Construction Procurement Policy

Project Implementation Process
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.

The Strategic Infrastructure Plan for South Australia emphasises the need for agencies 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 contracting for concept, design and construction.

The State Procurement Act 2004 governs the procurement operations of government agencies and advances 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 Regulations under the Act exempt from State Procurement Board processes ‘prescribed construction projects’ over $150,000 in value. Instead these projects are procured within the policy framework provided by the 5-step Infrastructure Planning and Delivery Framework, the Project Implementation Process and Treasurer’s Instructions. These policies provide a robust, well-established and unique policy and management framework managed by the infrastructure agencies of government - the Department for Transport, Energy and Infrastructure; the Department for Administrative and Information Services and Land Management Corporation.
This Project Implementation Process is the South Australian Government’s policy for the procurement of construction projects. It guides construction procurement from the time government takes a decision to progress a project after Step 4 of the 5-step Infrastructure Planning and Delivery Framework and is applicable to all ‘prescribed construction projects’.

The Minister for Infrastructure and the Minister for Administrative Services govern the process and the infrastructure agencies administer application of the construction procurement policy.

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. Excellence in construction procurement meets the priorities of South Australia’s Strategic Plan - growing prosperity, improved wellbeing, attaining sustainability, fostering creativity, building communities, and expanding opportunities.
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Glossary

For further information
The State’s public works authorities have been designing, building and maintaining our 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 departments.

In 1995, construction procurement came under the policy umbrella provided by the Cabinet-approved ‘Project Initiation Process’, which documented the procurement process that must apply to all public sector building construction projects over $150,000 including the roles of key stakeholders.

In 2005 Cabinet approved that ‘prescribed construction projects’ with a total value exceeding $150,000 would be exempt by regulation from the State Procurement Act 2004. This recognised that construction has separate well-established procurement processes managed by infrastructure agencies with the level of expertise and established processes required. Construction procurement is managed by the policy framework provided by Treasurer’s Instructions and associated guidelines, the 5-step Infrastructure Planning and Delivery Framework in the Strategic Infrastructure Plan for South Australia, and this Project Implementation Process.

The Project Implementation Process is a generic policy that can be applied to all types of prescribed construction projects under the State Procurement Act 2004 and Regulations. It has been developed specifically to guide construction procurement of infrastructure - buildings, roads, bridges, land development and the like - and provides a detailed procedure through which lead agencies demonstrate that approved prescribed construction projects are well designed, and tendered and constructed with documentation to verify that due process has been followed.

It stipulates a role for the infrastructure agencies, Department for Transport Energy and Infrastructure (DTEI), Department for Administrative and Information Services (DAIS) and Land Management Corporation (LMC), in the delivery of prescribed construction projects. These agencies have developed specific implementation guidelines for the application of the Project Implementation Process for infrastructure, commercial building and land development projects.

The Department of Treasury and Finance (DTF) will be involved from the outset in advising on projects, programs and financial matters. All major capital projects require a business case that meets the requirements of Treasurer’s Instruction 17 and its associated guidelines. The complexity of the business case depends on the risk, complexity and profile of the project. DTF undertakes full evaluation of the business case for all proposed construction projects and advises Government on the assumptions underlying the expected costs and benefits. It ensures that Cabinet is informed on the accuracy and robustness of the economic analysis and that the proposed project provides effective value for money to Government.

DTEI will also be involved from the outset in advising on the requirements of the State Infrastructure Plan, on opportunities for across-agency coordination as well as monitoring and reporting on infrastructure project progress.

The Project Implementation Process integrates with the 5-Step Infrastructure Planning and Delivery Framework at the completion of Step 4: Funding Options and provides detailed guidance to Step 5: Delivery. Up to the conclusion of Step 3 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.

Overview
The agency establishes that the proposed construction project has a business case with demonstrable benefit in accordance with the requirements of Treasurer’s Instruction 17 and Guidelines for the Evaluation of Public Sector Initiatives. There is consideration of the range of appropriate procurement and financing options to be explored in detail in Step 4, but the business case is developed independent of a final decision on the preferred models. The detail in the business case is dependent on the risk, complexity and profile of the proposed project.

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 on an approved government program and proceeds to Step 5: Delivery of the Project.
The Project Implementation Process commences at Step 5: Delivery of the Project and breaks this step into six phases - Concept; Design; Documentation; Tender; Construction and Review. It provides more detail to the requirements during these complex and high-risk phases of construction procurement.

**Step 5: Delivery** 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, April 2005)

**5.1 Concept**
The project team develops the project brief and concepts to the point where there are sufficient details to demonstrate that the 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.

At the end of this phase the lead agency’s Minister or delegate must decide whether the project will proceed to Design and Documentation phases through Gateway 5.

**5.2 Design**
Design includes developing the approved concept option 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.

**5.3 Documentation**
Documentation takes the developed design and prepares the detailed drawings and specification that will form the basis of the construction contract documentation. It 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 6.
Key Features of the Project Implementation Process

The Project Implementation Process details the process for the development and delivery of the prescribed construction project commencing with Step 5: Delivery of the Project. The key features are:

- ensuring that projects meet service delivery needs consistent with the Government’s strategic directions and agency business objectives and the business case agreed under the 5-step process;
- requiring every prescribed construction project to have strong leadership from the lead agency and Minister taking responsibility for its progress from inception to handover to the end users and final completion;
- ensuring every project has construction procurement managed by an infrastructure agency and strategic input from the Department of Treasury and Finance and Department of Transport, Energy and Infrastructure;
- selecting and assigning appropriate professional expertise to develop the approved concept, undertake design, manage risk, calculate cost and time estimates during the procurement process and manage construction;
- establishing good project governance and clear lines of accountability for all phases of the project and for documentation to provide an audit trail;
- adhering to the required gateway approvals process and the relevant legislative and policy framework;
- 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.

5.4 Tender

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

Calling and assessing construction tenders is carried out in accordance with the tendering codes, a final approval for expenditure is obtained from the lead Minister and approval of the contract from the contract Principal before awarding the construction contract(s).

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 7.

5.5 Construction

Construction includes the on-site activities by construction contractors and subcontractors that result in the building asset being constructed or refurbished.

There are specific requirements to be met in the construction and commissioning of a built asset project.

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 building projects.

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 also includes monitoring the performance of the asset, generally for twelve months, and making adjustments as required in response to end user issues.
Application of the Project Implementation Process

The Project Implementation Process must be applied to all projects that are a ‘prescribed construction project’ undertaken by government agencies other than those defined as a ‘prescribed public authority’ as defined in the State Procurement Act (Appendix 1). Details of the Government of South Australia departments, agencies, branches and business units are on the web site http://www.sacentral.com.au/

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

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

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

It is recognised that there is varied risk in projects and that there should be flexibility to tailor risk and project management roles and to assign greater levels of autonomy to agencies that can demonstrate existing capability. Where the relevant infrastructure agency is of the view that risks can be managed adequately by the agency or professional contractor or construction teams, flexible arrangements can be negotiated to exempt projects up to a value of $1 million (excluding GST).

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 ‘prescribed construction projects’ to which the policy applies.

The process need not be sequenced in this way and under a range of procurement methodologies (fast-track, early construction contractor appointment, design-construct or alternative financing options such as PPP or private finance) some phases will run in parallel and there will be integrated gateway approvals.

The infrastructure agencies 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.

Diagram 1 provides examples of concurrent phases and integrated gateway approvals and an explanation of the differences.
Diagram 1 Phases and Gateways in Various Delivery Models

A Standard reinvestment/new investment construction project

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<th>Strategic analysis &amp; identification of infrastructure need</th>
<th>Outline of case for change and project scoping</th>
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Gateway 4  Gateway 5  Gateway 6  Gateway 7

Infrastructure Planning and Delivery Framework

The standard reinvestment/new investment construction project generally follows the traditional process and requires sequential approvals at the four gateways.

B Standard reinvestment/new investment construction project–fast

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Gateway 4  Gateway 5  Gateway 6 & 7

A fast track approach to standard construction procurement combines tender call and approval to proceed to construction.

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

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Gateway 4 & 5  Gateway 6 & 7

Complex, high value projects of strategic importance may need significant concept work as part of the business case leading to approval of the funding and procurement model. The project proceeds directly into design before a combined contract and funding approval partway through documentation.

D Complex, high value, unusual reinvestment/new investment construction project–alternative funding/procurement

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Gateway 4 & 5  Gateway 6 & 7

Complex, high value unusual projects with alternate funding/procurement will need 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 and the contract documents will follow before a gateway approval of contract arrangements.
Project Implementation Process

Typically, standard reinvestment/new investment construction projects (A) will progress through the planning and delivery steps in a traditional, sequential manner.

Standard reinvestment/new investment construction fast track projects (B) using techniques such as construction management or managing contractor procurement methodologies, will have the Design, Documentation, Tender and Construction phases overlapping and a combined gateway approval to proceed to tender and of final estimated expenditure.

Complex, high value, unusual reinvestment/new investment construction projects (C) typically utilise fast track procurement methodologies and will have the Design, Documentation, Tender and Construction phases overlapping and a combined gateway approval to proceed to tender and final estimated expenditure. 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. Therefore the Concept phase is brought forward and there is a combined gateway approval of the concept design and the project in an approved government program.

Complex, high value, unusual reinvestment/new investment construction projects (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 there will be development of the brief, the public sector comparator and the contract documents in Phase 5.2 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.

Key Roles

The Department of the Premier and Cabinet 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 Project Implementation Process describes four key roles in the delivery of prescribed construction projects – the Department of Transport, Energy and Infrastructure, the Department of Treasury and Finance, the Lead Agency, and the Infrastructure Agency.

Department for Transport, Energy and Infrastructure (DTEI)

DTEI 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.

Department of Treasury and Finance (DTF)

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 No 17. In accordance with 17:14 any submissions to Ministers need to be accompanied by written advice from DTF on budgetary aspects of the initiatives.

DTF 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 coordination and resolution of asset management policy issues, development of accounting and financial reporting standards, advice to Cabinet on agency budgets including capital investment proposals and the review of major capital projects, including the assessment of proposals for the private sector provision and operation of infrastructure.
DTF undertakes full 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.

Lead Agency
The lead agency is responsible for the provision of government services and consequently defines the extent, quality and location of services. It is primarily responsible for the initial planning, budgeting and approval elements of the project and ultimately accountable for the management and operation of the asset.

In a prescribed construction project the lead agency is the project sponsor or ‘owner’ and ensures there is appropriate project governance and the project meets the requirements of State and agency strategic plans.

Lead agency responsibilities include:
- ensuring the services are consistent with the lead agency’s legislated role;
- determining the services that require new or re-investment in a built asset;
- developing the initial project scope, required standards and preliminary budget and program;
- identification of 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;
- identification and management of key stakeholders and end user inputs;
- project governance;
- gateway approvals under the Project Implementation Process.

Agencies may customise their role in the Project Implementation Process to their agency business and structure. Where the Project Implementation Process chart indicates lead agency responsibility, the lead agency may develop details to indicate precisely who in their organisation is responsible and accountable for this task.

Infrastructure Agency
The Department for Transport Energy and Infrastructure (DTEI), Department for Administrative and Information Services (DAIS) and Land Management Corporation (LMC) provide project risk management and management to ensure that the Project Implementation Process and all relevant policies and guidelines for construction procurement are followed. These agencies ensure 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 proper decision making, monitoring and reporting.

The management role includes:
- guiding all stakeholders through the Project Implementation Process;
- identification of construction procurement risks and management of these risks;
- providing advice and engaging independent or internal professional expertise to undertake design and manage the project scope, budget, program and quality;
- ensuring that all necessary planning work is completed, and assisting with the achievement of required gateway approvals;
- administering government’s endorsed policies and processes such as the prequalification systems to select professional service and construction contractors for the project;
- determining the appropriate construction procurement model and management framework;
- maintaining records, contract drawings and specifications and project financial details;
- ensuring timely and appropriate payments to professional service contractors and construction contractors, in accordance with the contract and government policy;
- accepting formal contract administration roles.

The relevant infrastructure minister or delegate enters into all professional service and construction contracts to ensure there is a consistent approach to contracting with the industry supported by robust, risk managed tendering and contract processes and systems.

DTEI has responsibility for management of construction procurement for government road,
Project Implementation Process

bridge and other civil engineering assets, as well as managing the risks related to government infrastructure construction and performing the industry interface role on behalf of government.

DAIS 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. DAIS works in conjunction with other lead agencies, the building construction industry and the Australian Procurement and Construction Council (APCC) to develop procurement practices that reflect best practice.

LMC is the State Government corporation responsible for managing and developing South Australia’s portfolio of land assets. Formed under the Public Corporations Act, LMC is managed by a Board under the direction of the Minister for Infrastructure. As a public entity with a commercial focus, LMC manages the development of residential and industrial land, commercial property and major urban projects.

**Land Management Roles**
The Land Management Corporation (LMC) manages the purchase and/or disposal of real property on behalf of all government agencies, other than exempt agencies. In the case of non-metropolitan property LMC may enlist the assistance of the Department for Environment and Heritage, where appropriate.

The Department for Environment and Heritage (DEH) manages Crown land in all areas of the State. This includes land held in the conservation reserve system and as public land. DEH may enlist the assistance of LMC in the transfer of Crown Land on the open market.

**Agency Roles**
The Department for Environment and Heritage (DEH) is responsible for environment policy, biodiversity conservation, heritage conservation and environmental sustainability. The Office of Sustainability within DEH works in conjunction with government agencies and the private sector including the construction industry to drive strategies for 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 Department of Trade and Economic Development is the South Australian 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.

The Office of the Crown Solicitor provides advice on commercial and legal matters generally, and assists contract negotiation and development. The office ensures certification of the adequacy of proposed contractual arrangements, as well as probity of procedures and the methods proposed for asset acquisition.

Planning SA provides the strategic directions for the State through the provision of guidelines for development planning in metropolitan, outer metropolitan Adelaide and the regional areas.

The Government Office Accommodation Committee has responsibility for the development and implementation of policies for the management of government office accommodation. It is responsible for maintaining a register of all office accommodation owned in the public sector and its current and future availability. It also maintains a register of all leases of office accommodation from external sources to agencies and instrumentalities. This register includes details of the rent payable, length of tenure and other relevant details.
Gateway Approvals for Strategic Planning and Project Delivery

There are seven gateway approvals which must be adhered to in all prescribed 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 the project to move from strategic planning to project delivery. A further three gateways are part of the Project Implementation Process.

5-Step Infrastructure Planning and Delivery Framework

Higher value, complex and/or unique re-investment or new investment projects will be required to achieve four gateway approvals. Achievement of these gateways may include presentations to the Major Projects and Infrastructure Committee of Cabinet (MPICC) 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 the 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.

Lower value, routine re-investment or new investment projects will be required to achieve one approval, Gateway Four, which will result in the project being included in an ongoing approved agency capital investment program.

Project Implementation Process

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

Gateway Six
Approval to call public tenders and commit to the market once the lead agency/project sponsor is satisfied that the project has been sufficiently developed to be reasonably certain that it is within the parameters agreed with Government.

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

The financial threshold for submission of projects for approval will be based on the total cost (capital + GST) of the project, regardless of whether the funds are provided by the public or the private sector. This requirement is for all prescribed 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, agencies must not stage projects in a manner that avoids submitting the proposal for approval at an appropriate delegation based on the total project cost.

In accordance with Treasurer’s Instruction No 17: Guidelines for the Evaluation of Public Sector Initiatives, the following approval authorities apply for prescribed construction projects that are public sector initiatives not included in a budget approved by Cabinet.

Cabinet approves projects where the estimated total cost of the project when all stages of construction are complete is:
- equal to or greater than $4.4 million (inclusive of GST).

The lead Minister approves projects where the estimated total cost of the project when all stages of construction are complete is:
- greater than $1.1 million (inclusive of GST) or 1% of the agency’s total annual recurrent and capital expenditure and less than $4.4 million.

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

The lead agency Chief Executive or other authorised officers 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 Chief Executive delegation whichever is the lower.
Integration of the 5-Step Framework with the Project Implementation Process

Once a prescribed construction project has all required 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 that the project planning policy integrates with the project delivery policy, and the Project Implementation Process guides the project through six phases and three gateway approvals.

Diagram 2  Integration of the 5-Step Framework

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<table>
<thead>
<tr>
<th>5-step Infrastructure Planning &amp; Delivery Framework</th>
<th>Step 1</th>
<th>Strategic analysis and identification of infrastructure needs</th>
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<tr>
<td></td>
<td>Gateway 1 Strategic infrastructure priorities approved by Government</td>
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<thead>
<tr>
<th>5-step Infrastructure Planning &amp; Delivery Framework</th>
<th>Step 2</th>
<th>Outline of case for change and project scoping</th>
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<td>Gateway 2 Project defined for investigation and development of business case</td>
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<tr>
<th>5-step Infrastructure Planning &amp; Delivery Framework</th>
<th>Step 3</th>
<th>Project planning and substantiation – leading to a full business case</th>
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<tr>
<td></td>
<td>Gateway 3 Project substantiated and the business case completed</td>
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<tr>
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<th>Project funding method and resource allocation</th>
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<td></td>
<td>Gateway 4 Project included in an approved government program</td>
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<tr>
<th>5-step Infrastructure Planning &amp; Delivery Framework</th>
<th>Step 5</th>
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<td></td>
<td>5.1</td>
<td>Concept Development</td>
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<td>5.2</td>
<td>Design</td>
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<td>5.3</td>
<td>Documentation</td>
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<td>5.4</td>
<td>Tender</td>
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<td></td>
<td>5.5</td>
<td>Construction</td>
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<td></td>
<td>5.6</td>
<td>Review</td>
</tr>
</tbody>
</table>
The 5-Step Infrastructure Planning and Delivery Framework


To provide context to the Project Implementation Process the key features of the five steps are summarised below. Step 5: Delivery is detailed subsequently as the Project Implementation Process.

**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 the 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.

*(Strategic Infrastructure Plan for South Australia, April 2005)*

**What to do**

Government has provided a broad outline of its strategic priorities in South Australia’s Strategic Plan: - growing prosperity; improved wellbeing; attaining sustainability; fostering creativity; building communities and expanding opportunities. 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 must be tested against the state’s plans, the urban and regional planning strategies, and agency plans for improved service delivery.

To inform strategic planning, the agency will apply its own research and make use of research conducted by the infrastructure agencies in their role of interfacing with the construction industry.

**Gateway One Approval**

*At the end of Step 1 the strategic infrastructure priorities will be approved by government.*

<table>
<thead>
<tr>
<th>Step 1</th>
<th>Strategic Analysis and Identification of Infrastructure Needs</th>
<th>Government</th>
<th>DTF</th>
<th>DTEI</th>
<th>Lead Agency</th>
<th>Infrastructure Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Government provides a statement of its key directions and strategies – South Australia’s Strategic Plan</td>
<td>●</td>
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<tr>
<td>1.2</td>
<td>Government provides the Strategic Infrastructure Plan</td>
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</tr>
<tr>
<td>1.3</td>
<td>Review Agency Strategic Plan - lead agency reviews to see that its corporate planning reflects Government’s key directions and strategies</td>
<td>●</td>
<td>●</td>
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<tr>
<td>1.4</td>
<td>Review Strategic Asset Management Plan - lead agency considers information about asset life and performance</td>
<td>●</td>
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<tr>
<td>1.5</td>
<td>Undertake strategic project planning - lead agency establishes the basis for proposing a construction project to support service delivery</td>
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<tr>
<td></td>
<td><strong>Gateway One</strong></td>
<td>●</td>
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</tbody>
</table>

● Lead ● ● Joint lead ● + Lead in consultation
Step 2
Outline of Case for Change and Project Scoping

Step 2 is the definition by agencies, in association with the Department for Transport, Energy and Infrastructure and the Department of Treasury and Finance 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;
- 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.

(Strategic Infrastructure Plan for South Australia, April 2005)

Gateway Two Approval

This process leads to a short list of adequately scoped projects that are then approved by government for further detailed analysis.

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, 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, Major Projects and Infrastructure Committee of Cabinet or Cabinet approval as advised by DTF and DTEI on a project by project basis.
### The 5-Step Infrastructure Planning and Delivery Framework

<table>
<thead>
<tr>
<th>Step 2</th>
<th>Outline of Case for Change and Project Scoping</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Define required services and scope - lead agency defines required services and scope of projects to address State’s infrastructure priorities</td>
</tr>
<tr>
<td>2.2</td>
<td>Establish broad priorities for construction projects - lead agency establishes a broad priorities schedule of service demands that require construction projects</td>
</tr>
<tr>
<td>2.3</td>
<td>Identification of options - lead agency considers the range of ways including ‘do nothing’ option in which services can be delivered</td>
</tr>
<tr>
<td>2.4</td>
<td>Test options - lead agency and infrastructure agency undertake research and development to validate the demand and test options</td>
</tr>
<tr>
<td>2.5</td>
<td>Initial description of project scope - an initial description of project scope and first broad assessment of affordability and budget impact is prepared</td>
</tr>
<tr>
<td>2.6</td>
<td>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.</td>
</tr>
</tbody>
</table>

**Gateway Two**

Project defined for investigation and development of business case

<table>
<thead>
<tr>
<th>Government</th>
<th>DTF</th>
<th>DTEI</th>
<th>Lead Agency</th>
<th>Infrastructure Agency</th>
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<td>●</td>
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</tbody>
</table>

- ● Lead
- ●● Joint lead
- ●●● Lead in consultation
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 scope and delivery 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 must 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.

Prescribed construction projects range in complexity and risk from multi-million one-off projects of strategic importance to the State, and using innovative procurement, to projects nearer to $150,000.

Higher value, complex and/or unique re-investment or new investment projects will require development of a full and detailed business case with input from DTEI and DTF. 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 will be developed by a professional planning, design, cost management and business team and generally specific planning study/business case funding will be required. Approval of funds to undertake the necessary investigations will be secured from the appropriate lead agency delegate.

Lower value, routine re-investment or new investment projects will not generally require full concept development to formulate the business case. Projects that are included in an ongoing approved agency capital investment program 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. Lead agencies, working with infrastructure agency in-house professional expertise, are capable of scoping the projects and developing the 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 DTEI and DTF. In meeting the requirements of Treasurer’s Instruction 17, the level of business case detail in lower value routine projects or projects that are part of an ongoing approved agency capital investment program is less than that required for higher value complex projects, however agencies must ensure that an appropriately detailed business case is developed, including a ‘do nothing’ case.

The planning work substantiates, through a process of broad consultation including with local government where applicable, that the proposed project satisfies the requirement for it to provide benefits to government and society 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 can provide valuable scoping information to projects at this stage.

There will 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. Based on the initial scope definition, an estimated cost on completion and an indicative program, each of which has a reasonable degree of certainty, a preliminary project plan is prepared. There is 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. DTF undertakes full evaluation of the business case for all 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 economic analysis and that the proposed construction project provides effective value for money to government.

DTEI will be involved from the outset in advising on the requirements of the State Infrastructure Plan and opportunities for across-agency coordination, including discussions with local councils as appropriate.

Infrastructure agencies will be involved on design, budget, program, risk and procurement matters and will apply their professional expertise in construction procurement and using the risk management process Australian Standard AS/NZS 4360:1995 to identify, analyse, assess, prioritise and manage risks.

All new project proposals from agencies for the Government’s capital works program will be accompanied by a comment from the infrastructure agency 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 escalators for future costs are reasonable.

Where the uncertainty level is above 10% the infrastructure agency 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.

Infrastructure agencies 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 capital investment program cash flow.

Where there are legal issues, the Crown Solicitor will provide advice. Projects with high-risk or exceptional circumstances may be referred to the Prudential Management Group for comment before being recommended to Cabinet.

Specific advice will be provided by the DAIS Heritage Unit and the Department for Environment and Heritage for heritage assets, and the Office of Sustainability on environmental sustainability. The Department of Trade and Economic Development will advise on small business matters and its Office for Regional Affairs on regional matters; the Department for Families and Communities for family impact issues;
and the Department for the Premier and Cabinet, Department for Aboriginal Affairs and Reconciliation 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 the requirements of Treasurer’s Instruction 17 and Guidelines for the Evaluation of Public Sector Initiatives.

There is consideration of the range of appropriate procurement and financing options to be explored in detail in Step 4, but the business case is developed independent of a final decision on the preferred models. The detail in the business case is dependent on the risk, complexity and profile of the proposed project.

**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.

The infrastructure agencies have a range of approved standard form contracts and the capability to develop contracts and construction procurement plans to meet unique project requirements.

Procurement options are considered to determine the best forms of contracting, taking into account a full range of public and private sector delivery and funding options.

Possibilities include recognised government contracting methods including traditional lump sum contracting, construction manager, design and construct, managing construction contractor, early construction contractor involvement and alliance contracting as well as public/private interface methods such as Build Own Operate, development agreements and operating leases and private delivery of public infrastructure through outsourcing and privatisation.

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<th>Step 3</th>
<th><strong>Project Planning and Substantiation – Leading to a full Business Case</strong></th>
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<th>DTEI</th>
<th>Lead Agency</th>
<th>Infrastructure Agency</th>
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<tbody>
<tr>
<td>3.1</td>
<td>Develop full business case</td>
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<td>- For high value, complex and/or unique projects full concept design may</td>
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<td>be required - seek approval of funds for business case development from</td>
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<td>the appropriate agency delegate and appoint professional service</td>
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<td>contractor team</td>
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<td>- For lower value, standard projects utilise infrastructure agency in-house</td>
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<td>expertise and design research</td>
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<td>3.2</td>
<td>Develop a preliminary project plan - lead agency develops a preliminary</td>
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<td>project plan based on estimated cost on completion, indicative program,</td>
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<td>assessed risk profile and initial assessment of consents and approvals</td>
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<td>3.3</td>
<td>Seek relevant specialist advice – many projects benefit from specialist</td>
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<td>professional advice which may be legal, environmental, heritage, regional,</td>
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<td>Aboriginal sites etc</td>
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</table>

**Gateway Three**

Project substantiated and business case completed ● + +
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 draw down 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 Partnerships SA document, ‘Private Sector Participation in the Provision of Public Services – Guidelines for the Public Sector’. (Strategic Infrastructure Plan for South Australia, April 2005)

Gateway Four Approval
At this point, Cabinet is able to approve the funding method for the project and any appropriations that are required. This includes approval for the project to be included in an approved government program and 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 on an approved government program and proceeds to the delivery step.

When the prescribed construction project is substantiated through the development of an appropriate business case, the lead agency in consultation with DTF and DTEI will consider the potential funding source.

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

The Government’s Capital Investment Program traditionally provides funding for a project to support government service delivery. Funding for agency programs or routine projects is generally through the budget bi-lateral process in which agencies put forward their prioritised projects for consideration.

Some projects will be appropriately funded from other sources including Public Private Partnerships/ Private Finance Initiatives (PPP/PFI), Build Own Operate (BOO) or Build Own Operate Transfer (BOOT) agreements.

PPP/PFI options will depend primarily upon two pre-conditions:

- 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;
- the extent to which project risks can be effectively transferred to the private sector, is a key element of the options appraisal.

If Cabinet approves project delivery by the private sector, the Partnerships SA procurement process must be invoked immediately.

Some projects will attract Australian Government or Local Government funding, or donated funds. Where there are funding arrangements involving the Australian Government, Local Government and private sector, agencies must ensure that Cabinet is fully informed to make its decisions 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.
Step 4  
**Project Planning Method and Resource Allocation**  

<table>
<thead>
<tr>
<th>Step 4</th>
<th>Project Planning Method and Resource Allocation</th>
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<th>DTEI</th>
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<th>Infrastructure Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>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</td>
<td>+</td>
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<tr>
<td>4.2</td>
<td>Consider procurement options</td>
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<td></td>
<td><strong>Gateway Four</strong></td>
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<td></td>
<td>Funding model agreed, project included in an approved government program and a decision made to proceed to Step 5: Delivery (PIP 5.1-5.6)</td>
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</table>

- ● Lead  
- ●● Joint lead  
- ●+ Lead in consultation

Step 5  
**Delivery of the Project**  
The Project Implementation Process is used to design, document, tender and construct the project.

**Transition Briefing**  
There is a formal transition briefing from those involved in the planning work in Steps 1-4 to those responsible for Step 5 Delivery to ensure that assumptions, key decisions and identified risks are understood and the project is implemented accordingly.
Project Implementation Process

5.1 Concept
5.2 Design
5.3 Documentation
5.4 Tender
5.5 Construction
5.6 Review
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’s Minister or delegate must decide whether the project will proceed to Design and Documentation phases through Gateway Five.

The prescribed construction project is now progressed through the appointment of the professional design and cost management team that will deliver the completed project. Team communications and governance structures are established.

The 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.

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 agreed 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 must be 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.

5-Step Framework and Project Implementation Process

<table>
<thead>
<tr>
<th>5.1 Concept</th>
<th>Government</th>
<th>DTF</th>
<th>DTEI</th>
<th>Lead Agency</th>
<th>Infrastructure Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1.1 Appoint project sponsor</td>
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<tr>
<td>5.1.2 Establish project governance</td>
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<tr>
<td>5.1.3 Appoint the project design team</td>
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<tr>
<td>5.1.4 Review full business case and develop risk management plan</td>
<td>+</td>
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<tr>
<td>5.1.5 Develop concept design</td>
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<td>●</td>
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</tr>
<tr>
<td>5.1.6 Conduct strategic value management study</td>
<td>+</td>
<td>●</td>
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<tr>
<td>5.1.7 Select the preferred concept design</td>
<td>●</td>
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<tr>
<td>5.1.8 Secure stakeholder sign off</td>
<td>●</td>
<td>+</td>
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</tr>
<tr>
<td>5.1.9 Describe the preferred concept design in a concept report</td>
<td>●</td>
<td>+</td>
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</tr>
<tr>
<td>Gateway Five Approval to commit the expenditure required to progress the Design, Documentation and Tender phases</td>
<td>●</td>
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<tr>
<td>Referral to the Parliamentary Public Works Committee [if required]</td>
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</tbody>
</table>
5.1.1 Appoint the Project Sponsor
Each project is required to have a lead Minister and a senior officer at an executive level appointed as its project sponsor. The lead Minister has responsibility for the project while the project sponsor provides leadership and direction to the project, 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.

A lead agency representative carries out the day-to-day work of the project sponsor but accountability for the project and its outcomes cannot be delegated from the executive project sponsor.

5.1.2 Establish Project Governance
To manage the project, various governance committees must be established.

The lead agency will be represented through the project sponsor, lead agency representative and nominees including end users and other key stakeholders. The infrastructure agency will be similarly represented.

Large and complex projects may require the appointment of a steering committee and project control group while routine projects may be appropriately governed with a project control group only. The role of the 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 control group is to undertake day-to-day management of all project issues, escalating those issues outside its authority to the steering committee. It is responsible for implementing management techniques that will achieve the required project parameters in scope, time, cost and quality. It allocates project responsibilities, seeks all relevant approvals and generally supervises the project to its completion. It reports to the steering committee where such a committee exists, and to the project sponsor. In lower value, less risky projects the two committee roles are integrated and undertaken by the project control group.

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 form 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.

For building construction projects, most members of the project design team are selected from the private sector, using the government’s approved process for prequalification and competitive tendering for selection of professional service contractors. Private sector providers must be registered with InSkill SA.

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 and priorities applicable to the lead agency;
- mission or program statements by the lead agency;
- 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 Standard AS/NZS 4360:1995. There will be ongoing review and updating of the risk management plan throughout all delivery phases of the prescribed construction project.
5.1 Concept

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 built asset.

Early identification of statutory, planning and environmental constraints at this stage can help test alternative concepts and identify the impact of environmental and planning 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. Refer to the government web site for details.

There must be confirmation 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’s Energy Efficiency Action Plan requirements.

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 cannot progress to the Design phase if there is a mismatch, so time must be spent resolving any outstanding issues, including stakeholder aspirations and expectations as well as alignment with government requirements.

For all prescribed construction projects, in particular those equal to or greater than $11 million (inclusive of GST), a strategic value management study will be carried out to assist agencies to determine the preferred concept design.

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 externally verified.

5.1.8 Secure Stakeholder Sign Off
To ensure the project proceeds without delay, and avoid additional costs incurred through delays and late changes, the lead agency must secure agreement to the preferred concept by key stakeholders. These include the end user, any relevant community bodies and government 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
A detailed concept report provides the basis for the project to progress to the later stages of the Project Implementation Process. The report includes:
- 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 construction project;
- a written description of all viable concept designs considered;
- preferred concept design drawings;
- preferred concept design described in a report including 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;
- construction procurement method;
- cost estimate;
- indicative program;
- land acquisition plan;
- statement of risk to government, including risk assessment and a risk management plan;
- asset rationalisation plans, where required.

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

Design work will go ahead pending approvals from the respective bodies, but no money can be spent on construction until the appropriate approval is secured.

For projects of $4 million or more the Public Works Committee report must be tabled in the Parliament before construction commences.

**Gateway Five Approval**

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

When the preferred concept option has been selected and the concept report prepared, the lead agency must obtain approval to proceed to the Design and Documentation Phases in which further costs will be incurred. The recommendations may be accompanied by independent reports from the relevant infrastructure agency and/or DTF. It is the responsibility of the project sponsor to ensure all requirements are met.

**Referral to the Parliamentary Public Works Committee**

Cabinet must approve a project requiring review by the Public Works Committee before it is referred to the Committee for inquiry and report.

The Parliamentary Committees Act 1991, under which the Public Works Committee operates, requires that any public work with an estimated value in excess of $4 million (exclusive of GST) when all stages of construction are complete be referred to the Public Works Committee by the lead agency or instrumentality, and that no amount may be applied for construction until the Committee has reported on the work to the Parliament.

Furthermore, the Public Works Committee can review any project with a value less than $4 million if it so desires. In such situations construction can proceed without waiting for finalisation of the report by the Committee.

The Public Works 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 developed with a reasonable degree of certainty.

In addition, it can choose to review the project at any future stage or request further information.

**Concept Checklist of deliverables**

- Project sponsor appointed.
- Project team structure and organisation implemented.
- Professional service contractors appointed to design team.
- Strategic value management study completed.
- Preferred concept design developed and signed off by stakeholders.
- Gateway Five approval achieved.

Also, if applicable
- Submission to Cabinet and referral to Public Works Committee completed.
5.2 Design

The Design phase includes developing the endorsed project concept 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 approved concept option 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.

A key activity includes checking that the developed design is within the approved parameters and 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 project design delivers value for money and addresses the requirements for asset life cycle performance and ecologically sustainable development.

5-Step Framework and Project Implementation Process

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<thead>
<tr>
<th>5.2</th>
<th>Design</th>
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● Lead  ● Joint lead  ● Lead in consultation
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 professional service contractors will play a pivotal role in coordinating the design process and ensuring that all have the necessary input to produce an integrated design.

5.2.2 Review Concept and Develop Design
The detailed concept report is used by the project 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;
- 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 key timelines include:
- project approval processes including development, planning, Cabinet and Public Works Committee;
- enabling legislation;
- site acquisition and vesting of ownership;
- schematic design, design development, contract documentation process;
- tender call and acceptance;
- construction;
- commissioning;
- post handover period.

5.2.5 Confirm Construction Procurement Method
Construction procurement options considered in the concept phase will be discussed further and agreed as they influence the approach to and sequence in which contract documentation is prepared. The procurement method also affects the project program.

5.2.6 Implement Process for Achieving Approvals Required for the Project
Government construction projects require specific approvals before the project can proceed. In addition to Cabinet, Ministerial, Chief Executive and Parliamentary Committee approvals, public sector projects must conform to legislative requirements including the Development Act and the associated Regulations under the Act. The approvals required and the timelines to secure these approvals identified in the Concept phase must now be secured.

Development approval is required through the Development Assessment Commission.

The infrastructure agency is responsible for early consultation with the Development Assessment Commission and for timely identification of issues that may need to be addressed to meet planning requirements.

For building construction projects, certification for compliance with the Regulations under the Act is also required.

Certification covers planning approval and building rules compliance on matters including structural integrity, appropriate provision of amenities, lighting, ventilation and fire safety, and disability access.
5.2 Design

Reference will be made to other relevant legislation including the Occupational Health, Safety and Welfare Act. There are specific approvals that must be secured before the project design is finalised. These include:

- 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 heritage listed property;
- identifying and addressing issues relating to Aboriginal sites and people;
- 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 using the Project Implementation Process. In these circumstances the project must be referred back to the authorised delegate 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 is 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 must 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, any additional expenses incurred in making late changes to design and escalation costs due to extension of time, 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.

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

- Design professionals have completed schematic design and design development.
- Project cost plan developed.
- Detailed project program prepared and agreed.
- Construction procurement model selected.
- All necessary approvals secured – planning approval and project specific approvals.
- Sign off by lead agency and key stakeholders to confirm the design meets requirements.
- Design team briefed on key project requirements.
Also, if applicable
- Report from Public Works Committee tabled in Parliament.
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.

Documentation takes the developed design and using it as a basis, prepares the detailed drawings and specification that will 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 the lead agency gives approval to call public tenders and commit to the market once the lead agency/project sponsor is satisfied that the project has been sufficiently developed to be reasonably certain that it is within the parameters agreed with Government.

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### 5-Step Framework and Project Implementation Process

![Diagram of 5-Step Framework and Project Implementation Process]

<table>
<thead>
<tr>
<th>5.3 Documentation</th>
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<td>5.3.1 Confirm the project plan</td>
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<td>5.3.2 Complete design approvals</td>
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<td>Joint lead</td>
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<td>5.3.3 Prepare construction contract documents</td>
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<td>Joint lead</td>
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<td>5.3.4 Obtain pre-tender estimate</td>
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<td><strong>Gateway Six</strong> Approval to call public tenders and commit to the market</td>
<td>+</td>
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<td>Lead</td>
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- **Lead**
- **Joint lead**
- **Lead in consultation**
5.3 Documentation

5.3.1 Confirm the Project Plan
It is essential at this stage to review the project plan in regard to management of cost, time, communications, risk and procurement.

The elemental cost plan will be reviewed 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 scope that will be omitted to return 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.

The detailed program will be updated 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 need to be confirmed and communicated clearly so there is a common understanding of functions and responsibilities.

The preferred construction procurement model will be confirmed after discussion between the lead agency and project team on which parties will manage the range of construction risks including design, weather, latent conditions, time and cost.

Decisions will be made on which parties have authority to approve the 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, the Occupational Health, Safety & Welfare Act, the Environment Protection Act, the Public and Environmental Health Act, the Disability Discrimination Act and the Heritage Act.

Development approval, together with certification that the plans comply with the Regulations under the Development Act, must be sought and confirmed before tender call.

5.3.3 Prepare Construction Contract Documents
The Government of South Australia is a signatory to an "in principle" agreement to use Australian Standards and benchmarks in relation to tendering procedures, as outlined in Appendix 3.

The professional service contractors in the project team will prepare contract drawings and specifications that describe the construction 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 quality standards with which the construction contractor is to comply will be defined in the documentation to ensure best practice standards are achieved for the project.

5.3.4 Obtain Pre-Tender Estimate
The professional service contractor responsible for managing the cost plan will progressively review it to ensure that the scope of work and the design detailed in the documentation can be met from the allocated budget.

If the progressive review of cost or the pre-tender estimate exceeds the approved budget there must be agreement on the appropriate 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 delete scope from the contract documentation sufficient to return to budget or for there to be approval of additional funding by the relevant delegate (which may be Cabinet or the lead Minister) prior to tenders being called.
Gateway Six Approval

Approval to call public tenders and commit to the market once the lead agency/project sponsor is satisfied that the project has been sufficiently developed to be reasonably certain that it is within the parameters agreed with Government.

When the design and documentation progresses to a stage when the selected procurement model can progress within reasonable risk parameters, the lead agency must obtain approval at the appropriate level of delegation to proceed to the Tender Phase in which costs will be incurred by the construction market. A final check will be carried out to ensure that the following requirements are addressed:

- a complete and coordinated set of contract documents is available;
- the pre-tender estimate has been obtained and is within 5% of the approved construction budget;
- all necessary approvals have been secured, including approvals under the Development Act and, where necessary, a report from the Parliamentary Public Works Committee.

Documentation Checklist of deliverables

- Project plan confirmed.
- Design approvals completed.
- Pre-tender estimate prepared with estimated cost confirmed within 5% of budget.
- Contract documents (conditions, drawings and specifications) finalised.
- Gateway Six approval to proceed to tender.
5.4 **Tender**

The Tender phase includes establishing a tender field, calling tenders, appraising 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 7.

Calling and assessing construction tenders is carried out in accordance with the tendering codes. A final approval for expenditure is obtained from the lead Minister and approval of the contract from the contract Principal before awarding the construction contract(s). There is a gateway at the end of this phase where final expenditure approval is given by the lead agency and contract approval is given by the Principal in construction industry contracts prior to contracts being let and construction commencing.

Gateway Seven at the end of 5.4 ensures that there is a lead agency formal sign-off and appropriate contract approvals in place before the most significant expenditure component of prescribed construction projects is committed.

### 5-Step Framework and Project Implementation Process

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<th>5.4</th>
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<td>5.4.1</td>
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<td>5.4.2</td>
<td>Call tenders and obtain tender comparison estimate</td>
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<td>5.4.3</td>
<td>Prepare tender evaluation report and recommendation</td>
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<td><strong>Gateway Seven</strong></td>
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● Lead  ● Joint lead  ● Lead in consultation
5.4.1 Determine the Construction Contractor Tender Field

The government’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 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 by InSkill SA;
- a demonstrated commitment to training and skills development;
- conformance with Occupational Health, Safety and Welfare Regulations and other criteria.

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

5.4.2 Call Tenders and Obtain Tender Comparison Estimate

The relevant infrastructure agency will conduct all tender calls, including design and construction, observing the requirements for probity and adhering to all relevant Treasurer’s Instructions. During the course of the tender call the agency 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

The tender evaluation is undertaken in accordance with the principles outlined in the Code of Tendering (Australian Standard AS 4120 - 1994). The Code is a statement of ethics and procedures that underpin 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.

The Government of South Australia has published ‘Guidelines for Public Sector Building and Construction Tendering Practices for Contractors’ (September 1997) to assist agencies with implementation of the Code of Tendering.

Tender appraisal information is prepared in accordance with the principles detailed in the Code and the lead agency participates in the preparation, consistent with the construction industry’s standard, of a tender recommendation.

The recommended tender price should be within the cost limits previously identified.

Gateway Seven Approval

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

It is essential for the lead agency to obtain approval of total capital and GST expenditure sufficient to allow acceptance of the recommended tender before awarding the construction contract and extending the professional service contractor contracts into the Construction phase.

The expenditure approvals are sought from the party with the appropriate level of authority (Appendix 2).

The relevant infrastructure agency will accept the tender, establish the contract and execute a formal instrument of agreement in accordance with the Code of Tendering (Australian Standard AS 4120 - 1994) and the Government of South Australia guidelines for implementation introduced in September 1997.

The Code and guidelines have been endorsed by the construction industry in South Australia. As there are legal issues arising from construction contracts and their administration, it is essential that the authorised persons appointed under the contract manage and resolve these issues.

The contract award approvals are sought from the party with the appropriate level of authority (Appendix 2).
5.4 **Tender**

**Tender Checklist of deliverables**
- Construction contractors selected to tender.
- Tender call process completed using infrastructure agency systems with required standards of probity and in accordance with conditions of tendering.
- Tender evaluation report and recommendation.
- Tender and expenditure approval recommendation documented.
- Agency approval of sufficient expenditure to complete the project.
- Tender acceptance by infrastructure agency delegate and all necessary contracts extended and awarded.
5.5 **Construction**

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

There are specific requirements to be met in the construction and commissioning of a built asset 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 prescribed construction project.

### 5-Step Framework and Project Implementation Process

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- ● Lead
- ● Joint lead
- + Lead in consultation

### 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.

### 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 Control Group will generally invite executive and management representatives of the construction contractor to participate. This ensures that there is direct input from the party with the most direct influence on the success of the project during construction.

### 5.5.3 Manage the Construction Contract

Construction contracts are administered by infrastructure agencies on behalf of the Principal in the Contract. Generally the construction contracts are arranged so that the Minister appoints a Superintendent to independently and objectively administer the contract. The Superintendent is an executive in the...
5.5 **Construction**

Handover includes the provision of operating instructions and maintenance plans for the built asset and for any specific items of equipment that require instructions.

At handover the lead agency will be provided with ‘as built’ plans and financial information.

Practical completion or equivalent is when a construction contract has been completed and 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. Practical completion is marked by the issue to the construction contractor of a certificate of practical completion or equivalent.

5.5.7 **Defects Liability**

Most construction contracts have a defects liability period, usually twelve months, during which the construction contractor is responsible for completing minor omissions and defects outstanding at the time the building was handed over to the lead agency or for rectifying construction defects identified during this period.

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

### 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.
- Project within approved budget and program.
- Construction completed.
- Commissioning arrangements in place including training and manuals.
- Certification of occupancy to confirm statutory requirements have been met before handover from the construction contractor to the lead agency.
- Handover of construction from the construction contractor to the lead agency and end users.
- Defects documented and action agreed.
5.6 Review

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

Review 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 twelve months, and making adjustments as required in response to end user issues.

Various reviews are conducted to identify the design and construction achievements, to compare the expected service delivery outcomes with the actual performance of services and to report on areas where improvements can be made in subsequent projects.

Review includes finalising all design and construction contracts and updating of 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.

5 Step Framework and Project Implementation Process

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<tr>
<th>5.6</th>
<th>Review</th>
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✫ Lead  ✫ ✫ Joint lead  ✫ ✫ Lead in consultation

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*Government, DTF, DTEI, Lead Agency, Infrastructure Agency*
5.6 Review

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;
- copy of certified documents.
The financial details of the project need to be incorporated in the lead agency’s financial management information system.

5.6.2 Post-Construction Review
A post-construction review is undertaken in conjunction with the lead agency and representatives of the end user group that will be using the asset. Any significant issues arising from the design, documentation and construction phases from which lessons can be learnt for future projects, will be identified through this process and documented.

A clear delineation must 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.
The post-construction review provides an opportunity to identify any steps that need to be clarified to improve project approval and implementation processes and amend documented standards, if necessary.

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-Occupancy Evaluation
Post-occupancy evaluation is undertaken to determine whether the objectives of the project were achieved and whether the briefing standards were prescribed appropriately. 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 to update briefing information, to review standards and benchmarks and to ensure that appropriate processes are in place.

5.6.4 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;
- 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, but it may be used to audit whether endorsed processes are being followed and to assure the Government of South Australia 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.

5.6.5 Finalise the Project Finance and Contracts
All contracts and project finance need to be finalised at the conclusion of the construction phase.
The expenditure and contract award approvals are sought from the party with the appropriate level of authority (Appendix 2).

Check that project finance has been finalised in accordance with the authorised approvals and contract conditions.
5.6.6 Update Construction/Professional Service Contractor Data
Performance reports on construction contractors and professional service contractors will be completed to update the prequalification registers that are maintained by the infrastructure agencies.

5.6.7 Feed Back Information to the Concept and Design Phases
Information from a post-construction review, post-occupancy review or management review is fed back into the planning phase to improve the planning process and provide for continuous improvement to all facets of the Project Implementation Process.

**Review Checklist of deliverables**
- Management, post-construction/ post-occupancy reviews completed.
- Information systems updated and records management requirements addressed.
- Contracts and project finance finalised.
- Prequalification performance report information completed.
- Feedback into the planning phase to ensure continuous improvement.
State Procurement Act 2004 and Regulations under the Act

The State Procurement Act was proclaimed in 2004. The Minister for Administrative Services has responsibility for administration of the Act and DAIS provides administrative support. The State Procurement 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.

Regulations under the State Procurement Act 2004, exclude a ‘prescribed public authority’. These include the Local Government Finance Authority, Local Government Superannuation Board, South Australian Forestry Corporation (Forestry SA), South Australian Housing Trust, South Australian Water Corporation, Superannuation Funds Management Corporation of South Australia and TransAdelaide. These agencies possess the level of expertise and the robust procurement process controls required to independently procure goods, services and construction.

Regulations also exclude a ‘prescribed construction project’ of a cost exceeding $150,000. These projects are managed by infrastructure agencies under the policy umbrella provided by the 5-step Infrastructure and Planning Framework, the Project Implementation Process and Treasurer’s Instructions.

The definition in the Regulations is:

A prescribed construction project:
(a) is a project that primarily involves the procurement of construction work: and 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 construction work; and
(b) does not encompass the acquisition of goods and services for the ongoing maintenance of a building or structure.

In the regulation-

building work has the same meaning as in the Building Work Contractors Act 1995 and is;
(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 (a)
(c) work of a class prescribed by regulation; or the whole or part of the work of excavating or filling of land not constituting building work.

collection work means
(a) building work; or
(b) the whole or part of the work of excavating or filling land not constituting building work.
Appendix 2

Approval Authorities for Expenditure and Contracts

Treasurer’s Instruction 17: Guidelines for the Evaluation of Public Sector Initiatives and its associated guidelines provide details on approvals to proceed with public sector initiatives.

Department for the Premier and Cabinet Circular 18: Government Office Accommodation Framework sets out the process for planning and procuring office accommodation.

Diagram 3 Approval Authorities

| 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 | $4m or more (excl. GST) |
| Details- Treasurer’s Instruction 17. DAIS must be involved in projects of $150,000 or more |
| Office Accommodation            | As above                    | As above                    | Less than or equal to $4.4m | Exceeds $4.4m | As above |
| Details- Department of Premier & Cabinet Circular 18. Government Office Accommodation Committee (GOAC) must be involved. |

| Approval authorities for projects not included in an approved budget ($ including GST) |
|---------------------------------|------------------------------|----------------|-----------------|----------------|
| Construction type               | Lead Agency Project Sponsor | Lead Agency Chief Executive | Lead Minister | Cabinet |
| Buildings, 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
Appendix 3

References for the Project Implementation Process

South Australia’s Strategic Plan, March 2004
South Australia’s Strategic Plan was released in March 2004. 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 which was released in April 2005.

Strategic Infrastructure Plan for South Australia, April 2005
The Strategic Infrastructure Plan 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 No 8 Expenditure for Goods, Services and Works.
- Treasurer’s Instruction No 17 Guidelines for the Evaluation of Public Sector Initiatives.

Guidelines for Public Sector Initiatives
- Guidelines for the Evaluation of Public Sector Initiatives, Department of Treasury and Finance, June 2005.
- Partnerships SA - Private Sector Participation in the Provision of Public Services; Guidelines for the Public Sector, Department of Treasury and Finance, September 2002.

Planning Strategy for Metropolitan Adelaide
Planning SA provides the government’s planning strategy for metropolitan and outer metropolitan Adelaide and the regional planning strategy to guide land use and development.

Strategic Asset Management Framework
Department of Treasury and Finance/Services SA, January 1996.
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.

Project Initiation Process for Capital Works
The Project Initiation Process for Capital Works was developed by DTF in conjunction with DAIS in response to government’s requirement for a clear process which will provide consistency in the planning and delivery of government’s building assets. It followed the endorsement of a submission to Cabinet in July 1995 and replaced DPC 112 Capital Works Efficiency Measures. It detailed the steps to be taken and allocates the responsibilities of agencies and government in the process.

Construction Procurement Policy; Project Implementation Process
The Project Initiation Process for Capital Works was revised as the Project Implementation Process and endorsed by Cabinet on 12 December 2005. Department of the Premier and Cabinet Circular PC028 describes this policy.
The Project Implementation Process is a generic policy that can be 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, buildings and land development. It also provides a detailed procedure to guide government agencies and private sector providers through the government process for project planning and delivery.
The Project Implementation Process 2005 is complemented by the Strategic Asset Management Framework and building asset management guidelines. In addition DAIS provides guidelines which describes risk management and risk management responsibilities.

Australian Procurement and Construction Council (APCC) publications that provide further guidance on issues in the Project Implementation Process include:
- Client Skills; Skills required by Government as the Construction Industry Client, 2002.
Appendix 3

**Annual Budget papers**
As developed and published by the Department of Treasury and Finance.

**Department of the Premier and Cabinet Circulars**
- PC015 Procedures for Submissions seeking the review of Public Works by the Public Works Committee.
- PC024 Integration of South Australia’s Strategic Plan into Government Agency Planning Processes (amended March 2005).
- PCC 114 Purchase and Disposal of Government Real Property (including Crown Lands), September 1999. Note that this Circular is being revised and will be updated in 2006.

**Government and the Building and Construction Industry Policy Guidelines**
- InSkill SA Industry Skilling South Australians for Employment Registration Information, December 2002.

**Other Relevant Publications**
- All About Contracting Out, Office of Public Sector Management, Department of the Premier and Cabinet, June 1995.

**National Standards and Benchmarks for the Building Construction Industry**
The South Australian Government 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 used in this process. The relevant National standards include:
- Risk Management: Australian Standard AS/NZS 4360:1995. This standard provides a systematic process used to identify, analyse, assess and prioritise risks and document a risk management plan for the project.
- Code of tendering: Australian Standard AS 4120:1994. 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.
USA companies must be able to tender for projects of this value or more (estimated cost on completion, GST included) without discrimination. Standard procurement processes already address this matter by placing tenders on a public web site, providing advanced notice of projects and allowing sufficient time for tenders to be submitted. To date most USA companies tendering for government construction projects have had an Australian presence and therefore have been aware of the tendering processes of government.

The New Zealand Free Trade Agreement (ANZ-FTA) makes similar provisions for access to tender markets but there is no threshold amount for construction procurement projects.

International Standards Organisation (ISO) 9000 Series and associated guidelines
The International Standards are used also, especially for quality assurance.
ISO 9001:1994 Quality Systems - Model for quality assurance in design, development, production, installation and servicing;
ISO 9002:1994 Quality Systems - Model for quality assurance in production, installation and servicing;

Australian Procurement and Construction Council
The Australian 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. 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. APCC guidelines are available on the web site http://www.apcc.gov.au/
Glossary of terms relevant to Project Implementation Process

**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**
Identifies the short and long term requirements of an agency and provides a framework for managing its asset portfolio. These needs are driven by goals defined in the agency’s corporate plan and service delivery strategies.

**Asset register**
A record of items considered worthy of identification as discrete assets. A physical 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.

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

**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.

**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.

**Code of practice**
A statement of the minimal acceptable levels of aspects of behaviour and best practice required to bring about improved performance through industry reform.

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

**Construction** *(as defined in the Regulations under the State Procurement Act 2004)*
Construction is building work – defined as
- (d) the whole or part of the work of constructing, erecting, underpinning, altering, repairing, improving, adding to or demolishing a building or
- (e) the whole or part of the work of excavating or filling a site for work referred to in (a)
- (f) work of a class prescribed by regulation; or 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 of a building or structure.

**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.
**Glossary**

**Corporate plan**
A written record describing the reason for an organisation’s existence, 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 plan**
A plan showing, in outline, the overall development intentions for an area, including land use, major transport links, utility networks, drainage, open space and built form.

**Energy Efficiency Action Plan**
A comprehensive energy management program for State government operations including measures for greening of buildings, vehicles fleet and equipment purchasing.

**Estimated capital cost**
Prediction of all costs of a capital nature 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 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 approval**
An approval at the completion of critical activities in a phase or phases, which must be in place before the prescribed construction project can progress.

**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**
An agency in the South Australian Government, responsible and accountable for implementing policies, guidelines and processes for construction procurement. (As at December 2005 these agencies are the Department for Transport, Energy and Infrastructure (DTEI), the Department for Administrative and Information Services (DAIS) and Land Management Corporation (LMC).

**InSkill SA**
A requirement for businesses to commit to training as a precondition to tendering for government works and services contracts and associated subcontracts valued at $250,000 or more (GST inclusive).

**Lead agency**
The agency in the South Australian Government responsible and accountable for the construction project as its sponsor and funder other than those agencies which are a ‘prescribed public authority’ under the State Procurement Act 2004 and Regulations.

**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.
Glossary

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

**Practical completion**
The stage reached when construction has been essentially completed and is fit for its intended purpose, except for minor omissions and defects that do not prevent its use.

**Prequalification register**
A register of construction contractors and professional service contractors drawn up for the purpose of cataloguing the financial, technical, managerial capabilities and capacity of the respective construction contractors and professional service contractor in order to allocate them into specific categories to be used in selecting contractors to be engaged on projects.

**Principal**
The party to whom the contractor is legally bound to construct the construction project. (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**
A building or engineering undertaking from inception to completion involving a number of interrelated activities including the weighing up of costs and benefits in order to meet a desired objective; and/or A series of activities carried out according to a plan to achieve a definite objective within certain time, cost and quality parameters.

**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 concept**
An idea or strategy responding to an identified demand for service delivery.

**Project control group**
The team with responsibility for managing 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 design team**
The design professionals selected to develop the project design.

**Project risk management**
The identification and management of design, construction, procurement, political, scope, time, quality, communications, budget, relationships, approvals and construction risks during a construction project.

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

**Project steering committee**
A group, usually chaired by the project sponsor, comprising executive representatives of the major stakeholders, which guides the prescribed construction project and ensures the objectives are understood and achieved. It provides the project sponsor with an independent body to contribute solutions to any issues arising.

**Project team**
All parties who contribute to the prescribed construction project.

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

**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.

**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 asset management framework**
A management model for the identification, analysis and planning of assets to meet service needs.

**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.

**Superintendent**
A party appointed in writing by the Principal as the Principal’s agent and notified to the construction contractor as such. The Superintendent is responsible to the Principal for all aspects of the administration of the contract for a project. Some of the functions may be delegated to a nominated Superintendent’s Representative.

**Transition Briefing**
A briefing that occurs at the conclusion of the planning, 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.
For further information

For information about the Construction Procurement Policy Project Implementation Process, and building projects:
Department for Administrative and Information Services (DAIS)
Building Management
Level 9 Wakefield House
30 Wakefield Street,
Adelaide South Australia 5000
Telephone [08] 8226 5340
Facsimile [08] 8226 5588

For capital investment program and budget information and for economic analysis:
Department of Treasury and Finance (DTF)
Project and/or Finance Branch
State Administration Centre
Victoria Square
Adelaide South Australia 5000
Telephone [08] 8226 9500
Facsimile [08] 8226 3819

For further information about the Strategic Infrastructure Plan for South Australia:
Department for Transport, Energy and Infrastructure (DTEI)
Infrastructure Division
Level 12 Terrace Towers
178 North Terrace
Adelaide South Australia 5000
Telephone [08] 8124 4000
Facsimile [08] 8124 4010

For further information about infrastructure projects:
Department for Transport, Energy and Infrastructure (DTEI)
Contracting and Procurement Division
PO Box 1 Walkerville SA 5081
Telephone [08] 8343 2809
Facsimile [08] 8343 2747

For further information about land development projects:
Land Management Corporation (LMC)
GPO Box 698, Adelaide SA 5001
Telephone [08] 8207 0801
Facsimile [08] 8207 0830
Enquiries

Copies of the Construction Procurement Policy Project Implementation Process are available from:

Building Management
Department for Administrative and Information Services (DAIS)
Telephone [08] 8226 5209 or at www.buildingmanagement.sa.gov.au

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<td>Define required services and scope - lead</td>
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<td>Seek relevant specialist advice –</td>
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<td>4.1</td>
<td>Consider funding options</td>
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<td>Consider procurement options</td>
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<td>Funding model agreed, project included in an</td>
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<th>Delivery of the Project</th>
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<td>+ Lead</td>
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<td>● Joint lead</td>
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<td>●● Lead in consultation</td>
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**Lead**
**Joint lead**
**Lead in consultation**
**Project Implementation Process**

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<th>Step 5</th>
<th>Delivery of the Project</th>
<th>Government</th>
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<td>Concept</td>
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<td>Appoint the project design team</td>
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<td>Review full business case and develop risk management plan</td>
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<td>Develop concept design</td>
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<td>Describe the preferred concept in a concept report</td>
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