides a systematic process used to identify, analyse, assess and prioritise risks and document a risk management plan for the project.
- AS 4120—1994 Code of tendering. This is a statement of ethics and procedures that underpin best practice tendering techniques. It sets out the ethics and obligations of the Principal and tenderers in the tendering process in the construction industry. It applies to the selection of construction contractors and subcontractors and introduces a consistent basis for the calling of tenders.
- AS 4121—1994 Code of ethics and procedures for the selection of consultants. This Australian Standard has been specifically designed for the selection of consultant architects, engineers, quantity surveyors and other professional service contractors. It sets out the ethics and the obligations of both the client and the professional service contractors. It also outlines appropriate procedures for the calling for proposals, evaluation of proposals and the obligations of professional service contractors and principals in that process.
- AS 4122—2010 General Conditions of Contract for Consultants. This document provides a general set of conditions to be used when engaging professional service contractors.
- AS 2124—1992 General conditions of contract and AS 4300—1995 General conditions of contract for design and construct. These documents provide a general set of conditions to be used when engaging construction contractors.
- AS 2125—1992 General conditions of tendering and form of tender.
- AS 2127—1992 Form of formal instrument of agreement.

There are further Australian Standards and guidelines that may be used. These are available through Standards Australia at <http://www.standards.org.au/>

### Free Trade Agreements

The South Australian Government is a party to a number of free trade agreements which have specific government procurement commitments.

The key principles and requirements for these free trade agreements are outlined in the International Obligations Policy prepared by the State Procurement Board and provided at

## Appendices

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### International Standards Organisation (ISO) 9000 Series and Associated Guidelines

The International Standards are used also, especially for quality assurance.

- ISO 9001:2008 Quality management systems—Requirements. This standard helps to ensure that customers get consistent, good quality products and services.
- ISO 31000:2009 Risk management—Principals and guidelines. This standard provides a systematic process used to identify, analyse, assess and prioritise risks and document a risk management plan for the project.

### Australasian Procurement and Construction Council

APCC is the peak council for the Commonwealth, State and Territory departments responsible for procurement and construction policy for the Governments of Australia and New Zealand. APCC provides guidance to establish and improve government procurement, ensure the application of consistent processes across Government, and provide reliable information to the building and construction industry. There are a number of APCC guidelines and publications that provide guidance on issues in the Project Implementation Process that are available at <http://www.apcc.gov.au/>.

### Other Acts and Legislation

- *Building Work Contractors Act 1994*
- *Climate Change and Greenhouse Emissions Reduction Act 2007*
- Development Regulations 2008
- Disability (Access to Premises – Buildings) Standards 2010 (Cth)
- *Disability Discrimination Act 1992* (Cth)
- *Environment Protection Act 1993*
- *Fair Work (Building Industry) Act 2012* (Cth)
- *Heritage Places Act 1993*
- *Native Title (South Australia) Act 1994*
- *Native Vegetation Act (1991)*
- *Natural Resource Management Act 2004*
- *Parliamentary Committees Act 1991*
- *Public Finance and Audit Act 1987*
- *South Australian Public Health Act 2011*
- *Work Health and Safety Act 2012*
- Work Health and Safety Regulations 2012

## Glossary

Glossary of terms relevant to Project Implementation Process.

### APCC

Australasian Procurement and Construction Council Inc.

### asset management

The process of managing demand and guiding acquisition, use and disposal of assets to make the most of their service delivery potential, and manage risks and costs over their entire life.

(Strategic Asset Management Framework, first published January 1996). A systematic approach to the procurement, maintenance, operation, rehabilitation and disposal of one or more assets which integrates the utilisation of assets and their performance with the business requirements of asset owners or users.

### asset management information system

A system for collecting and analysing data on the performance of existing assets and their operational costs. (An example is the Strategic Asset Management Information System (SAMIS)).

### asset management plan

A plan that identifies the short and long term asset requirements of an agency and provides a framework for managing its asset portfolio. These needs are driven by goals defined through the agency's corporate planning and service delivery strategies.

### asset register

A record of items considered worthy of identification as discrete assets. An asset register includes information about each asset, such as type of construction and technical details. (Details include location, value and construction type.)

### budget

The total allotment of funds for a construction project.

### business case

The description and substantiation of the quantifiable benefits of the proposed project.

### capital investment

A term which relates to the procurement of construction projects through the expenditure of capital funds.

### Capital Investment Program

The Government's total investment program detailing investment expenditure by entities in the general government and public non-financial corporations sectors.

### certification

A means of documenting compliance with performance or prescriptive building code requirements by an independent accredited agency or individual not part of the statutory approval authority.

### concept

An idea developed to meet a specific service delivery need.

### concept design

Development of the concept idea to a design that meets a specific service delivery need. Includes information gathered in a site assessment and the development of suitable plan options based on the project brief.

### concept report

A report containing analysis of the concept designs considered, summary of the evaluation and identification of the preferred option.

## Glossary

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**construction** (as defined in the Regulations under the *State Procurement Act 2004*)

Construction means—

(a) building work

- the whole or part of the work of constructing, erecting, underpinning, altering, repairing, improving, adding to or demolishing a building; or
- the whole or part of the work of excavating or filling a site for work referred to in (a); or
- work of a class prescribed by regulation;

(b) the whole or part of the work of excavating or filling of land not constituting building work.

**construction contractor** (see also professional service contractor)

The party that contracts to manage the process of construction.

**construction industry**

The industry that provides the design and construction services associated with the construction of buildings and structures.

**contract**

An agreement entered into between two or more parties that involves an exchange of specified goods and/or services for specified financial reimbursement or other considerations. The terms of agreement are usually set out in writing and the signing of a contract creates specific legal obligations.

**corporate planning**

Consideration of the reasons for an organisation's existence, its programs, program objectives, statutory requirements, issues and how it intends to achieve and measure progress to address these issues and objectives.

**cost benefit analysis**

A technique for the evaluation of projects, where all costs and benefits (direct and indirect) are considered. Costs and benefits will be quantified, but where this is not possible they will be listed.

**cost plan**

Cost targets for each element of a project, used for controlling the design and construction activities against these targets.

**design**

The development of a project brief into design details prior to documentation. Includes concept design, sketch design and design development.

**development planning**

Planning the overall development intentions for an area, including land use, major transport links, utility networks, drainage, open space and built form.

**DEWNR**

Department of Environment, Water and Natural Resources

**DPC**

Department of the Premier and Cabinet

**DPTI**

Department of Planning, Transport and Infrastructure

**DTF**

Department of Treasury and Finance

**estimated cost**

Prediction of all capital investment costs required to bring a project to completion. Costs may include professional service contractor fees and disbursements, construction contract prices including escalation and country loadings, lead agency

## Glossary

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costs, equipment and sundry costs such as insurance, land purchase etc.

### estimated total cost

Includes 'whole of life' costs – operating costs, staffing costs and the cost of maintenance and refurbishment. Agencies are required to quote the estimated total cost of a project at the time of seeking approval at the completion of Step Four of the 5-Step Infrastructure Planning and Delivery Framework.

### Gateway

An approval at the completion of critical activities in a step or phase, which must be in place before the prescribed construction project can progress.

### Government

Government of South Australia

### Government Buildings Energy Strategy 2013 – 2020

A comprehensive energy management program for government operations including measures for greening of buildings, vehicle fleet and equipment purchasing.

### infrastructure

The State's roads, railways, airports and ports, buildings, parks, water and waste management, power, communications and ICT systems constructed to provide a framework for the social and economic development of the State.

### Infrastructure Agency

The Government of South Australia agency responsible and accountable for implementing policies, guidelines and processes for construction procurement. The Infrastructure Agency is DPTI through its Project Delivery and Asset Maintenance directorate. Note that SA Water and Renewal SA undertake extensive construction procurement however, as prescribed public authorities under the *State Procurement Act 2004* and State Procurement Regulations 2005, those agencies are exempt from this policy.

### Lead Agency

The agency in the Government of South Australia responsible and accountable for the construction project as its sponsor and funder.

### Lead Minister (of the Crown)

A person appointed by (or under the authority of) the sovereign or executive head of a Government to a high office of State who is the Minister of the Lead Agency funding the project.

### life cycle

The complete life of a built asset from acquisition through to controlling, operating, maintaining and disposing of the asset.

### life cycle costing

The evaluations of a project, taking into account all significant costs of total ownership over the life of the asset. Costs considered include capital costs of construction, maintenance and upgrading as well as recurrent costs of operation, maintenance, cleaning, utilities (gas, electricity, water) and staffing.

### Major Variance

Major variance means:

- deletion of major scope elements included in the business case and/or initial project brief; or addition of major scope elements not included in the business case and/or initial project brief approved as a basis for inclusion of the project in the Capital Investment Program;
- changes to the design that will require resubmission for design review by ODASA;
- changes to the design that will require resubmission for development/Coordinator-General approval;
- predicted cost overrun of greater than 5% of the approved budget; or
- predicted delay of greater than three months to the date for construction completion in the approved program.

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## ODASA

Office for Design and Architecture SA

## Post-Construction Review

A careful and systematic evaluation of the construction of a facility measured in terms of team relationships, technical performance, timeliness and completion of the construction project.

## Post-Occupancy Evaluation

A careful and systematic evaluation of the performance of an occupied asset after completion measured in terms of user satisfaction, fitness for purpose (based on client requirements) and value for money.

## PPP

Public Private Partnership

## practical completion

The milestone reached when construction has been essentially completed and the built asset is fit for its intended purpose, except for minor omissions and defects that do not prevent its use.

## prequalification

A process that tests the financial, technical, managerial capabilities and capacity of construction contractors and professional service contractors and allocates them into specific categories, which are then used as a basis for selecting contractors to be engaged on projects.

## Principal

The party to whom the contractor is legally bound to construct the construction project, generally the Minister for Transport and Infrastructure or the Commissioner of Highways or the Rail Commissioner. (The term 'Client' is commonly used in professional service contractor contracts where the Client is the party to whom the professional service contractor is legally bound to design or manage the construction project.)

## professional service contractor (see also construction contractor)

The professional party that contracts to design or manage aspects of a construction project e.g. architects, engineers, cost managers, project managers.

## project brief

Written goals, methods and desired results provided by the Lead Agency, as a result of rigorous evaluation of service delivery needs and options, to the professional service contractors for interpretation into a design and development of details for a construction project.

## project design team

The design professionals selected to develop the project design.

## project management committee (Project Control Group etc.)

Those members of the project team with responsibility for delivering the project and ensuring all necessary action is taken at the appropriate time including the professional services contractors, Lead Agency and Infrastructure Agency representatives and the construction contractors.

## project sponsor

An executive/senior manager who is accountable for achieving project objectives.

## project team

All parties who contribute to the construction project.

## risk management

A structured way of identifying potential risks, analysing their consequences, and devising and implementing responses to ensure that the project objectives are achieved. It includes the systematic application of management policies, procedures and practices to the tasks of identifying, analysing, assessing, treating and monitoring risk.

Project risk areas are design, construction, procurement, political, scope, time, quality, communications, budget,

## Glossary

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relationships, approvals and construction.

### schematic design (sketch design)

A preliminary design showing in outline form the general intentions of the designer developed to a point where a limit of cost estimate can be established and a descriptive and illustrative definition of a preferred option, including a program, risk management plan and procurement plan.

### stakeholder

Those individuals, groups or organisations with a direct interest, concern or involvement in the project and its outcomes.

### steering committee (Executive Leadership Team etc.)

A group, usually chaired by the project sponsor, comprising executive representatives of the major stakeholders, who guide the construction project and ensure the objectives are understood and achieved. It provides the project sponsor with an independent body to contribute solutions to any issues arising.

### strategic asset management

The comprehensive management of asset demand, procurement, use, maintenance, operation, rehabilitation, disposal and replacement to maximise return on investment at the required standard of service.

### strategic value management

A structured, systematic and analytical process undertaken at the Concept evaluation phase of the Project Implementation Process to quantify and verify needs.

### Strategically Important Project

A publically funded project over \$11 million in value (inclusive of GST) designated as such by Cabinet. A Strategically Important Project is generally a project that has particular importance to the public realm and/or to the Government of South Australia's policy objectives and strategic plans and/or to the economic development of South Australia.

### transition briefing

A briefing that occurs at the conclusion of the Concept, Design and Tender phases to ensure key decisions and risks are understood and addressed in ongoing management of the project.

### value management

A structured, systematic and analytical process, which seeks to achieve value for money by providing all the necessary functions at the lowest total cost, consistent with required levels of quality and performance.

## Contacts

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For information about this Project Implementation Process as it relates to building (commercial) and civil construction:

DPTI Safety and Service Division (building construction)  
Level 2, 211 Victoria Square, Adelaide SA 5000  
GPO Box 967, Adelaide SA 5001  
Telephone [08] 8226 5281

DPTI Safety and Service Division (civil construction)  
Level 1, 77 Grenfell Street, Adelaide SA 5000  
GPO Box 1533, Adelaide SA 5001  
Telephone [08] 8343 2809

For Capital Investment Program, budget information and for economic analysis:

DTF Budget Branch  
State Administration Centre  
Level 7, 200 Victoria Square, Adelaide SA 5000  
GPO Box 1045, Adelaide SA 5001  
Telephone [08] 8204 1119

For further information about the Strategic Infrastructure Plan for South Australia:

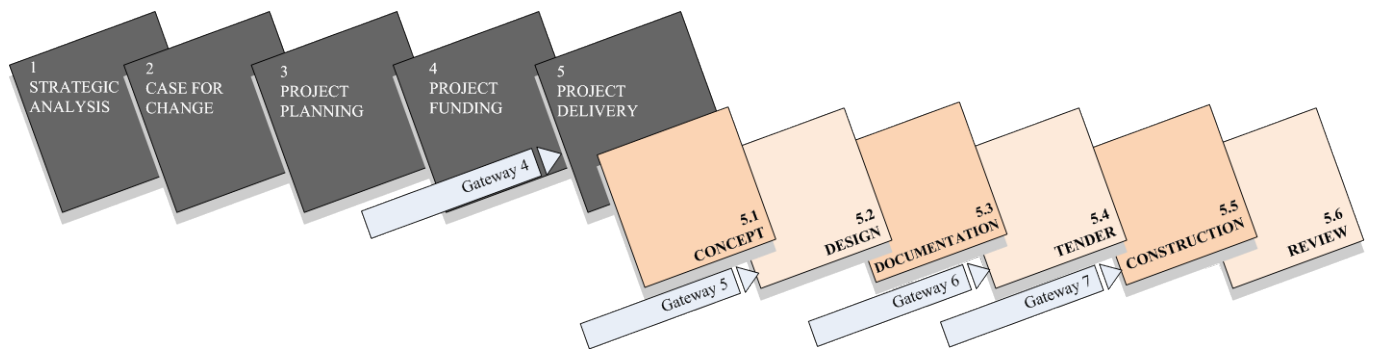
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The Construction Procurement Policy: Project Implementation Process is available from <http://www.dpti.sa.gov.au/publications> under the heading 'Infrastructure publications'.



# Project Implementation Process Summary

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## Project Implementation Process Summary

Step 1	Strategic Analysis and Identification of Infrastructure Needs	Government	DTF	DPTI Strategy	Lead Agency	DPTI Infrastructure
1.1	Government provides a statement of its key directions and strategies – South Australia’s Strategic Plan	•				
1.2	Government provides the Strategic Infrastructure Plan		+	•+		
1.3	Review Agency Strategic Plan – Lead Agency reviews to see that its corporate planning reflects Government’s key directions and strategies				•	
1.4	Review Strategic Asset Management Plan – Lead Agency considers information about asset life and performance				•+	+
1.5	Undertake strategic project planning – Lead Agency establishes the basis for proposing a construction project to support service delivery		+	+	•+	+
	<b>Gateway One</b> Strategic infrastructure priorities approved by Government	•				
Step 2	Outline of Case for Change and Project Scoping	Government	DTF	DPTI Strategy	Lead Agency	DPTI Infrastructure
2.1	Define required services and scope – Lead Agency defines required services and scope of projects to address State's infrastructure priorities		+	+	•+	+
2.2	Establish broad priorities for construction projects – Lead Agency establishes a broad priorities schedule of service demands that require construction projects				•	
2.3	Identification of options – Lead Agency considers the range of ways including ‘do nothing’ option in which services can be delivered				•	
2.4	Test options – Lead Agency and DPTI Infrastructure undertake research and development to validate the demand and test options				•+	+
2.5	Initial description of project scope – an initial description of project scope and first broad assessment of affordability and budget impact is prepared				•+	+
2.6	Develop outline business case for project – the planning work substantiates, through a process of consultation, that the proposed project satisfies the requirement for it to provide benefits to Government and society		+	+	•+	+
	<b>Gateway Two</b> Project defined for investigation and development of business case				•	

## Project Implementation Process Summary

Step 3	Project Planning and Substantiation – Leading to a Full Business Case	Government	DTF	DPTI Strategy	Lead Agency	DPTI Infrastructure
3.1	Develop full business case		+	+	•+	+
	<ul style="list-style-type: none"> <li>For high value, complex and/or unique projects full concept design may be required – seek approval of funds for business case development from the appropriate agency delegate and appoint professional service contractor team</li> <li>For lower value, standard projects utilise DPTI Infrastructure in-house expertise and design resource</li> </ul>		+	+	•+	+
3.2	Develop a preliminary project plan – Lead Agency develops a preliminary project plan based on estimated cost on completion, indicative program, assessed risk profile and initial assessment of consents and approvals required				•+	+
3.3	Seek relevant specialist advice – many projects benefit from specialist professional advice e.g. legal, environmental, heritage, regional, Aboriginal sites etc.				•+	+
	<b>Gateway Three</b> Project substantiated and business case completed				•	
Step 4	Project Funding Method and Resource Allocation	Government	DTF	DPTI Strategy	Lead Agency	DPTI Infrastructure
4.1	Consider funding options – consideration is given to a State capital allocation or opportunities for private provision and/or funding of the project, as well as Australian Government or local government participation		+		•+	+
4.2	Consider procurement options		+		•+	+
	<b>Gateway Four</b> Funding model agreed, project included in an approved government program and a decision made to proceed to Step 5: Delivery of the Project	•				
	Designation of the project as a Strategically Important Project (as determined by Cabinet)	•				
Step 5.1	Concept	Government	DTF	DPTI Strategy	Lead Agency	DPTI Infrastructure
5.1.1	Appoint project sponsor				•	
5.1.2	Establish project governance				•+	+
5.1.3	Appoint the project design team				+	•+
5.1.4	Review full business case and develop			+	•+	+

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	risk management plan					
5.1.5	Develop concept design				+	•+
5.1.6	Conduct strategic value management study				+	•+
5.1.7	Select the preferred concept design				•+	+
5.1.8	Secure stakeholder sign off				•+	+
5.1.9	Describe the preferred concept design in a concept report				+	•+
	ODASA assurance (Strategically Important Projects only)				•+	+
	Cabinet approval of Major Variance including ODASA assurance (if required, on Strategically Important Projects only)				•+	+
	<b>Gateway Five</b> Approval that the project developed during the 5.1 Concept phase is consistent with the parameters approved by Government in regard to project scope, quality, budget and program				•+	+
	Approval to commit the expenditure required to progress the Design, Documentation and Tender phases		+		•+	+
	Referral to the Parliamentary Public Works Committee (if required)				•	•
<b>Step 5.2</b>	<b>Design</b>	<b>Government</b>	<b>DTF</b>	<b>DPTI Strategy</b>	<b>Lead Agency</b>	<b>DPTI Infrastructure</b>
5.2.1	Maintain project governance				•+	+
5.2.2	Review concept and develop design				+	•+
5.2.3	Test and confirm a cost plan for the project				+	•+
5.2.4	Test and confirm a detailed project program				+	•+
5.2.5	Confirm construction procurement method				+	•+
5.2.6	Implement process for achieving approvals required for the project				•	•
5.2.7	Confirm that the design satisfies endorsed concept parameters				•	•
	Cabinet approval of Major Variance including ODASA assurance (if required, on Strategically Important Projects only)				•+	+
5.2.8	Transition briefing				+	•+
<b>Step 5.3</b>	<b>Documentation</b>	<b>Government</b>	<b>DTF</b>	<b>DPTI Strategy</b>	<b>Lead Agency</b>	<b>DPTI Infrastructure</b>
5.3.1	Confirm the project plan				+	•+
5.3.2	Complete design approvals					•

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5.3.3	Prepare construction contract documents				+	•+
5.3.4	Obtain pre-tender estimate					•
	Cabinet approval of Major Variance including ODASA assurance (if required, on Strategically Important Projects only)				•+	+
	<p><b>Gateway Six</b> Approval that the project developed during the 5.2 Design and 5.3 Documentation phases is consistent with the parameters approved by Government in regard to project scope, quality, budget and program</p> <p>Approval to call tenders and commit to the market</p>				•+	+
Step 5.4	Tender	Government	DTF	DPTI Strategy	Lead Agency	DPTI Infrastructure
5.4.1	Determine the construction contractor tender field				+	•+
5.4.2	Call tenders and obtain tender comparison estimate					•
5.4.3	Prepare tender evaluation report and recommendation					•
	Cabinet approval of Major Variance including ODASA assurance (if required, on Strategically Important Projects only)				•+	+
	<p><b>Gateway Seven</b> Approval that the project developed during the 5.4 Tender phase is consistent with the parameters approved by Government in regard to project scope, quality, budget and program</p> <p>Approval to proceed to construction by committing the balance of the project expenditure and awarding construction contracts</p>		+		•+	+
Step 5.5	Construction	Government	DTF	DPTI Strategy	Lead Agency	DPTI Infrastructure
5.5.1	Transition briefing				+	•
5.5.2	Review project governance				•+	+
5.5.3	Manage the construction contract				+	•+
5.5.4	Manage the project budget and program				+	•+
	Cabinet approval of Major Variance including ODASA assurance (if required, on Strategically Important Projects only)				•+	+
5.5.5	Commission the construction project				+	•+
5.5.6	Handover the completed construction				+	•+

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	project					
5.5.7	Defects liability period of the contract				+	•+
Step 5.6	Review	Government	DTF	DPTI Strategy	Lead Agency	DPTI Infrastructure
5.6.1	Update information systems				•	•
5.6.2	Defects Management				+	•+
5.6.3	Post -Construction Review				+	•+
5.6.4	Post-Occupancy Evaluation				•	•
5.6.5	Management review		+	+	•+	+
5.6.6	Finalise the project finance and contracts				•	•
5.6.7	Update construction/professional service contractor data					•
5.6.8	Feedback information to the Project Planning and Substantiation phase		+	+	•+	+

• Lead    •• Joint Lead    •+ Lead in consultation    + Consulted

