

Building Projects, Across Government Services – Overview of Role

The Building Projects Directorate is part of the Department of Planning, Transport and Infrastructure (DPTI)'s Across Government Services Division.

Building Projects works in partnership with government agencies and industry to deliver major construction projects in accordance with the centralised, specialised role prescribed by Cabinet for DPTI as an infrastructure agency under the Department of the Premier and Cabinet (DPC) Circular PC028 – Construction Procurement Policy: Project Implementation Process (PIP). PIP describes the process that is to be followed and the roles within it for government.

Projects are delivered in accordance with PIP, with the Lead Minister and Lead Agency responsible for the project justification and scope. The Minister for Transport and Infrastructure and Building Projects are accountable for contracting out the management, design and construction services and for overall management of project risk.

The role, which Building Projects performs on projects (as per PC028) has been developed to target the key risks to government in the procurement of new and refurbished assets. The services provided by Building Projects empower the private sector providers of design and construction services to work effectively with the Lead Agency and its End Users in an environment where the risks are effectively managed.

Consistent with PC028, services provided by Building Projects are provided on a commercial 'user pays' basis, benchmarked wherever possible against similar government jurisdictions and/or the private sector. Fees charged by Building Projects are approved by Cabinet and are set to recover the full cost of service provision.

Project Roles

In traditional building projects there are two key parties to the delivery of projects – the Owner and the design or construction Service Providers.

In government building construction projects where there is a central agency, sponsor or Lead Agency and community interests to be served, there is a more complex approach to the role of Owner. It is common for the Owner role to be split into three parts as follows.

- Lead Agency (Funder);
- End User; and
- Infrastructure Agency (Purchaser).

The PIP recognises that the Lead Agency has core knowledge of the required standards and service delivery imperatives and is in the best position to agree with government, the budget, program and quality requirements for the project. The Lead Agency is the first component of the Owner role and is the funder and sponsor.

Those who will occupy and use the completed building asset hold the detailed knowledge concerning design, function and operation. The model ensures that they are included in the project team and they are the second component of the Owner role – the End Users.

Finally the model recognises the benefit of having an agency with specialised building construction delivery skills undertaking the purchase of services from the building industry and the management of design, budget and construction risks. DPTI has a core business skill in this area and provides the third component of the Owner role – Infrastructure Agency.

In addition to the Owner role, most design related and all construction services are outsourced to private sector contractors in the building and construction industry. These professional service and construction contractors have a key delivery role as Service Providers.

The three Owner roles and the Service Providers' role are discussed in greater detail below.

Lead Agency (Funder)

Provides the funding for the project and is the 'Owner', 'Client' or 'Lead Agency'. The Funder is responsible throughout the life of the project for:

- determining, justifying and managing the scope of the project based on service delivery need and Client strategic directions;
- funding the project and determining the budget and the key priorities within the budget;
- ensuring that the End User and community needs are met;
- ensuring via project committees that the delivery of the project is within the approved scope, quality, time and cost through accountable management practices;
- ensuring that the project satisfies all requirements of sound prudential management;
- submitting proposals through all government approval stages; and
- ensuring the Capital Investment Program funding provisions are efficiently utilised.

End User

Uses the new or redeveloped asset and in government projects is the customer of the Lead Agency e.g. school councils, health units, police stations, boards, other community service providers and the like. The End User is responsible for managing that:

- the brief of requirements is comprehensive;
- user and community stakeholder input to the concept planning, design and documentation achieves agreement to the design solution;
- there is appropriate consultation with user representatives;
- the Service Provider is fully briefed on the operational and functional needs and priorities;
- the brief is signed off and agreed to; and
- there is facilitation of the project during construction and commissioning.

Infrastructure Agency (Purchaser)

Purchases services from the Service Providers and is an expert partner to the Lead Agency based on a core business expertise in building industry procurement and project management.

In the role of Infrastructure Agency, DPTI is responsible for:

- providing management frameworks which manage risks in scope, program, budget, procurement, design, construction, human resources, organisation, communication and reporting;
- determining and implementing appropriate procurement processes and managing tendering/contract processes for professional service and construction contractor engagements;
- implementing and managing project governance and management frameworks;
- providing budget review, design review, safety and construction audit risk management services;

- developing and managing project program, cost plans and quality plans;
- providing consistent contractual frameworks;
- managing the resolution of disputes;
- advising on required building industry resources;
- assisting in obtaining approvals; and
- implementing a risk management framework.

When a Lead Agency undertakes a construction project over \$1 million in value, Building Projects provides the Infrastructure Agency role on behalf of DPTI.

Refer Attachment 1 for a more detailed description of the services provided by Building Projects.

Service Providers

Provide professional service contractor (PSC) and construction contractor services to the Lead Agency and End Users. The Service Providers are responsible for the effective management, design and construction of the project in accordance with the project objectives for time, cost and quality and to the Infrastructure Agency for the fulfilment of contractual obligations.

Project Management and Organisation

PIP, relevant Treasury Instructions and government policy govern the DPTI project management framework. Within the framework the Lead Agency and Infrastructure Agency agree:

- personnel to be appointed;
- committees to be established to manage the project;
- responsible personnel from the parties; and
- project organisation structure.

Typically three key teams are established to manage the project.

Project Steering Committee (Executive Leadership Team)

The Lead Agency ensures a Steering Committee is established for the project. Representatives who have the authority to make strategic, policy, scope and procurement decisions, meet regularly and take action in accordance with the terms of reference of the Project Steering Committee. Responsibilities are to:

- overview the project ensuring that it is effectively managed and meets accountability and prudential management requirements;
- endorse all major professional service contractor and contractor appointments;
- ensure that prescribed processes are followed and approvals achieved;
- review and approve recommendations, reports and procurement proposals from the Project Control Group;
- comment on and endorse major project documents; and
- advise and formally report to Chief Executives, Ministers and Cabinet on issues relevant to the effective delivery of the project.

Project Control Group (Integrated Management Team)

Representatives of the Lead Agency, End User, Infrastructure Agency and key Service Providers who have the authority to make day-to-day project decisions, meet regularly and take action in accordance with the terms of reference of the Project Control Group. Responsibilities are to:

- establish the roles and responsibilities of all Project Control Group members;
- report to the Project Steering Committee;
- be accountable for the effective day-to-day management of the project;
- manage delivery to the agreed brief, budget and program;
- assess the project risks and formulate strategies to manage them;
- monitor the project to ensure appropriate resources are provided; and
- provide ongoing comprehensive professional, contractual, financial, technical and risk management of the project through regular meetings.

Design and Construction Team

Representatives of the key Service Providers with authority to make day-to-day design and construction decisions meet regularly and take action in accordance with the terms of reference of the Design and Construction Team. Responsibilities are to:

- manage project delivery to the agreed brief and specification;
- assess the project design and construction risks and formulate strategies and plans to manage them;
- provide ongoing comprehensive professional and technical management of the project through regular review meetings;
- establish the roles and responsibilities of all design and construction team members;
- monitor the project to ensure appropriate design and construction resources are provided to the project; and
- report and make recommendations to the Project Control Group to ensure effective delivery of the project.

Contact

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Attachment 1: Detailed Description of Role Performed by Building Projects

Services provided by Building Projects address five key risk areas that have been identified in the delivery of major building construction projects. They are:

- project management;
- budget risk management;
- design review (including heritage);
- construction management (including safety); and
- procurement and contract management (tenders and contracts).

Project Management

The role of the Project Management group is to:

- assist in evaluating project proposals against government policy frameworks in asset management;
- review brief for clarity of scope, stated purpose and technical content;
- advise on the implementation of government building standards as applicable;
- attend and participate in strategic value management and value management workshops;
- select PSC and construction contractor short lists, call tenders, coordinate tender appraisal and tender recommendation and execute contracts;
- administer contracts as Principal/Client, Principal/Client's Representative, Superintendent and Superintendent's Representative;
- make contract payments to PSC and construction contractors;
- maintain and update PSC and construction contractor registers;
- manage dispute resolution, liquidations and bankruptcies if applicable;
- review and manage the project budget;
- manage and make payments for project disbursements including principal controlled insurance and contract printing;
- plan, establish and manage a project program for key activities and milestones;
- advise on quality standards for professional services and construction contractors;
- identify project risks and classify projects into high, medium and low risk categories;
- advise on, implement and manage a project plan for risk minimisation and management;
- assist with the preparation of statutory and government approval documents;
- coordinate project reporting and keep project records; and
- implement governance and project organisation arrangements.

Budget Risk Management

The role of the Budget Risk Management group is to:

- establish and audit project budget;
- overview the cost planning and estimating advice;
- overview and supplement financial reporting;
- attend and participate in strategic value management and value management workshops;
- attend project control group meetings, liaise with design PSCs and provide cost advice on materials, alternative methods and construction systems during the design process to ensure that all cost implications are considered in design team decision making;
- process progress payments and contract variations; and
- oversee financial finalisation of contract.

Design Review

The role of the Design Review group is to:

- advise the PSC on relevant agency and government design standards;
- expertly review the architectural, engineering and technical solutions on behalf of the Lead Agency at key stages during the project process; and
- review the project brief, if required by the Lead Agency.

Construction Management (including safety)

The role of the Construction Management group is to:

- meet with PSCs in early design stages and advise on appropriate design solutions;
- review PSC drawings and specifications for design details and methodology;
- provide advice/assistance to PSCs and construction contractors on technical matters, materials, good trade practices, standards and contractual obligations;
- monitor the performance of PSCs and construction contractors;
- develop construction detailing and methodology standards and practices following-site inspections;
- liaise with appropriate departmental officers on construction matters;
- advise government, the industry and Building Projects on construction inspection matters;
- provide advice and support on government construction sites work health and safety issues; and
- manage the on-site control and coordination of all construction projects by monitoring works in progress.

Procurement and Contract Management

The role of the Procurement and Contract Management group is to:

- provide consistent and legal conditions of tender for process and probity risks arising from contracting with the private sector;
- select the appropriate contract form for PSC and construction contractors and prepare contract documents;
- manage the processes of tendering and the execution of contracts;
- manage probity of tender and contract acceptance;
- ensure tender documents are accurate and satisfy government procurement procedures;
- understand implications of delegations/approvals and contract acceptance;
- prepare special conditions to accompany standard contract conditions for particular projects where appropriate;
- match conditions of contract to project outcomes, seek strategic response to project procurement;
- ensure proper execution of contract documents;
- provide advice on contractual matters;
- manage securities to be provided by construction contractors;
- apply and manage government risk management through insurance compliance;
- minimise default bankruptcies and liquidations of contractors;