

Part C: Growth

Building asset capital delivery

The following sections provide guidance on elements of the building asset capital delivery and describe the operating environment and the various stages.

Capital investment, procurement planning and project delivery

Scope and application

Capital investment and procurement planning are the foundations for delivery of government building construction projects. This planning incorporates defining capital investment projects, preparing budget documentation, and formulating investment and acquisition plans. Project delivery involves the development of a project brief, selecting a procurement strategy for consultants and contractors, procurement activities, design, construction, and handover.

Well structured investment and procurement planning and project delivery processes aid sound capital acquisition planning, budget documentation, compliance and delivery of capital delivery projects and programs.

The QPP identifies all procurement must be planned and must achieve value for money. The extent of planning undertaken must be commensurate with the value, risk and complexity of the procurement.

Agencies should consider the above elements in conjunction with planning processes for non-building assets and other resources which include people and information assets.

Risks

A coordinated process for capital investment planning, procurement planning and project delivery can avoid exposure to risks associated with:

- health, safety, and security of buildings
- building suitability to service delivery needs
- environmental impacts of buildings, by ensuring these impacts are addressed in the most practical and cost-effective way
- public confidence in the government's ability to provide services effectively and efficiently.

Process

Capital investment planning

Capital investment and procurement planning should begin when strategic asset planning identifies the need for a new building or improvements to an existing building. Capital investment and procurement planning involves the following key activities:

- defining capital investment projects
- preparing budget documentation
- formulating programs
- reviewing building performance.

Planning and subsequent management considerations should include:

- evaluating capital investment and procurement options and strategies developed during strategic asset planning, to ensure they provide value for money and meet service delivery needs
- formulating capital delivery projects and programs for new government buildings or improvement to existing government buildings to increase performance (considering factors such as capacity, condition, utilisation rate, operating and maintenance efficiency, and extension of useful or economic life)
- delivery of capital delivery projects and programs.

Defining capital investment projects

Capital investment projects should be defined by:

- reviewing service delivery strategies
- evaluating asset options for service delivery
- developing project proposals.

The [PAF](#) provides methodologies and tools to support agencies to prepare strategic assessments and develop business cases (including the assessment of broader economic implications), funding frameworks and other processes.

The evaluation of asset options requires consideration of all implications of the asset options, including the implications of land acquisition. Agencies should consult the Department of Resources for guidance if native title issues could affect an asset option.

Analysis of options should include an assessment of:

- financial, economic, environmental and social risks and impacts
- any other identified risks or impacts as outlined in the [PAF Cost-Benefit Analysis](#) and the BCDF.

The options analysis should be consolidated in a report to enable a decision on whether to proceed to developing a complete business case. The business case should include realistic estimates of capital, operating and maintenance costs over the expected life of the assets.

Identifying the best option for project delivery should be guided by resources including:

- the PAF
- the BCDF
- the [Queensland Public Private Partnership Supporting Guidelines](#).

Queensland Treasury should be involved from the earliest stage of assessing projects, particularly if there is potential for private finance.

Preparing budget documentation

Preparation of budget documentation involves:

- producing project bids that include sufficient detail to enable government decision-makers (such as the Cabinet Budget Review Committee or other government committees) to reach an informed decision regarding whether to approve the proposed project
- providing forward estimates by:
 - using initial cost estimates from the project budgets as the basis for cash-flow estimates for capital delivery projects (consider the application of the [PAF](#) and the requirements for confidence levels with cost planning)
 - using forecasts for escalation in building costs
 - declaring the confidence level of the building estimate when developing estimates for government building construction projects
- compiling budget submissions (through normal processes in each agency to assemble budget submissions for detailed discussion with relevant Queensland Treasury contacts).

Formulating programs

Developing a capital acquisition plan is the final phase in the project development and program formulation process. Agencies should consult with EPW if a whole-of-government approach is required to ensure the delivery schedule and procurement methodology benefit the government and the community.

Project delivery

Specific responsibilities relate to key stages of project delivery for government building construction projects. These key stages include the project definition, procurement strategy, contract selection, consultant/contractor selection, design and construction, and handover. Responsibilities include:

- the use of standard contracts
- selection of the procurement strategy and form of contract for all HRS projects
- the business area or procurement function developing a procurement strategy to deliver intended business outcome (implying for all types of procurement)

- assessing complexity, scope, opportunities, and risks associated with procurement objectives, and the level of competition in the supplier market
- identifying the procurement strategy and method (open, limited or selective) to be used to approach suppliers
- selection of prequalified consultants and contractors
- monitoring and reporting (of performance of prequalified consultants and contractors directly engaged by agencies):
 - financial and management risks
 - compliance with workforce management legislation and policies
- development and implementation of a legislative compliance strategy for each government building construction project, commensurate with risk level and cost
- undertaking commissioning and handover
- conducting a project review (comprising the building performance review / post-occupancy evaluation (POE) and process review stages), recognising the extent of the review will be influenced by the scale, risk and strategic importance of the project and the service program
- consider conducting a project review concurrently with the handover process, as commissioning and handover activities provide valuable information on project processes and outcomes.

Note, agencies may decide to explore the [Modern Methods of Construction](#) (factory built) process to deliver solutions that are more efficient.

Agencies are required to consult with EPW when:

- developing the business cases and the preparation of government briefing material for BPP projects or potential BPP projects
- seeking to depart from using a standard contract, the agency must consult with the Chief Contracts Officer (EPW) about the proposed procurement strategy and contract provision, and subsequently the agency must consult with the Contracts Committee
- selecting a procurement strategy and form of contract for all HRS building projects, where applicable, prior to the finalisation of the business case
- using a select tender list for a building contract on government building construction projects of more than \$1 million
- using a select list for maintenance contracts that are more an \$1 million over the life of the contract
- using a select tender list where a building commission on a government building construction project exceeds \$100,000
- preparing a tender evaluation plan before calling tenders on all HRS building projects; and
- there is major disputation, litigation, or insolvency.

Business Case Development

The Queensland Government uses business cases to inform infrastructure investment decisions that affect Queensland's economic and social domain. Such decisions require quality proposals, well developed business case documentation, and transparent and robust assessment processes.

The [BCDF](#) ensures a consistent and rigorous approach to proposal development, enabling decision-makers to compare investment opportunities. Further guidance on business case development can be sought from [DSDILGP](#).

It is important to note that under BPF Requirement 1 – Producing a whole-of-government building construction projects pipeline, and provision of advice for certain business cases and government briefing material development, it stipulates agencies must consult with EPW during development of business cases and preparation of government briefing material for BPP projects or potential BPP projects.

Agencies may be required to use project validation report methods, and should contact [DSDILGP](#) for guidance.

Bundling and scheduling of medium and lower value government building construction projects

Scope and application

The purpose of this section is to provide information about the centralised program and project coordination initiative. It will facilitate procurement of government building construction projects in a way suited to characteristics of the market in which projects are located.

The workload-smoothing role involves staging or sequencing procurement and building project delivery processes to remove or minimise high and low levels in resource demand over time. Smoothing of program and project delivery will provide building industry contractors with opportunities to offer continuity of work to individual employees and trade contractors.

Process

Coordination of procurement for medium and lower value projects

Agencies managing the procurement of medium and lower value projects should:

- determine bundling and scheduling during the program formulation phase of the capital delivery process
- centralise and coordinate workload smoothing and program management before government building programs and projects are rolled out (noting that EPW will consider the economic situation in Queensland regions and, if appropriate will liaise with agencies to centralise and coordinate workload smoothing)
- ensure tenders for government building construction project delivery are:
 - bundled for concurrent or sequential construction (where the nature of the works and/or geographical location of the projects means this will be a more effective use of limited resources)
 - scheduled in light of regional, trades, or supplier pressures
- use local sources, where relevant, to verify scheduling and bundling opportunities and to aid broader stakeholder participation and engagement
- secure support and cooperation for each proposal, ensuring there are no compelling reasons to use a different approach
- apply for exemptions, if applicable, recognising that timing to meet the agency's critical service delivery objectives should prevail over an optimal regional approach to procurement.

Benefits of bundling and scheduling

Bundling and scheduling medium and lower value government building projects will increase potential to meet government building capital delivery program priorities (providing value for money while meeting critical service delivery objectives).

Project definition

Scope and application

This section focuses on the project definition stage and the development of a project brief. It provides an outline of pre-design studies and accommodation guidelines and their context in the project definition stage. The project brief provides project managers and design teams with detailed information that is used to translate the project outcomes into successful building designs.

The objective of this section is to provide best practice guidance to improve the ability of government agencies to undertake the project definition stage of project delivery, considered in conjunction with requirements of the [PAF](#). The PAF takes precedence over this guideline if there is a conflict in the terms of interpretation for undertaking project definition.

Project definition is the process of assessing the client operational needs and documenting them clearly and comprehensively. The outcomes of the project definition process are summarised in the project brief, which defines all elements of the project, that is consistent with the project and budget objectives and service delivery outcomes, and can be used as a benchmark to measure the quality of outcomes once the project is completed.

Risks

The lack of a well defined and documented project brief may result in cost and time overruns, and potentially deliver a building that is not fit for purpose. Client expectations may not align with project outcomes.

Process

The project definition stage encompasses pre-design studies and the preparation of the project brief. The scope of pre-design studies required will depend on the size, nature and complexity of the project.

Accommodation guidelines should be developed at a portfolio level to ensure that new and refurbished facilities are designed and constructed to particular standards or layouts.

Project development

Project development requires preparation of:

- business cases for individual projects in the project evaluation phase
- capital delivery programs for which provision has been made in the State Budget during the program formulation phase.

Competencies and resources

Developing and executing pre-design studies and preparing project briefs and accommodation guidelines requires a high level of technical and professional expertise. The competencies required to undertake the project definition phase of project delivery comprise skills including:

- facilitation and negotiation
- needs analysis
- project management
- project development
- value management.

Project definition

Development of the project definition is considered in conjunction with the requirements of the PAF and it should consider:

- undertaking pre-design studies
- preparing the project brief.

The client's needs and requirements should be detailed and the appropriate standard for the design should be established in the project brief in the project definition stage.

The project definition stage is finalised with development of a project brief that provides project managers and design teams with adequate detailed information that can be translated into successful building designs for further development in the project delivery phase.

Project brief

The project brief is developed based on the business case. A suggested structure for project briefs is:

- introduction (providing a general outline of the nature and purpose of the project and the people and organisations taking part) including:
 - project identity
 - project name, including the project title, location and street address, and PQC service risk rating
 - an introduction and description of the project, including ownership of land or buildings
 - identification of the management structure, client and project team
 - objectives and scope of the project
 - project objectives describe in general terms the agency's aims and requirements identified in the project evaluation phase as documented in an approved business case (note that these aims and requirements will be explained and analysed in more detail in later sections of the project brief)

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- project scope describes the scale of the project and any cultural, historical, technical, and environmental requirements
 - a statement of purpose of the project brief describes how the asset will be used by relevant parties in subsequent stages of project delivery
 - participants and related groups
 - provide a list of all parties/stakeholders involved in project delivery, and a brief description of the authority, responsibility and role of each stakeholder group
 - identify other related groups such as state and federal government agencies, local government authorities and other groups and people with special interest, and their consultants
 - a diagram identifying each participant and stakeholder, illustrating relationships between parties and the lines of communication
 - context, aims and resources (information on the context, aims and resources of the agency and user groups) including:
 - project management
 - define the organisational structure and process to achieve a comprehensive understanding of the agency's needs and aims
 - a preliminary project delivery strategy proposing a procurement method
 - legislative and policy requirements
 - laws, regulations, standards, codes, and policies, such as the relevant town planning scheme, the *Planning Act 2016*, the *Anti-Discrimination Act 1991*, as well as other relevant legislation and policies identified in pre-design studies
 - financial and programming aspects
 - financing, including funding sources identified in the business case and capital investment plan
 - project budget, including projected cash flow for the project
 - key program dates and project timelines
 - background
 - outline previous planning for service delivery and summarise relevant aspects of the agency's corporate plan, and development of service delivery and resource strategies previously undertaken, with reference to identified needs for building elements incorporated in asset strategies
 - outline the conclusions of pre-design studies such as master planning, value management studies and engineering service reports
 - describe the impact of any previous government or agencies decisions on the project objectives and purpose
 - provide a summary of the outcomes of consultations with the client and user groups, stakeholders, and the public
 - detail studies undertaken for site/location selection
 - occupancy and use
 - provide a detailed analysis and description of the functional requirements of activities and services that need to be performed to address project requirements, and identify equipment required to perform these tasks
 - identify aspects of activities that require special consideration in the design
 - identify potential competing priorities and requirements and establish a basis for reconciling any potential issues
 - design and performance requirements – identify specific design and performance requirements relating to the physical aspects of the project site and building requirements, including:
 - location and site:
 - detail any project related work that may be required outside of the project site boundaries and other projects that need coordination (e.g. road upgrades, or development work on neighbouring sites)
 - details for emergency supply of utilities in case of failure
 - functional performance and requirements:
 - functional spaces required in and around the building
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- minimum area requirements for each functional space
- desired groupings and their respective functional relationships
- quality objectives and standards to be incorporated in design and construction
- details of requirements relating to the site and building (e.g. physical characteristics, circulation and access, safety, environmental, communications, security, appearance, artwork and operational aspects of the building, including cleaning and maintenance)
- general planning and design principles that may be established by the agencies policies as defined in relevant Government accommodation guidelines
- space data schedules, including descriptions of functions and relationships, and planning and fitout requirements
- technical and environmental performance requirements relating to:
 - health, safety, and security
 - heating, cooling and ventilation
 - lighting and acoustics
 - plumbing and electrical
 - materials
 - information technology (IT) (detail the assessment of strategies for IT hardware, software, operations, networks, and the impact these may have on the building and its design)
 - a detailed assessment of new and existing equipment to be accommodated and used in the building. All equipment should be identified on space data sheets (previously referred to in functional performance requirements in design and performance requirements)
- economic performance requirements:
 - consider the economic performance of the built asset as an investment and its operation in delivering the agency's services. Capital and recurrent investments as well as investments in human resources, equipment and furniture should be considered in identifying applicable resources and local availability/supply chains.
 - consider whole-of-life issues by undertaking assessment relating to all recurrent costs associated with building management and maintenance for ongoing provision of the agency's services, such as costs associated with building occupancy and operations, leasing and lease management, workplace health and safety, maintenance, disposal planning, and ecologically sustainable development
- symbolic performance requirements
 - describe the agency's aspirations for the building's aesthetic and image-related characteristics and how the building relates to the public and private domains of the community)
- Building Information Modelling (BIM) requirements
 - BIM requirements should be developed in accordance with [Digital Enablement for Queensland Infrastructure – Principles for BIM Implementation](#)
 - these requirements should specify how BIM is to be used and managed on the project and prescribe BIM deliverables at relevant project milestones.

Accommodation guidelines

The accommodation guideline is an agency's guide to the design policy for the construction or refurbishment of built assets and for specifying building components and services. It is a primary document that describes the agency's generic accommodation requirements and specific building needs.

Accommodation guidelines should be developed at a portfolio level where there is an agency need to ensure that new and refurbished facilities are designed and constructed to relevant standards or layouts. Accommodation guidelines should be part of a continuous improvement process, with design improvements incorporated in one building design able to be incorporated in future designs due to their reflection of the guidelines.

Agencies should ensure accommodation guidelines include:

- an introductory statement outlining the document's purpose and scope, and the agency's design philosophy

- guidance on how to use the accommodation guidelines in developing project briefs for specific project details of broad planning and design principles
- a detailed accommodation schedule, complete with functional diagrams and individual space data sheets
- detailed and technical information to be read in conjunction with individual space data schedules, details and plans relating to typical buildings and building details.

Agencies that are planning capital building projects that include fitout for government office accommodation should refer to [EPW office fitout guidelines](#).

Estimate categories and confidence levels

Scope and application

Agencies should aim to improve the quality of building cost estimates associated with government building construction projects. Confidence levels are determined through the application of the standard estimate categories outlined in [Table 2](#).

Each estimate category reveals basic information about how and when the building cost estimate was compiled and how it should be used, including the level of confidence project stakeholders should have in the estimate.

Queensland Treasury's [PAF](#) provides guidance for cost planning using confidence levels. For example, it provides guidance for a preliminary stage of cost/analysis investigations referred to as a P50 confidence level and more detailed cost planning and financial analysis referred to as a P90 confidence level. Note that P50 and P90 refer to a confidence level regarding the probability of the cost not being exceeded, and do not indicate a quantum of cost or proximity to the actual cost realised. Thus P90 is not a cost plus/minus 10 per cent, rather, it is a cost that will not be exceeded 90 per cent of the time.

Risks

Risks involved with using building cost estimates include:

- if a building cost estimate is provided without qualification, parameters, inclusions, and exclusions, then the user/recipient of the estimate may unintentionally misquote or misuse it
- where there is no record of when the estimate was produced and what it included, the scope of works may have changed since the estimate was produced. The user may not be aware of this change and may continue to assume that the project budget (based on this out-of-date building cost estimate) is adequate.

Other risks associated with an unqualified or outdated building cost estimate include:

- false expectations – project stakeholders are misled into believing funds allocated to the project will deliver a certain scope of works when this scope may change during the life of the project
- service delivery compromises – building to an unrealistic budget, leads to compromises in design and scope, potentially leaving a facility unable to fully support service delivery objectives
- delivery pressures - expectations raised by early project estimates lead to project managers being locked into delivering a project within a budget that no longer reflects the scope of works
- changing market conditions – which can affect costs, particularly in volatile markets where price escalations are extreme and/or unpredictable.

Process

Building cost estimates can be produced at any time during the life of a project – from project initiation through to settlement of the final account. The accuracy of the cost estimate will vary depending on the information available and the estimator's skill level and knowledge of building costs.

Cost estimates for government funded [BPP](#) building construction projects are informed by [toolkit information](#) and [Best Practice Industry Conditions](#) which are available on the Queensland Government website.

As the building project progresses, it is reasonable to expect cost estimate accuracy will increase and there will be an increase in the level of confidence in the estimate. However, project evaluation and program formulation usually require the preparation of a cost estimate at an early stage of the project. A

cost estimate (budget) set very early in the life of a project tends to set expectations, and the first cost estimate is usually the most remembered yet is the least accurate.

Project proponents must seek updated building cost estimates as the project proceeds through planning and procurement stages. Estimates users will be more likely to request an update of estimated costs if they can see the estimate is not aligned with the status or progress of a project. The adoption of standard categories for building cost estimates will aid identification of outdated estimates and facilitate the responsible use of estimates more generally.

Mitigating building cost estimate risks

Standard categories for building cost estimates should be adopted to help mitigate risks involved with quoting or relying on estimates for budgeting/building procurement purposes. Each estimate category reveals basic information about:

- how and when the building cost estimate was compiled¹⁰
- how it should be used.

Each building cost estimates for a government building construction project should be accompanied by a reference to the appropriate estimate category ([Table 2](#)).

If a project budget estimate is quoted or disclosed, it should be accompanied by the estimate category and confidence level, particularly in:

- budget and funding documentation
- project proposals and business cases
- capital delivery programs
- program and project reporting systems
- the PQC System.

For category 1 or 2 estimates, consider using cost ranges (e.g. \$20 million to \$30 million) to reflect the level of uncertainty in the initial stages of the building procurement process.

¹⁰ Where the building cost estimate confidence level is low, consider engaging a quantity surveyor who has experience in the department's core business.

Table 2: Estimate categories and confidence levels

	Category 1 estimate	Category 2 estimate	Category 3 estimate	Category 4 estimate	Category 5 estimate	Category 6 estimate
Corresponding stage of the capital delivery process	Project initiation	Project evaluation (including business case development)	Project delivery	Project delivery	Project delivery	Project delivery
Time of estimate	Initiation	Brief	Schematic design	Developed design	Contract documentation	Tender acceptance
Basis of estimate	No formal scoping	Masterplan/ early concept/ pre-design	Early design	Advanced design	Designed and documented	Tender documents
When to use estimate	Basic budgeting	Detailed budgeting	Setting final project budget*	Basic cost management	Detailed cost management	Construction phase budget
Information used to formulate estimate	Similar projects	Masterplan/ project brief	Schematic design	Developed design	Full drawings and documents	Accepted tender
Aggregated effort to produce estimate	Very low	Low – medium	Medium	Medium – high	High	High
Confidence level**	Very low	Low – medium	Medium	Medium – high	High	Very high

* Preferred earliest time for media statements regarding budget.

** The PAF provides information on target confidence levels (in probability percentage terms) for cost estimates associated with the preliminary evaluation stage of projects. Details are available from Queensland Treasury and DSDILGP.

Benefits of estimate categories

The consistent use of building cost estimates categories will:

- ensure easy identification of outdated building cost estimates and budgets based on the estimates, as the estimate category acts as a time stamp on the building cost estimate and implies a use-by date
- encourage reviewing and updating of estimates as projects progress, conforming with sound practice to reduce risk that arise when there is a mismatch between the scope of works and the estimate
- facilitate the responsible use of building cost estimates, using them in an informed and responsible manner to reduce the likelihood of cost overruns
- increase understanding of how estimates are produced and how they should be used, ensuring estimates align with the scope of works for each project
- reduce the need for extra funding approvals, given that preparing and seeking approval for funding submissions consumes time and resources and often leads to delays that can result in reallocating funds, disrupting the capital delivery program and interfering with other project priorities.

Contract cost estimates: the need for realistic cost estimates and tender durations

Scope and application

This section aims to support the achievement of value for money in government building construction project planning and delivery, using the PQC System to match the experience and capability of contractors with risk and total estimated contract cost assigned to specific building contracts.

Process

All relevant data in the PQC System should be reviewed at the time tenders are called, to check for alignment with the most recent information on the proposed contract (particularly the latest cost estimate and anticipated contract duration). The database should be updated accordingly.

Consequences of over-estimating contract cost

Any contract cost over-estimation or incorrect data entry could result in eligible tenderers being excluded from eligible list searches for inadequate financial and/or PQC level threshold reasons.

Before calling tenders, project managers should review the total estimated contract cost recorded in the PQC System to ensure a maximum number of registrants is eligible to submit a tender, and to aid the achievement of value for money outcomes.

Developing realistic contract cost estimates

Agencies should:

- seek professional advice and assistance from appropriately qualified quantity surveyors and/or registered professional engineers (depending on the project)
- consider outsourcing if appropriate human resources are not available in an agency.

Consequences of under-estimating contract durations

Project managers recording contract durations in the PQC System should be aware that the database converts the total estimated contract cost into a 12-month component (the annualised contract value) based on the recorded contract duration. It is important to consider any under-estimated or incorrectly recorded contract durations that may result in higher annualised contract values, potentially reducing the pool of eligible tenderers.

Forecasting building cost escalation: calculating, documenting, and reviewing allowances

Scope and application

This section aims to provide agencies with information about processes for calculation, documentation, and ongoing review of allowances for building cost escalation.

Building cost escalation refers to anticipated increases, over a defined period, in the cost of constructing a building. Building cost increases usually occur as a result of market forces, and reflect increases in the cost of labour/materials and higher levels of construction activity.

Process

Calculating building costs escalation allowances

Agencies calculating allowances for building cost escalation should:

- ensure project budgets are achievable by allowing for cost escalation where appropriate, by:
 - for projects up to \$100 million in value, seeking advice from a quantity surveyor. Agencies may consult with EPW, in confidence, during development of business cases and preparation of internal government briefing materials for government building construction projects.
 - for BPP projects (e.g. greater than \$100 million), seeking advice from a quantity surveyor and consulting with EPW during the development of business cases and preparation of government briefing materials.
- when formulating a budget, consider cost escalation that could occur before the tender date or during the term of the contract, such as:
 - pre-tender phase escalation – estimate date, tender date
 - contract phase escalation – completion date
- allow for price increases likely to be incurred by the head contractor, subcontractors, and suppliers.

Increases should be incorporated into the project budget when preparing submissions for funding approval.

Pre-tender phase escalation

It is important to forecast and allow for the likely cost increases between the time an estimate is produced and the tender date. This allowance is required in all cases where an estimate has been prepared before the tender date. It requires identification of the:

- date the estimate was produced
- expected tender date
- expected escalation rate (as a percentage of the cost estimate)
- length of time between estimate date and tender date.

Commencement, staging and completion options

If commencement, staging and completion options are being considered, cost-escalation forecasting can be supported by a sensitivity analysis examining how sensitive the project's financial and economic outcomes are to variables such as the commencement date or a construction program that involves staging.

Information on the sensitivity analysis technique is available in the [PAF Cost-Benefit Analysis](#) guidance material.

Contract phase escalation

Agencies should consider an allowance for cost escalation between the expected tender date and the expected date of practical completion. This might not be required for the contract phases of less than 12 months.

Allowing for contract phase escalation is particularly important at times when the cost of building is rising rapidly, and on large high value projects with long contract periods.

Building cost escalation allowance risks

Reliance on unqualified or outdated escalation allowances can result in risks including:

- having to seek additional funding, potentially causing project delays
- issues with building functionality due to a reduction in scope of work to bring the project within budget
- compromised service provision due to reduced scope of work.

Documenting allowances for building cost escalation

The way in which cost-escalation allowances have been calculated should be documented, with the following information recorded in submissions for funding approval:

- date of preparation of the cost estimate
- expected tender date
- time between above two dates
- expected rate of cost escalation.

Reviewing allowances

The review process involves seeking updated building cost estimates, including updated cost-escalation allowances, as a project proceeds through planning and procurement stages. Allowances should be reviewed periodically, particularly during periods of rapid cost escalation.

It will be easier to identify if/when an allowance is no longer adequate if all assumptions were disclosed when the allowance was documented.

Programming and cash flow considerations

Scope and application

This section highlights key considerations in preparing cash flow forecasts for building capital delivery programs.

Agencies developing work programs for government building construction projects should consult [EPW](#) about provisions for cost escalation and proposed cash flows before any submission is made to government for funding.

Full consideration of project lead times, realistic time allowances for construction activities, and conservative cash flow forecasting will reduce the risk of delayed project delivery and failure to expend allocated funds.

All government building construction projects estimated to exceed \$250,000 in value are individually listed in the Capital Statement (commonly referred to as Budget Paper No. 3) in the annual Queensland State Budget.

Each project listing in the Capital Statement includes the total estimated project cost and the budgeted expenditure for the coming financial year, and forecasts of expenditure up to the end of the previous financial year and for subsequent financial years.

Risks

Inadequate planning timeframes

Many projects may be subject to compressed design and construction timeframes due to delays in the planning phase and a failure to adjust the completion date (e.g. practical completion, handover) accordingly. Underestimation of planning phase activities and the allocation of insufficient time to ensure full consideration of all service delivery options may create a significant risk.

Factors that can cause delays in planning include:

- unforeseen legal, technical, and environmental issues
- underfunding and under-resourcing
- delayed approvals
- target delivery time frames not adequately considered at the outset.

Lack of adequate time to conduct planning may result in:

- inadequate consideration of all service delivery options
- inability to participate in cross-portfolio coordination
- setting unachievable project budgets
- setting unachievable cash flows.

Compressed design and construction timeframes can lead to compromised project outcomes including:

- the sacrifice of project or asset outcomes in favour of cash flow achievement
- poor design resulting in reduced functionality
- higher costs associated with working to unrealistic deadlines
- risks to the safety of site workers expected to work excessive hours, and the subsequent temptation for them to take shortcuts
- inability to respond to potential delay risks such as materials availability and location factors
- reduced quality of workmanship
- shorter or compromised commissioning and handover
- undermining of other projects through a diversion of effort and resources to time-critical projects
- increased likelihood of industrial relations issues.

Process

Project delivery considerations and cash flow forecasts expectations include:

- managing government and community expectations that funds will be expended and projects will be delivered in line with forecasts
- projects are delivered in line with cash flow forecasts published in Budget Paper No. 3
- communicating timeframes and cash flows to stakeholders published in the Budget papers
- confirming delivery expectations are met and full expenditure of allocated funds is achieved.

Considerations for cash-flow forecasting

Cash flow forecasting should be undertaken by appropriate agency officers, and the following requirements should be considered:

- budgetary requirements:
 - ensure at all stages of the capital delivery process that project managers align project delivery and expenditure (as closely as possible) with timeframe/cash flow forecasts published in Budget Paper No. 3
 - adjust (if required) cash flow forecasts during the construction stage and update in the next Capital Statement
- construction programming requirements that consider the actual rate of expenditure (the actual cash flow) on building projects will depend on the:
 - time taken to plan
 - granting of approval
 - design and construction for each building.

Importance of realistic timeframes

It is important to ensure cash flow forecasts are realistic and achievable, and to determine the time needed to complete each of activity.

Adequate and realistic project timeframes are critical. Realistic cash flow forecasts involving judicious construction programming that allocates adequate time to each construction activity, including allowances for approval times, are more likely to be achieved.

Unreasonable and unrealistic project timeframes are often the result of:

- a non-negotiable, critical end date set early in the planning phase:
 - a fixed end date means that the timeframe for procurement becomes fixed by default and in many cases, this fixed procurement timeframe bears no relation to a prudent allocation of time for delivery of the project
- planning based on timeframes for previous similar projects without proper analysis of the extent of the similarities:
 - do not assume that the time taken to deliver a similar project was reasonable or adequate
 - a similar project may have suffered from acceleration costs and a range of compromises.

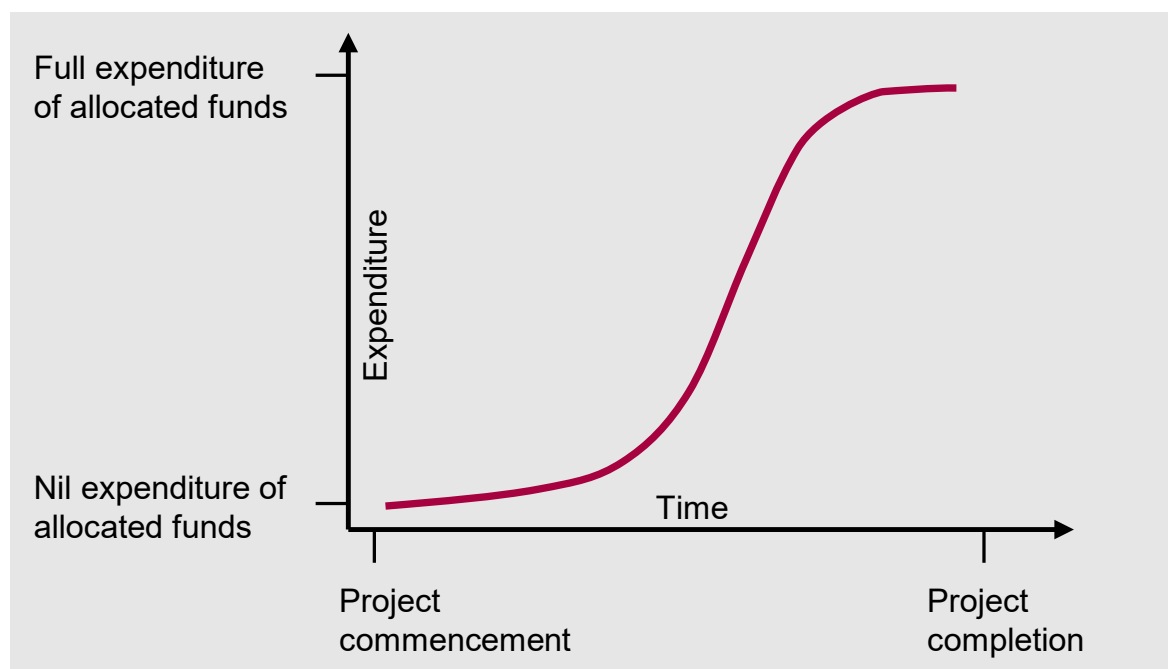
If there are potential project options, consider how commencement, staging and completion, and sensitivity analysis may be of assistance during the planning process and when forecasting cash flows. Refer to the [PAF Cost-Benefit Analysis](#) for guidance on this analysis approach.

Prudent forecasting

Prudent forecasting is important in ensuring expenditure is in line with the forecast cash flow. The rate of expenditure on a building project tends to start slowly but increases rapidly as the project progresses and then plateaus towards the end of the project. This is illustrated by an s-curve graph ([Figure 3](#)). Project expenditure may vary depending on the need to procure equipment at the initial or final stages; and project staging could result in multiple s-curves overlapping at various stages.

Consider expenditure patterns when forecasting for the purposes of the budget process and increments in which the total project funding will be expended.

Figure 3: Typical pattern/rate of building project expenditure



Procurement strategy and contract selection

Scope and application

This section provides an overview of procurement strategies and contracts that can be used on government building construction projects. It emphasises the need for early selection of a procurement strategy and for flexibility after the selection has been made.

This section does not apply to government building construction projects to be procured using a PPP strategy covered under Queensland Treasury's PAF.

It applies primarily to the project delivery phase of the capital delivery process, which incorporates project definition, procurement strategy, consultant/contractor selection, design, construction, and handover stages.

It supports consistency and provides guidance to government agencies on selecting the most appropriate procurement strategies and contracts for government building construction projects.

It focuses on the method of selecting an appropriate procurement strategy and associated contracts that will:

- assist in securing planned project outcomes
- encourage the appropriate allocation of risk between industry and government
- reduce the risk of project duration and budget overruns
- reduce the likelihood of contractual disputes and litigation.

Process

The selection of the appropriate procurement strategy and form of contract considers:

- the key objectives of, and constraints on the building project
- risks (both typical and specific) that might affect or be encountered at each stage in the delivery of the project, and how best to deal with those risks
- the level of complexity of the project
- key processes and activities that must be performed in delivering the project
- available procurement strategies and form of contracts
- relevant policy requirements.

Achieving value for money

Agencies should consider an appropriate procurement strategy and contract selection approaches (among other factors) to achieve value for money in accordance with the QPP and Queensland Treasury's PAF.

In accordance with the QPP, value for money is defined as the best available outcome for money spent. To achieve value for money, relevant government objectives (including economic, ethical social and environmental) and targets, whole-of-life costs and non-cost factors must be considered.

Selecting appropriate procurement strategies and forms of contract can help allocate risks. This is critical in determining if value for money is achieved in accordance with the QPP. Value for money assessment involves more than price alone. It addresses:

- compliance with relevant policy requirements, including the local benefits test
- contribution to the advancement of government objectives and outcomes
- cost-related factors such as whole-of-life and transaction costs
- non-cost-related factors such as fit for purpose, alignment with procurement objectives, compliance with specifications, quality, supplier capability, capacity, delivery, service, support and risk (including operational and reputational risks).

For projects of \$100 million or more (or declared projects less than \$100 million), value for money assessment must include application of the BPP, in accordance with the [Best practice principles: Quality, safe workplaces guidance](#):

- workplace health and safety systems and standards
- commitment to apprentices and trainees
- best practice industrial relations.

Strategies to help achieve value for money and ensure probity and accountability include:

- allowing sufficient time for the procurement process and tender documentation stage
- optimising risk allocation between parties
- using performance specifications, where appropriate to encourage maximum innovation
- ensuring the flexibility to secure scope changes at reasonable cost
- using incentives to reward better than business as usual outcomes
- setting an appropriate contract period
- ensuring participants have the skills and capabilities required to deliver the planned project outcomes
- adopting a procurement strategy appropriate to the complexity of the project.

Procurement strategy and contract selection

Agencies should consider the procurement strategy (or strategies) and contract selection likely to be best suited to deliver required project outcomes during project development.

They should consider the project evaluation and program formulation, including decisions about:

- the type of building that is required, when it is needed, and what funds might be available to build it
- bundling opportunities.

Factors that influence procurement strategy selection

The procurement strategy best suited to the project will be the one that best aligns with key objectives and constraints, deals most appropriately with identified risks, and suits the level of complexity of the project.

Agencies should identify key factors that will determine the most suitable procurement strategy for a project, considering the key objectives and constraints, the risks, and the level of complexity.

Key objectives and constraints are frequently interdependent, and should be considered concurrently. Objectives generally relate to:

- scope (i.e. what is to be delivered) together with any required provision for flexibility in this regard
- cost, including whole-of-life and transaction costs

- time, including an appropriate allowance for the contract period
- quality, including fit for purpose considerations
- sustainability, including social, economic and environmental aspects
- innovation, encouraged through the use of performance, rather than prescriptive specifications
- community or stakeholder needs and expectations
- contribution to the advancement of government priorities
- better than business as usual outcomes, encouraged through performance incentives.

Constraints should be considered as aspects that limit, restrict or otherwise affect project objectives. They are typically unique to each project, and can include:

- time constraints
- budget constraints
- physical constraints
- availability of resources, including labour
- project participants' skills, capability, and capacity to deliver planned project outcomes
- market or industrial conditions
- policy requirements.

Careful consideration should be given to all objectives and constraints, as this helps identify risks – potentially critical impacts on project delivery will assist in selecting the most suitable procurement strategy. In some cases, there will be one clear objective or constraint that takes precedence over all others due to its impact on project outcomes (for example, requirements to complete a new school building before the start of the school year).

Consider risks that could arise during project delivery, and how they could be dealt with. In the context of this guideline, risks are events that are both known and unforeseen, and might occur during the delivery of the building project and could adversely affect project outcomes.

The nature of risks and their potential impacts on project outcomes are often identified by the project's key objectives and constraints. For example, if a project has a particularly tight completion timeframe, construction program delays will be identified as a risk.

The most suitable risk mitigation strategies to deal with identified risks should be considered and determined before selecting a procurement strategy for the project.

Appropriate risk allocation is vital to project outcomes and serves as a guide to ensure responsibility for managing particular risks that can be allocated to the party best able to deal with that risk.

Inappropriate risk allocation is likely to result in project budget overruns (contractors can reasonably be expected to make allowances in their tenders for risks for which they are responsible) and increase the likelihood of contractual disputes and litigation.

A project's level of complexity is determined by a combination of factors, including:

- project size
- duration
- scope
- number of stakeholders involved
- level of technology to be incorporated
- degree of innovation required by the client
- market conditions.

Agencies must select an appropriate procurement strategy that supports and considers the objectives, constraints, and risks of the project without adding unnecessary complexity.

Note that inappropriate selection of a complex procurement strategy could lead to unsatisfactory cost outcomes, as tenderers may make allowances in their tenders for additional administration costs and the possibility of contractual disputes.

The above factors should be considered together with factors that support the government's objective of achieving value for money, in accordance with the QPP.

Selecting the form of contract

The BPF's Policy Requirement 3 – Procurement Strategy and Contract Selection must be considered when selecting the optimum building contract. It applies equally to all contracts.

EPW's Chief Contracts Officer oversees the development and maintenance of standard building construction and maintenance contracts (including conditions of offer), for use on all government building construction and maintenance projects to ensure:

- consistency, fairness and efficiency in government dealings with industry
- effective implementation of government building-related policies.

EPW building contracts are specifically intended for use on government building projects and align with the procurement strategies outlined above. The contracts are generic but typically contain sections that must be completed with project-specific details by or on behalf of the Principal before tenders are called.

The suite of standard contracts also includes a maintenance contract, minor and medium works contract, and two consultancy contracts, one for small consultancies and the other for large consultancies.

Agencies should refer to the [EPW website](#) for current building and consultancy contracts and for guidance material on their application and use.

EPW contracts typically include Conditions of Tender, which should be followed rigorously as part of the contractual process. These conditions often incorporate schedules to be completed with project-specific details by or on behalf of the Principal, before tenders/offers are invited. The conditions may also provide for contractor selection using price, or a combination of price and non-price criteria. Consultant selection will always involve both price and non-price criteria. Details on the use of non-price criteria in the selection of contractors and/or consultants are included later in this section.

Contracts should be selected from:

- Fully Documented – Lump Sum
 - Principal to engage consultants to design the building project and prepare a Bill of Quantities and related documentation that fully describes the work to be undertaken
 - tenderer is to price to complete the construction in accordance with the project documentation prepared by the Principal's consultants, for the agreed lump sum price
 - should be considered for projects where there is a high degree of certainty about specific project requirements
- Design and Construct – Lump Sum
 - Principal to engage consultants to prepare a detailed project brief that defines the scope, quality, and functional requirements of the building project
 - tenderer is to price to complete the design of the project, prepare construction documentation, and construct the project for the agreed lump sum price
 - should be considered if there is benefit in the contractor undertaking design obligations and providing input into the detailed documentation and where the need to achieve defined time and cost outcomes outweighs the need for quality
- Managing Contractor – Two-stage Design and Construction Management
 - this contract form provides for early contractor involvement
 - before tender, the Principal engages consultants to prepare a project brief that includes a project construction cost estimate and estimated time for project completion
 - during stage 1, the Managing Contractor works collaboratively with their design consultants and the Principal to revise the project brief and refine design to meet budget and time constraints
 - before stage 2, the Managing Contractor makes an offer to the Principal based on revised project brief
 - if the offer is accepted, stage 2 begins, and the Managing Contractor completes the design and manages construction
 - this contract is best suited to major or significant projects where there is some uncertainty about specific project requirements

- Alliance
 - provides for early contractor involvement
 - an alliance is formed between key project participants, including the Principal and contractor, with all alliance partners collectively responsible for all aspects of project delivery
 - the alliance is generally structured so commercial risks and rewards are shared by the alliance partners. It is best suited to complex, high risk projects where alternative strategies for risk allocation will be ineffective
- Bundling
 - a program management strategy that involves the delivery of several projects (in some cases, for several agencies) under a single contract
 - can be particularly effective when the labour market is under strain, or for the delivery of multiple projects in remote or regional locations
 - not a complete procurement strategy, but must be considered by agencies in consultation with EPW, for medium and lower value projects (estimated to cost between \$500,000 and \$20 million).

Use of non-price criteria

When both price and non-price criteria are to be used for tender evaluation, the appropriate schedule in the Conditions of Tender should set out the non-price evaluation criteria and the weightings given to those criteria. Offerors/tenderers are required to respond specifically to the non-price criteria.

Contracts will allocate responsibility for certain risks and requirements to the consultant or contractor, and it is useful to understand how each offeror/tenderer proposes to manage those risks and/or meet those requirements before a consultant/contractor is selected.

Effectively drafted and appropriately weighted non-price criteria should elicit responses directly addressing risks to be managed by the consultant/contractor. In responding to non-price criteria, each offeror/tenderer should detail the commitments they will fulfil once the contract has been awarded.

Effectively drafted and appropriately weighted non-price criteria can be a powerful tool to give the offer/tender evaluation team opportunities to identify which offeror/tenderer will best deliver the planned value for money and project outcomes. Among other things, non-price criteria can assist the evaluation team to identify:

- particular competencies of each offeror/tenderer that are relevant to the project
- how each offeror/tenderer intends to address any nominated government policy requirements.

The BPF's Policy Requirement 6 notes that agencies must consult with advisory groups such as an Industry Reference Group prior to calling tender on proposed evaluation criteria and weightings to be used in the selection of suppliers for BPP projects.

HRS building projects

The BPF's Policy Requirement 6 – Tender Evaluation Plans stipulates that agency must prepare tender evaluation plans for HRS building projects.

The BPF's Policy Requirement 3 – Procurement Strategy and Contract Selection stipulates that agencies planning to use a standard contract for HRS building projects must inform the Contracts Committee of the project, including the service risk assessment, proposed procurement strategy and form of contract.

For all other HRS government building construction projects, the agency must [seek Contracts Committee endorsement](#) of the proposed procurement strategy and form of contract.

Contractor tendering and selection process

Scope and application

This section explains the Queensland Government's invitation and selection process for building industry contractors, associated with government building construction projects, including HRS building projects.

Process

Value for money

The QPP requires the tendering and selection process for building industry contractors to achieve value for money in the expenditure of public funds, with consideration of total transaction costs (including costs to government) and whole-of-life costs associated with the building project and non-cost factors.

Agencies should assess value for money, including:

- fit for purpose including alignment with government economic, ethical, social and environmental objectives and targets, compliance with specifications, and quality
- tenderers capability, capacity experience including after-sales service and support
- compliance with relevant policy requirements, considering policies that may affect tendering and selection processes, including the:
 - Queensland Government Building and Construction Training Policy (Department of Employment, Small Business and Training)
 - Queensland Charter for Local Content (DSDILGP)
- compliance with relevant government trade agreements and policies
- risk (this may include operational and reputational risks)
- requirements that relate to environmental sustainability and/or economy-wide emissions reductions targets.

Prequalification

Contractors eligible to tender (either open or select) for a government building construction project estimated to exceed \$1 million in value must:

- be prequalified
- have a PQC level that matches or exceeds the PQC service risk rating associated with the project
- satisfy financial requirements
- meet project-specific criteria.

Exemptions can apply at the discretion of the Director-General, EPW, if an eligible list search of the PQC Database returns an insufficient number of appropriately prequalified contractors.

A formal FCA of the preferred tenderer must be undertaken at the time of tender and in accordance with [PQC System – contractor financial requirements](#).

Prequalification should not be regarded as a guarantee of the performance of any contractor on any specific building project, or as a basis for liability by EPW for payments by the successful tenderer (contractor) to any subcontractors in the event of that contractor defaulting.

Procurement strategies

Procurement strategies support project delivery and generally incorporate a contractual relationship that allocates risk between the Principal and the contractor by:

- determining how procurement objectives will be achieved
- determining the type of contract to be used (see [Table 3](#))
- ensuring risk allocation among all parties along the contractual chain is clear
- allocating risk preferably to the party best able to manage the risk.

Table 3: Forms of contract available for Queensland Government building procurement

Fully Documented Contracts	Design and Construct - Contracts with Design Obligations
<ul style="list-style-type: none"> Fully Documented – Lump sum Bundling (where the process involves two or more portions of the project being procured using Fully Documented contracts) 	<ul style="list-style-type: none"> Design and Construct – Lump sum Managing Contractor – Design and Construction management Alliance Bundling (where the process involves two or more portions, at least one of which is being procured where the project is not fully documented) Construction management

Major projects of \$100 million or more will trigger a requirement for the Queensland Government [BPP](#) to be applied. Projects less than \$100 million may also be declared as subject to BPP.

Tendering methods

Agencies generally use either open or select tender methods for building projects, depending on project requirements and the assessed PQC service risk rating. Regardless of the method or process, it is important to:

- ensure that effective competition is achieved and to minimise the total costs of tendering
- obtain a quantity surveyor's project check estimate of the tender documentation issued to tenderers (including any addenda) to provide a benchmark to assess the value for money of tenders received.

For BPP projects, [toolkit](#) items and Standard [Best Practice Industry Conditions](#) are available on the Queensland Government website.

Open tendering

Open tendering involves a call for tender submissions from all eligible contractors. It is used where:

- project requirements are well defined
- there is no significant construction time constraint
- project risks and total cost of tendering are anticipated to be relatively low.

Lower-risk, Lump Sum, Fully Documented projects (typically projects with a PQC service risk rating of 1 or 2) should usually be procured under open tendering arrangements.

Open tendering involves a call for tender submissions from all eligible contractors. In accordance with the QPP, agencies must use the Queensland Government's [QTenders website](#) to publish all tenders where an open offer method is used. QBuild also uses the [eTender platform](#) for electronic procurement. Each advertisement must identify the PQC service risk rating for the project.

Tenders can also be advertised in local or regional press in the region in which the project will be built.

Select tendering

Select tendering uses the PQC Database to select a limited number of contractors, inviting them in writing to tender on a project, based on:

- prequalification status and service risk rating
- financial capacity
- management systems requirements
- office location relative to the projects site
- project location
- capability for work
- project cost, size and complexity
- their current commitments and recent select tender opportunities on government construction projects
- past performance regarding time and quality of work, including any evidence of superior performance
- any "seek advice" flag on the contractor's registration (this would be displayed on an eligible tender list).

If several eligible contractors significantly exceed requirements, an Expression of Interest (EOI) process can be used as an additional filter to determine the availability of contractors for the project and to refine the list of contractors. Agencies should consider seeking EOIs providing specific information about how the tenderer proposes to address particular non-price project criteria (see [Appendix 1-1](#) for examples of non-price criteria).

EPW works to achieve consistency across government in the select tender process by:

- preparing all select tender lists in consultation with the relevant agency
- using a transparent and equitable system that accords with auditable processes.

Agencies should ensure select tendering provides a balance between the total cost to the industry of tendering and government requirements to ensure adequate competition among suppliers.

Agencies should aim to reduce the risk of supplier collusion by:

- ensuring officers involved in the tendering and evaluation process are aware of the risk and are familiar with guidance provided in the Australian Competition and Consumer Commission's (ACCC) 2019 [Cartels Deterrence and Detection: A Guide for Government Procurement Professionals](#) reviewing the outcomes of tender processes at a project and program level to identify any abnormal patterns such as clustering of tender prices, withdrawal of tenders, or inclusion of unacceptable qualifications by tenderers
- confirming that a contract from the suite of standard contracts developed by EPW is used, as these contracts and associated Conditions of Tender require contractors to explicitly warrant they will not collude
- considering including the maximum (rather than the minimum) number of tenderers on the select list (see [Table 4](#))
- varying the tender process by using an open tender process where a select tender process may have been routinely used
- ensuring eligible tenderers are not pressured into tendering or penalised for failing to tender.

If there is reasonable cause to suspect collusion on a specific contract, agency should:

- seek a statutory declaration from the contractor/contractors to warrant that they did not collude
- refer the matter to an appropriately delegated agency officer to decide if the matter should be reported to the ACCC.

Due to the higher risk and higher total costs of tendering to the industry, select tendering should be used for building projects being procured using a Design and Construct contract (typically projects with a PQC service risk rating of 3 or 4 and/or HRS projects). This approach may be varied depending on market conditions, to ensure opportunities for a broad pool of prequalified contractors.

Inviting a sole contractor to tender

Agencies should avoid inviting a sole building contractor to tender for and subsequently undertake a government building construction project without a competitive tendering process. This is because:

- value for money might not be achieved
- government priorities could be compromised
- access to government tendering opportunities by eligible contractors would be diminished.

If value for money can be demonstrated and there are compelling reasons to undertake a sole contractor tender process, an agency's chief executive (or appropriately delegated officer) can approve inviting a particular contractor to tender, based on one or more of the following reasons:

- the contract is of a specialist or confidential nature, and it is reasonable in the circumstances for it not to be tendered more widely
- only one contractor is able to meet the project requirements
- there is an existing contract under way
- a genuine urgency exists
- a structured process involving market analysis, industry consultation, and a registration and assessment-of-interest process has been used to identify only one suitable tenderer (generally only applicable for major projects).

If a sole contractor is invited to tender, the provisions of the QPP and all relevant provisions in this guideline should be met. Reasons for inviting a sole contractor to tender, including specific identification of how value for money will be achieved, must be clearly documented and available for external audit if required.

Calling for and receiving tenders

This section should be read in conjunction with the AS 4120–1994 Code of tendering, the QPP, and Conditions of Tender published by EPW.

It is expected that all parties will act in good faith towards each other at all times throughout the tendering process.

Agencies should assess the actual number of tenderers and the tender period, considering the:

- procurement strategy
- contract type
- project time constraints
- required level of input from tenderers.

[Table 4](#) provides a guide to preferred numbers of tenderers and tender periods for government building construction projects.

Table 4: Preferred number of tenderers/tender period

Assessed project risk	Form of contract	Preferred number of tenderers	Tender period*
Assessed service risk rating 1–2	All	Generally open to all eligible contractors on the PQC System	3–4 weeks
Assessed service risk rating 3–4 (i.e. HRS projects)	Fully Documented Lump Sum without Bill of Quantities	Generally a select list of four eligible contractors from the PQC System**	4–6 weeks
Assessed service risk rating 3–4 (i.e. HRS projects)	Fully Documented Lump Sum with Bill of Quantities	Generally a select list of four eligible contractors from the PQC System**	4–6 weeks
Assessed service risk rating 3–4 (i.e. HRS projects)	Design and Construct Lump Sum	Generally a select list of three to four eligible contractors from the PQC System**	4–10 weeks (depending on complexity)
Assessed service risk rating 3–4 (i.e. HRS projects)	Fee-only Managing Contractor	Generally a select list of three to four eligible contractors from the PQC System**	4–6 weeks

* Tender periods shown are a guide only. Inadequate time for calling tenders can result in unsatisfactory project outcomes.

** For major projects, a maximum of three eligible contractors from the PQC System is required. Use of the designation major project will be determined by EPW, based on the estimated project cost, project risk factors and the economic state of the industry.

A Bill of Quantities (excluding specialist services such as mechanical services, electrical services, security, data and communications) should be prepared for all simple government building projects (e.g. housing units, school buildings and office buildings) over \$5 million in value and for all other projects exceeding \$3 million. The provision of a Bill of Quantities should reduce the risk for tenderers associated with incorrectly assessing the materials and quantities required for a project.

Tender documentation

Tender documents underpin the contract that will be established between the Principal and the successful tenderer.

The quality of tender documents is a major factor for the success of the tendering and selection process and the project itself. Inadequate documentation is likely to result in increased project costs. Agencies should:

- allocate adequate time for the preparation of tender documents
- use appropriately qualified staff
- identify clear and accurate project requirements for subsequent amendments
- provide the same information to all tenderers.

Tender documents should include as a minimum:

- the Invitation to Tender
- the closing date
- time and place of lodgement for submissions
- a tender form for completion by tenderers
- Conditions of Tender
- General and Special Conditions of Contract
- any general information that will help tenderers prepare a tender, including details of a nominated contact for further information
- all non-price evaluation criteria, where applicable
- details of any supporting information required from tenderers
- full details of the work to be covered by the tender. For major Fully Documented building projects this should include:
 - drawings and a specification
 - a Bill of Quantities, if applicable.

Note that prequalified contractors will not usually be required to provide further information relating to their compliance with PQC System requirements, provided their prequalification information on the PQC Database is current at the time of tendering.

Invitation to tender

Calls to tender can be by advertisement in the public domain (open tenders) or written invitation (select tenders), and should clearly state the closing date and the time and a place of lodgement for submissions. This information should also appear on the tender form.

The closing date should not fall on a Monday, an industry-recognised rostered day off, a public holiday, or a day following a public holiday. For projects located in regional Queensland, agencies should ensure that the tender closing date does not fall on a local public holiday (such as a show day), or on the day following a local public holiday.

Receipt of tenders should be in accordance with the Conditions of Tender. For example, if tender conditions require hard-copy submissions, agencies should not take receipt of a submission in electronic form.

The QPP requires agencies to:

- advertise all open tenders or EOIs for goods and services through the Queensland Government's QTenders website, rather than in metropolitan or national media. QBuild also uses the eTender platform for electronic procurement.
- advertise (if appropriate) for government building construction projects in regional centres in the local or regional press in those centres.

The Queensland Government primarily uses web-based electronic tendering to provide fast, convenient statewide access to tendering opportunities and documents, along with a simplified process for submitting tenders.

The tendering websites allows for:

- viewing current tender opportunities
- issuing of invitations to tender
- tender documents to be viewed and downloaded
- tenders to be submitted electronically
- viewing tenders that are under review
- viewing accepted tenders.

Enquiries during the tender period

A nominated representative of the Principal should respond to enquiries during the tender period. They should:

- address and record promptly any enquiries and responses relating to the tender documents for a particular project

- provide information to tenderers as a result of an enquiry, with the information to be issued to all tenderers as soon as possible
- request that tenderers confirm receipt of additional information
- consider an extension to the tender period if the information issued is expected to result in tenderers having to significantly amend their tenders.

Amending tender documents during the tender period

Agencies should avoid amending tender documents during the tender period (if possible) by checking the documents before tenders are called, using systematic and thorough processes. If amendments are required, they should be provided promptly, in the form of an addendum, to all contractors who were issued with tender documents.

The responsible officer/nominated representative of the Principal should request all contractors confirm receipt of any addenda and should make any required allowance in the tendered amount to cover the addenda in their tender responses.

Agencies should consider extending the tender period in the case of significant amendments (requiring extensive consideration or issued within five days of the tender close date). Any extension should be issued as an addendum.

Receiving and closing tenders

Agency staff responsible for receiving and closing tenders should:

- ensure an auditable system is in place to provide security and confidentiality of all tenders received before the closing time
- use local tender boxes where appropriate, to ensure local industry participants are not disadvantaged
- open all tenders as soon as practicable following the closing time
- ensure that each tender is:
 - checked to ensure that it is complete, with all parts of the submission included
 - marked with the date and time of receipt
 - initialled and recorded as being received.

Tenders should be opened by at least two people, both of whom should sign and date the summary of tenders received. They should also:

- disclose as soon as possible information specified in the tender documents as suitable/available for public release
- disclose by posting the information on the Queensland Government's QTenders website.

Evaluating tenders and awarding the contract

The tender evaluation process should identify:

- the tenderer that is best suited to perform the work or meets the non-price criteria
- offers the best value for money (not necessarily the lowest price).

A probity auditor should be commissioned, if warranted. This could be due to the need for a high level of accountability to be demonstrated (e.g. cases of complex tender evaluations), or for a tender being submitted by a government agency. Probity auditors or advisors should always be used for HRS building projects valued at more than \$100 million.

The [Use of Probity Auditors and Advisors](#) guide provides information relating to the engagement of independent probity auditors and advisors during the procurement process.

Evaluation criteria for tenders using the Fully Documented contracts must be well defined and documented.

For Fully Documented contracts, the tender sum or tender price will be the major factor in evaluating tenders, however non-price evaluation criteria may also be used for these projects where appropriate.

Non-price evaluation criteria should be used as required, for HRS projects. For all HRS projects, agencies should prepare a tender evaluation plan and consult with EPW (before calling tenders) on the proposed evaluation criteria and weightings.

Fully Documented projects usually include fewer non-price evaluation criteria as there are no design obligations.

Non-price evaluation criteria must be included in the tender and selection process for Design and Construct contracts, to provide a greater level of certainty of project outcomes, such as for a project with a non-negotiable completion date. Tenderers would be required to submit details of how they intend to resource the project and coordinate construction activities to meet the critical objective.

Detailed guidance for the formulation, weighting and application of non-price criteria is provided in [Appendix 1-1](#).

For projects with non-price evaluation criteria, tender documentation should clearly state the weighting given to each evaluation criterion, thus indicating the relative importance of each criterion. Weighting is usually provided as a percentage.

Tender evaluation panel

A tender evaluation panel should be formed to evaluate tenders for all projects where non-price evaluation criteria form part of the Conditions of Tender. The panel should include at least three people, such as:

- an officer who participated in preparing the tender documents
- an officer with sound current technical knowledge of the construction process, capable of understanding and interpreting the tenders
- an officer with sound knowledge of this guideline and the QPP.

Panel members must:

- be aware that information received from tenderers should be treated as commercial-in-confidence
- be vigilant in seeking to identify any aspects that may suggest collusion
- be familiar with the ACCC's 2019 [Cartels Deterrence and Detection: A Guide for Government Procurement Professionals](#)
- be familiar with the competitive neutrality principle (including seeking advice from the Queensland Competition Authority if necessary)
- act ethically
- maintain high standards of probity and accountability in accordance with Queensland Government [procurement guidance](#)
- provide a written declaration noting any conflicts of interest in relation to their role on a tender panel, so conflicts can be effectively managed
- be familiar with competitive neutrality principle (including seeking advice from the Queensland Competition Authority if necessary).

Evaluation of tenders

The tender evaluation process must be transparent and equitable. The process should be documented and randomly audited to verify its effectiveness.

Any discrepancies between submitted tenders and the tender documentation should be resolved before a final recommendation is made to management about tender acceptance and award.

In the case of reasonable suspicion of collusion, agencies should consider seeking, if required, statutory declarations from the tenderers. Depending on the circumstances, this could require the release of tenders, and (if it remains the most appropriate procurement method) a re-call of tenders.

The evaluation process must involve:

- technical review of all tenders
- capability validation of all contractors submitting tenders
- FCA of the preferred tenderer.

The technical review should include assessment of:

- any conditions or qualifications attached by the tenderers to their submissions
- the project's estimated value and the value of each tender received.

Capability validation should include assessment of the contractor's workload over the period of the proposed building contract.

FCAs of preferred tenderers for all government building projects estimated to exceed \$1 million should include an assessment undertaken by a financial assessment company in accordance with [PQC System – contractor financial requirements](#).

If the assessment indicates the financial position of the preferred tenderer is unsatisfactory, the agency should:

- discuss (if considered appropriate and dependent on procurement timeframes) with the preferred tenderer if they are able to improve their financial position
- consider if another financial assessment would be required if the contractor is able to improve their financial position and is being considered further for the tender
- bypass the tenderer and the next preferred tenderer should be assessed.

Tenders should only be called when there is an intention to proceed with a building project. The Principal may reject all tenders and re-call tenders in accordance with the Conditions of Tender.

For projects where a tender evaluation panel is required, the evaluation process generally involves:

- obtaining a written declaration from each tender panel member regarding any conflicts of interest they may have in relation to their role on the tender panel, so that such conflicts can be effectively managed
- an initial meeting of the tender panel before the tender closes, to confirm the members' understanding of the project timeframe, evaluation criteria, criteria weightings and required project outcomes
- a panel meeting to evaluate the completeness of tender information received (i.e. that all parts of each tenderer's submission have been received)
- a panel meeting to finalise scoring
- recommendation of a preferred tenderer (pending the outcome of the technical review and FCA).

If non-price criteria represent a significant proportion of the total weightings, tenderers may be invited to make a presentation to the evaluation panel. The purpose of such presentations should be limited to clarifying aspects of the tenders.

Responding to a very low tender price

If a tender price or a key element of a tender price is considered well below the median price and/or the project's estimated value, agencies should investigate before selecting the tender as the winning bid by:

- checking calculations and formulas within the tender submission
- requesting the tenderer to review the bid and/or respond to questions regarding particular aspects of the tender
- asking the tenderer to provide written confirmation that the scope of work and contractual obligations are fully understood and priced.

For HRS projects, agencies should consider engaging an audit quantity surveyor as a non-scoring tender panel technical expert, to verify and report on priced submissions.

Post-tender negotiations

Agencies must ensure that probity and accountability are met when undertaking post-tender negotiations with a tenderer or tenderers. Commissioning of a probity auditor may be warranted in situations where a high level of accountability should be demonstrated (e.g. cases of complex tender evaluations, or where a tender is submitted by a government agency).

Tender approval

The agency that called the tender is responsible for coordinating the tender evaluation and the FCA of the preferred tenderer. Subject to a satisfactory financial assessment report, the relevant agency will:

- nominate the preferred tenderer to the relevant approving authority

- seek financial approval and, where required approval to accept the tender
- award the contract following the receipt of the relevant approvals.

Awarding a contract

Once requisite approval has been received, the agency should issue a Letter of Acceptance or, where appropriate, a purchase order to the successful tenderer. At this point it is deemed the contract has been awarded.

A number of documents typically constitutes the agreement between the parties. These documents include:

- a copy of the tender documents, drawings and specifications, and any correspondence or addenda issued during the tender period
- the original submitted tender
- any post-tender correspondence and clarifications
- the Letter of Acceptance
- where applicable, a Formal Instrument of Agreement (FIA) in the form of a deed attached to Special Conditions of Contract that identifies the documents forming the contract.

In line with the QPP, details of awarded contracts valued at over \$10,000 are to be released to the public, in accordance with the Procurement Guidelines: Contract Disclosure.

Requirements about information nominated for public release for government building construction projects will vary between projects, depending on particular circumstances, but the minimum details required to be published include:

- the name and address of the Principal and the contractor
- a description of the project and services being provided pursuant to the contract
- the date of contract award (including the relevant stage if the contract involves more than one)
- the contract value (including the value for each stage if the contract involves more than one) and advice as to whether any non-price criteria were used in evaluation
- the form of contract used (e.g. Fully Documented; Design and Construct – Lump Sum; Managing Contractor – Design and Construction Management).

It is essential to ensure that confidential or commercial-in-confidence information is not disclosed.

The publicly released information is to be published on the Queensland Governments QTenders website within 60 days of the contract date, with additional contract details included for contracts over \$10 million. Such additional details are covered in the [Procurement Guidelines: Contract Disclosure](#) available from EPW.

Post-tender administration

Unsuccessful tenderers are advised in writing and directed to the information about the tender and the award results that have been publicly disclosed. Unsuccessful tenderers are to be offered the opportunity for a debrief.

Debriefing meetings to discuss tender evaluation results should be provided to any tenderer who requests feedback, and should be conducted by the officer accountable for the tender evaluation process. The meetings should focus on the contractor's performance as measured against the tender evaluation criteria, and provide constructive feedback on areas where tenderers could improve.

Debriefing meetings should not justify any determinations, decisions, or recommendations, or compare the contractor's performance with that of other tenderers.

Building regulatory requirements

Scope and application

This section describes Queensland's building regulatory framework as it applies to Queensland Government building construction projects, and outlines the approach to be used by government agencies to comply with the relevant requirements. It aims to aid consistency and provide guidance for managing compliance of government building construction projects.

The section has implications for the project evaluation, program formulation and project review phases of the capital delivery process, but most significantly for the project delivery phase. The capital delivery process is a generic process that assists agencies in adopting a strategic asset management approach to building projects.

Process

Qualifications and competencies

Qualifications and competencies for ensuring regulatory compliance include:

- assessing building work for compliance with building regulatory requirements – assessed by an appropriately qualified Building Certifier
- considering the following requirements when identifying building regulatory requirements applicable to government building construction projects and the establishment of the appropriate processes to ensure compliance:
 - knowledge of the provisions of the *Planning Act 2016* (Qld), including an understanding of provisions relating to local/state government planning instruments
 - technical knowledge of the provisions of the *Building Act 1975* (Qld), the Building Regulation 2021 (Qld), the National Construction Code (NCC) and the Queensland Development Code (QDC)
 - technical knowledge of the provisions of the *Plumbing and Drainage Act 2018* (Qld)
 - understanding of key processes and activities that should be performed in delivering a government building construction project and their relationship with the building regulatory framework
 - knowledge of information management and document control processes
- outsourcing (where appropriate) when human resources are not available within an agency, e.g. people with the relevant qualifications and competencies.

Identifying relevant requirements

Identifying relevant building regulatory requirements involves:

- complying with the building regulatory framework throughout the building asset lifecycle
- considering relevant state and local government planning instruments
- constructing and maintaining building assets to at least the minimum standards prescribed in applicable codes
- identifying building regulatory requirements applicable to a government building construction project as part of the project evaluation phase of the capital delivery process.

The building regulatory requirements applicable to the planning and delivery of government building construction projects can be separated into two main categories/groups:

- the requirements of state and local government planning instruments (mostly applicable to new building projects but can also impact major refurbishments)
- the requirements of applicable codes listed in legislation regarding all building provisions including building accessibility (applicable to new building projects and extensions/refurbishments of existing buildings).

State and local government planning requirements

The *Planning Act 2016* defines development and makes provision so that a regulation or a local categorising instrument can categorise development as either accepted development, assessable development, or prohibited development.

Other legislation can displace the ordinary operation of the *Planning Act 2016*, and may also regulate development. Other legislation that may regulate development could include, for example, the *Economic Development Act 2012*, *State Development and Public Works Organisation Act 1971*, and the *South Bank Corporation Act 1989*. This list is not exhaustive.

A suitably qualified town planner should identify and consider the applicable state and local government planning instruments and planning delivery pathways available for a project, and consult with relevant government stakeholders early in the planning stages of a government building construction project,

during the project evaluation phase of the capital delivery process. This process and its outcomes should be documented, with the documentation available to relevant officers for inclusion in subsequent processes in the development of building design and assessment of the building against relevant codes.

Agencies should seek assistance (if needed) from EPW to resolve any issues associated with compliance of government building construction projects with state and local government planning instruments.

Non-government building construction projects

Agencies conducting, overseeing or planning non-government building construction projects are required to provide evidence of the building work's compliance with relevant provisions of applicable codes, such as a certificate of occupancy issued by a qualified Building Certifier in accordance with the *Building Act 1975*.

Note that provisions of the *Building Act 1975* regarding the issuance of certificates only apply to building work subject to a building development approval.

Government building construction projects

Agencies involved in government building construction projects must retain all records of building work compliance assessment at each stage of the capital delivery process, including evidence of suitability documentation as the state's proof of compliance with relevant codes.

Non-discriminatory building accessibility

Scope and application

This section informs agencies of their responsibilities in providing non-discriminatory access to and within buildings. Non-discriminatory building accessibility allows all people within the community safe, dignified, and equitable access to, and the use of buildings and the services they provide.

People with disability should be provided with access to and use of the building and its facilities and services in the same or a similar manner as anyone else.

Australian and Queensland legislation places an obligation on building owners and managers to ensure they treat people with disability no less fairly than they treat others when providing for building accessibility.

Process

The *Disability Discrimination Act 1992* (Cth) (DDA) and *Anti-Discrimination Act 1991* (Qld) (ADA) require new buildings to be designed to be accessible to people with disability; and for existing buildings to be upgraded (where necessary) over time to improve compliance with disability access provisions.

This means appropriate non-discriminatory access provisions are to be incorporated into design and documentation for new buildings, to ensure they comply with the [Disability \(Access to Premises – Buildings\) Standards 2010 \(Premises Standards\)](#), and any other relevant Australian Standards referenced in the Premises Standards.

For existing buildings, if an extension or alteration is proposed and the work requires *Building Act 1975* (Qld) assessment and compliance with the Premises Standards, agencies are advised to design, document, and construct building work to comply with the NCC including the Premises Standards and any other relevant Australian Standards referenced in the Premises Standards.

Agencies should develop action plans to address accessibility issues for buildings where there are no plans for significant extensions or alterations. The action plans should include strategies for modifying building elements that could be considered discriminatory to people with disability, and should consider:

- building audit reports and recommendations
- assessment of compliance with technical specifications
- operational plans for rectification work
- complaint procedures

- a communication strategy, including consultation processes and outcomes documentation
- building management practices, including staff awareness training
- processes for effective monitoring, evaluating and reviewing against performance criteria.

The DDA makes discriminatory access to public premises unlawful except where the provision of non-discriminatory access would involve unjustifiable hardship for the owner. Developing and implementing action plans to achieve DDA compliance is a voluntary initiative that benefits agencies and people with disability who may wish to access the buildings.

Action plans should be lodged with the Australian Human Rights Commission (AHRC) as a commitment to make improvements within a particular timeframe.

Consultation

Agencies should consult stakeholders as early as possible when considering planning new buildings or modifying existing ones. Consultation must include the disability sector, government organisations and other stakeholders with access requirement interests, and with any other building users likely to be affected by building elements or features.

Consultation should enable the views of all stakeholders to be considered in the design process for new buildings, significant extensions or alterations to existing buildings, and preparation of action plans to address existing buildings.

A reference group should be established, with representation as appropriate from people, peak bodies and/or consultative groups to represent people who, e.g.:

- use a wheelchair (manual or motorised)
- have any condition that limits their mobility
- use a pram, stroller, scooter or walker
- are an amputee
- are blind or have a vision impairment
- are deaf or have a hearing impairment
- are aged or have medical conditions affecting their ability to walk long distances
- have a mental illness
- have a neurological impairment such as an intellectual disability or an acquired brain injury
- have a special cultural requirement
- have other important needs as representatives of the end-user groups.

Agencies with large building portfolios should consider establishing a standing community reference group arrangement (as used by many local governments). Such a reference group could meet regularly or as required to review and advise on design documentation and/or action plans.

Agencies can engage consultants, if appropriate, who specialise in disability access and offer independent facilitation on consultation processes.

The principal legislation protecting the rights of people with disability includes the DDA and the ADA. Under the DDA, complaints relating to disability access can be lodged with the AHRC. The Queensland Human Rights Commission (QHRC) is responsible for dealing with complaints made under the [ADA](#).

In Queensland, a person can lodge a complaint with either the AHRC or the QHRC, but not with both jurisdictions simultaneously.

DDA Premises Standards:

- set overarching performance requirements and provide references to technical specifications to facilitate safe, dignified and equitable access to and use of buildings for people with disability
- provide greater certainty for building owners and managers and other building industry stakeholders by clarifying the general non-discrimination provisions in relation to building design, construction, and management
- provide a practical and ongoing means to achieve improved building accessibility, by requiring that all new buildings, and modifications of existing buildings that require a building approval, meet the relevant standards.

PQC System – consultant service risk assessment

Scope and application

This section explains the process for determining the service risk rating for commissions associated with Queensland Government building construction projects under the PQC System.

The service risk rating is an important element in the invitation and selection process for building industry consultants and is used to assist in the selection of suitably qualified consultants registered in the PQC System.

Process

PQC System

The PQC System contains records of registered consultant entities, including office details and information on past performance on commissions and the types of commissions each consultant is prequalified to undertake.

Agencies should ensure consultants are appropriately registered on the PQC System and have a PQC level that matches or exceeds the PQC service risk rating to be eligible for invitation to submit proposals for government commissions.

Service risk assessment and management strategies

Agencies conducting risk assessment processes should determine a PQC service risk rating. The numerical risk rating equates with the commission's identified level of risk, with 1 indicating a low-risk commission and 4 indicating a very high risk commission. A rating of 4 is allocated only in extraordinary circumstances.

Agencies should use the PQC service risk assessment process to inform and manage the Queensland Government's exposure to risks associated with government building construction project commissions by:

- ensuring all commissions undergo a service risk assessment early in the planning process
- providing a transparent and auditable service risk assessment framework
- providing a system that identifies consultants best placed to manage risks associated with the commission
- identifying strategies to minimise risks.

Management of any high or very high risk (rated 3 or 4) commission elements should consider:

- incorporating the high risk elements in the non-price criteria, requiring consultants to specifically address these elements in their proposal, and weighting the criteria accordingly (see [Consultant invitation and selection process](#) details of non-price evaluation criteria)
- reviewing and, if necessary, modifying the proposed procurement strategy to ensure high risk elements are appropriately managed.

Identification of PQC service elements

Government building construction projects generally require several separate consultant services for which there may be different risk ratings.

Each of the consultants should be assessed separately for their risk rating. The assessment process should be documented, transparent and auditable. The PQC System facilitates this by providing a service risk rating table and associated documentation.

When a service risk rating for a particular service is being assessed, the agency officer who administers the commission must document the decision process and record the rating in the PQC System to provide sufficient information to enable audit and/or an independent review.

Using the Service Risk Assessment Tool

Service risk assessment for consultants, based on risk management processes should focus on the following three key areas of risk:

- time overruns
- cost overruns
- potential for functionality or commission requirements not being met.

The Consultant PQC Service Risk Assessment Tool should be used to determine the service risk rating for particular commissions, based on a consideration of consequences and likelihood of the risk event (see [Appendix 2-1](#)).

Agencies should:

- assess the PQC service risk rating to differentiate the levels of consequence and likelihood (see [Appendix 2-1](#))
- assess each consultancy service separately for its risk rating by considering and determining risk consequences and the likelihood of the risk event occurring (as outlined in columns C and E of the assessment tool)
- multiply the scores in columns B and D of the assessment tool and record this in column F for each risk areas (see [Appendix 2-1](#))
- average the results to determine the PQC service risk rating (1, 2, 3 or 4) for the commission.

Most services are expected to have a PQC service risk rating of 1, 2 or 3.

After determining the PQC service risk rating, agencies should develop a long list of consultants. Only those who are registered on the PQC System and have a PQC level that matches or exceeds the service risk rating are eligible to be invited to submit proposals for government building construction project commissions.

PQC System – contractor service risk assessment

Scope and application

This section explains the process for determining the service risk rating for services associated with government building construction projects under the PQC System. It includes risk assessment of services for HRS building projects.

The service risk rating is an important element in the building industry contractor tendering and selection process and is used to assist in the selection of suitably qualified contractors registered under the PQC System.

Process

Government building construction projects may include a range of separate contractor services, each requiring separate risk ratings. Project managers must assess the risk rating separately for each service and ensure the process is documented, transparent and auditable. Project managers should then record the rating in the PQC System in a way that provides sufficient information to enable an audit and/or independent review.

The PQC service risk assessment process is to be used in the selection of all contractors, regardless of whether an open (publicly advertised) tender or a select tender process is used. Suitably prequalified contractors should be identified through the PQC service risk rating and other project-specific factors.

Contractors are to be appropriately prequalified on the PQC register, with a PQC level equal to or greater, to be eligible to compete for a project.

The PQC service risk rating should be included in tender documentation and any associated call for tenders.

PQC service risk assessments should be conducted as soon as possible during the planning stages of each government building construction project. This assessment will enable decisions and assumptions to be considered and the practicalities of providing that service analysed.

The PQC service risk assessment (see [Table 5](#)) is used to determine service risk ratings based on:

- consideration of the procurement system
- estimated contract sum

- use of project bundling (tender packages involving several projects on different sites)
- a range of service attributes.

The highlighted areas of [Table 5](#) differentiate the service characteristics of government building construction projects considered to be HRS. The rest of the table identifies service attributes to be used when the service characteristics do not automatically clarify the PQC service risk rating.

For PQC services not considered HRS, project managers should:

- consider the service attributes for the appropriate procurement system
- determine which attributes are most relevant to the project, noting that services are expected to have a PQC service risk rating of 1, 2 or 3
- consider service attributes corresponding to the highest service risk rating, particularly when such attributes may lead to assessment of a higher rating than might otherwise be justified
- record the basis of the decision to adopt the service risk rating
- identify and record aspects of sensitivity where there is uncertainty about the most appropriate PQC service risk rating
- complete a new assessment if changes to the scope, timing or cost of the project will affect services to be provided.

Care should be taken to ensure the service risk is neither over nor under-classified (that is, higher or lower than it should be). Over-classification may restrict the number of providers eligible to complete the work. Under-classification may result in appointing a contractor who is not technically or managerially capable of undertaking the work, possibly leading to time and cost overruns and a reduced quality of work.

Project managers should use [Table 5](#) (also available in the PQC Database) to support their decision processes and record ratings in the PQC System, providing sufficient information to enable an audit and/or independent review.

PQC services assessed as high risk

If a service is assessed as high risk (PQC service risk rating 3 or 4), agencies should consider reducing or removing the high risk elements being sought from the contractor by:

- incorporating the high risk elements in the non-price criteria
- requiring tenderers to address high risk elements in their tender, giving appropriate emphasis to that element in the selection of the contractor and in the way the non-price evaluation criteria will be addressed
- unbundle certain services, where applicable
- manage high risk elements in-house or under a separate contract.

Matching services with contractors

Agencies should aim to get the best match between the services to be provided and service providers (the contractors). The PQC service risk rating should clearly indicate the level of challenge and the anticipated capability and capacity requirements, noting that higher service risk ratings equate with greater challenges in delivering the service.

Ensure the capabilities of the contractor are higher for services assessed as high risk. The PQC Database provides information on each contractor's capabilities and capacity.

Confirm the PQC service risk rating before calling the tender

PQC service risk ratings should be reviewed, confirmed or amended shortly before a tender is called, to confirm scope, timing, and complexity, and to determine the availability of other information that could affect the initial service risk assessment.

Table 5: PQC Service Risk Assessment

	Form of contract	Estimated contract sum	Service attributes generally	Assessment ⁴	PQC service risk rating
Bundled¹>\$10 million	All	>\$10 million	<ul style="list-style-type: none"> bundled projects where the total value of the projects exceeds \$10 million 	<input type="checkbox"/>	3 (or 4) ⁶
Not bundled, or bundled ≤\$10 million	Fully Documented	<\$25 million ⁵	<ul style="list-style-type: none"> fully documented design, materials, and simple services trades with minimal requirement for innovation completion date, while important, is not critical nil or low-level sensitivity² – identify sensitivity: 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Est. contract sum ≤ \$5 million = 1 >\$5 million = 2
Not bundled, or bundled ≤\$10 million	Fully Documented	<\$25 million ⁵	<ul style="list-style-type: none"> a requirement to resolve industry standard construction techniques and/or buildability issues completion date is critical and has implications moderate level of specialist services trades required medium-level sensitivity² – identify sensitivity: 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	2
Not bundled, or bundled ≤\$10 million	Fully Documented	<\$25 million ⁵	<ul style="list-style-type: none"> a requirement to resolve complex construction techniques and/or buildability issues completion date is critical and has significant implications high level of specialist services trades required higher than industry standard quality required high-level sensitivity² – identify sensitivity: 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	3 (or 4) ⁶
Not bundled, or bundled ≤\$10 million	Fully Documented	>\$25 million	HRS building project ³	<input type="checkbox"/>	3 (or 4) ⁶
Not bundled, or bundled ≤\$10 million	Design and Construct - Contracts with Design Obligations	<\$15 million	<ul style="list-style-type: none"> a requirement to develop documentation a requirement to resolve industry standard construction techniques and/or buildability issues completion date is critical and has implications normal consultation with stakeholders required moderate level of specialist services trades required medium-level sensitivity² – identify sensitivity: 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	2
Not bundled, or bundled ≤\$10 million	Design and Construct - Contracts with Design Obligations	<\$15 million	<ul style="list-style-type: none"> a requirement to develop design and documentation a requirement to resolve complex construction techniques and/or buildability issues completion date is critical and has implications extensive consultation with stakeholders required high level of specialist services trades required higher than industry standard quality required high-level sensitivity² – identify sensitivity: 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	3 (or 4) ⁶
Not bundled, or bundled ≤\$10 million	Design and Construct - Contracts with Design Obligations	>\$15 million	HRS building project ³	<input type="checkbox"/>	3 (or 4) ⁶

	Form of contract	Estimated contract sum	Service attributes generally	Assessment ⁴	PQC service risk rating
Not bundled, or bundled ≤\$10 million	Combination of Standard Contracts >\$10 million	>\$10 million	<ul style="list-style-type: none"> projects delivered using a combination of standard contracts and where the separate components are expected to exceed \$10 million in value 	<input type="checkbox"/>	3 (or 4) ⁶

Table 5 notes

1. Refers to projects where high-level skills will be required to manage people, time and resources concurrently on a number of different sites.
2. Sensitivity refers to identified risk issues associated with the service. Such issues would typically relate to environmental, cultural, heritage, social, workplace health and safety, and public health and safety aspects of the service. The building industry contractor would require the appropriate levels of experience, systems, people, and business skills to address the issues of sensitivity.
3. Refer definition of HRS project
4. Tick the box or boxes of the most relevant service attributes and then circle the service risk rating that best corresponds to the selected attributes.
5. If the estimated contract sum is >\$5 million under a Fully Documented contract, the minimum PQC service risk rating should be 2.
6. A PQC service risk rating of 4 would be used only in unique or extraordinary circumstances.

Expressions of interest for building industry consultants and contractors

Scope and application

An EOI may be required to identify consultants or contractors able to meet specific project requirements. This section establishes that an EOI may be used in certain circumstances to identify consultants or contractors suitable for particular services. This section:

- explains what is an EOI
- explains when and how EOIs may be used
- identifies sources of advice and assistance with EOI aspects.

Note that EOIs for PPP projects, including Build Own Operate (BOO) and Build Own Operate Transfer (BOOT) projects, which include design, building and operation of a major complex consisting of buildings and a range of service provisions, are outside the scope of this section.

Process

EOIs can be used to procure building industry services for:

- consultants, by inviting proposals from a select list of PQC registered consultants
- contractors, by either an open or a select tender process for government building construction projects estimated to exceed \$1 million. Contractor services are generally procured by:
 - open tender for projects with a PQC service risk rating of 1 or 2
 - select tender for projects with a PQC service risk rating of 3 or 4.

EOIs can identify consultants or contractors that are able to meet specific project requirements.

What is an EOI?

An EOI is an optional early-phase process for selecting service providers by inviting prospective consultants or contractors to make submissions for building projects. They are invited to state their ability to meet specific project requirements, either individually or by combining abilities, and are assessed for potential inclusion in a short list for invitation to submit a consultancy proposal or construction tender.

When and how an EOI is used

Agencies considering EOIs should assess the supply market by searching the PQC Database for eligible consultants and contractors.

EPW can assist agencies in the early planning stages by providing information on the suitability of PQC registered consultants and contractors for any building project.

Alignment of project requirements and supply market capability

Agencies should consider delivery aspects such as staging a project and bundling or unbundling project components.¹¹ Staging, bundling and unbundling can assist in maximising local industry participation, meeting QPP objectives, the Queensland Charter for Local Content, and government priorities.

Decide if services can be procured through the normal process

If market supply assessment determines services cannot be procured through a standard process of inviting proposals from a select list of PQC registered consultants or, in the case of contractor services, through open or select tendering, an EOI may be used.

An EOI can be used as an additional filter when the number of consultants or contractors significantly exceeds the optimum number for select list proposals or tenders.

An EOI can also be used when PQC System assessment and requests for information fail to identify a suitable number of consultants or contractors. In such cases, an EOI could increase the supply base

¹¹ Bundling refers to the grouping of a number of projects or project elements into a single project.

and ensure interested consultants or contractors are prequalified for required services, providing industry participants an opportunity to form joint venture partnerships where appropriate.

Preparing an EOI brief

The EOI brief should request essential information to assess the relevant financial, commercial, and technical resource capacities of consultants or contractors. The EOI brief should:

- identify the project, the nature of services (including the planned procurement system), the terms and Conditions of Contract, and when the services will be required
- provide relevant project background information, including all information the consultant or contractor should have in considering a submission
- define evaluation criteria (including local industry participation and other policy requirements), relative weightings (if appropriate), and processes for short listing for invitation for consultant proposals or construction tenders
- indicate any constraints such as financial and performance hurdles, risk-allocation parameters, legislation, and government policy requirements (such as requirements for quality management systems and for PQC registration, indicating the PQC service risk rating required and the specific category)¹²
- specify the minimum information required from the consultant or contractor, including:
 - the identities of all participants
 - their capability, including financial capacity, technical expertise, other relevant experience, and details of resources (including trade or professional registration).

Invitation of EOI, evaluation of submissions, and select list preparation

The relevant agency (or its agents for a building consultancy) should manage the EOI invitation, along with submission evaluations and select list preparation.

An EOI invitation can be made at any stage of the capital delivery process. Invitations should be by letter forwarded to prospective consultants or contractors, attaching the EOI brief, specifying when and where EOIs are to be lodged, and nominating a contact person.

Invitations should explicitly state the intention of the EOI process.

If the invitation does not explain the evaluation process, all consultants or contractors submitting an EOI would be eligible to receive the consultant proposal or contractor tender documents, as appropriate.

EOI submissions should be evaluated and select lists prepared in accordance with the selection criteria, weightings, and the process defined in the EOI brief.

When agencies are responsible for the preparation of a select list, their purchasing procedures may require approval of the list at a specific management level before the invitation of consultant proposals or contractor tenders.

A detailed evaluation report should be prepared, recommending a short list of consultants or contractors.

The selection process for choosing a consultant or contractor should consider information provided in the EOI submissions and additional information required to address selection criteria. It should not require consultants or contractors to submit information previously requested in the EOI process.

All consultants or contractors who submit EOIs should be promptly advised of the outcome of the EOI phase.

Value management

Scope and application

Value management can assist agencies to make sound decisions on the planning, management, and use of building assets. Value management is best integrated during the initial stages of the project

¹² Building industry contractors are required to be registered in the PQC System for projects exceeding \$1,000,000.

cycle. Opportunities to create enduring community value through responsible public procurement choices, includes the use of local workforces and increasing opportunities for apprentices and trainees wherever possible.

Agencies can find value management particularly useful when:

- determining and prioritising needs
- testing and validating planning assumptions
- enhancing the performance of assets
- securing the commitment of stakeholders to outcomes through structured participation
- ensuring a project or program is cost effective
- improving value through reduced costs while maintaining required standards
- identifying alternative solutions to achieve agreed objectives and outcomes.

Risks

Potential risks associated with not undertaking value management include:

- outcomes that represent poor value for money
- inappropriate strategies for meeting service needs
- inadequate definition of service needs
- imbalance between capital, operating and maintenance expenditure
- an asset that does not support service delivery
- ineffective communication among stakeholders
- deficient project briefs
- lack of project ownership by end users.

Process

Value management studies:

- follow a specific methodology
- are based on a creative and problem-solving approach
- involve key stakeholders in a managed team approach, for example a workshop
- consider functions and interrelationships
- focus on achieving value added solutions.

Decide whether to conduct a value management study based on:

- perceived potential for cost savings or improved outcomes
- desire to overcome a difficult or multi-faceted problem
- the need for rigorous review or audit
- the need to optimise balance between capital, operating and maintenance expenditure
- requirement to accelerate a project
- the complex, high-cost or innovative nature of a project.

Conduct a value management study by holding a workshop involving a multidisciplinary, representative group of people committed to work together and follow a prescribed work plan that clearly outlines the stages and associated activities. Include stakeholders associated with the project, such as:

- clients interested in achieving the best value for money
- users who want the project to meet their needs as effectively as possible
- designers keen to meet client and user expectations and ensure the planning and design principles and performance requirements¹³ are understood, evaluated, and appropriately applied
- project directors and project managers seeking to ensure the project is managed within time, quality, and budgetary constraints
- contractors aiming to provide services in a way that they receive an adequate profit.

Consider the cost of conducting a value management study before commissioning a study. Costs can include:

¹³ For guidance related to planning and design principles and performance requirements in the context of preparing a project brief, see [Project definition](#).

- engaging a facilitator or team
- participant attendance
- venue hire
- administrative support.

Consider engaging a skilled in-house or external value management facilitator or team to manage the process. Select a facilitator by considering the:

- nature of the study
- complexity of the task
- likely number of stakeholders involved in a workshop
- competence in the principles and practices of value management
- experience with group facilitation of similar projects
- knowledge of and willingness and ability to comply with the AS 4183-2007 Value Management.

Undertake referee checks, and review any supporting documents previously produced for a value management study. Ensure the facilitator has professional qualifications relevant to the building industry and/or is eligible for Institute of Value Management Australia value management facilitator registration.

The selected facilitator should be objective and:

- have no personal stake in or involvement with the project
- be familiar with the design and construction process, and with the roles of design team members.

A value management study should follow a four-stage process (pre-workshop, workshop, post-workshop, and post-study) ¹⁴.

In the **pre-workshop** stage, the facilitator and the sponsor of the study should work collaboratively to:

- establish and document the objectives and scope of the study
- determine the venue, format, and duration of the workshop
- identify key stakeholders, including technical experts, end users, decision-makers, and others
- invite participants
- produce a facilitation strategy and workshop agenda
- prepare and distribute background material.

During the **workshop**, the facilitator should focus on process rather than content as they guide participants through the following activities:

- confirm the objectives and scope of the study
- build knowledge and understanding by identifying essential functions (budgets, project inclusions, relevant legislation, and policies) and key issues and concerns, and analyse essential and supporting functions, costs, and resources
- generate alternatives that are the most likely to achieve best value for money
- evaluate ideas
- develop options and proposals considered to have the most potential
- make recommendations and prepare an action plan to:
 - consolidate the outcomes of the workshop
 - represent the consensus of views of the workshop participants
 - highlight ideas that show the greatest potential for value improvement
 - identify:
 - issues that may need to be addressed after the workshop
 - ideas that require further evaluation and resolution
 - actions needed to implement the recommendations arising from the workshop
 - people responsible for implementation actions and associated timeframes for completion
 - resources required for implementation.

The workshop is the main element of the value management study, bringing key stakeholders together to:

¹⁴ These stages are consistent with the AS 4183-2007 Value Management.

- maximise their contribution
- draw on the combined knowledge, technical expertise, and experience of people from a variety of disciplines
- take advantage of group dynamics, rather than relying on input from individuals in isolation
- help bring into perspective the project as a whole, rather than as a collection of independent elements.

The **post-workshop** stage involves preparing a report documenting the workshop process, proceedings, and outcomes and providing a clear and comprehensive record of events and justifications that leads to the development of recommendations and actions. The report should include:

- an executive summary
- an overview of the workshop
- study findings and value improvement options
- a list of actions and recommendations.

Distribute the report to workshop participants/stakeholders before submitting it to management for acceptance of its recommendations.

Determine if the value management process has achieved its objectives in a cost-effective way.

Post-study implementation depends on allocation of appropriate resources and time to assess and implement recommendations and decisions. It is advisable to establish management controls to achieve the agreed objectives and outcomes.

PQC System – contractor financial requirements

Scope and application

Under the BPF Policy Requirement 5, an agency procurement officer must obtain a PQC FCA on a preferred contractor before the award of a government building construction project exceeding \$1 million in value.

Risk

The purpose of undertaking an FCA of the preferred tenderer is to minimise the risk of the contractor becoming insolvent while undertaking the project. Such insolvency would be detrimental to the project, the state, sub-contractors, and the wider supply chain.

Process

After identifying a preferred tenderer, and before awarding a contract, an agency procurement officer must use the [FCA request form](#) to engage a financial assessment firm from the whole-of-government [Professional Services Panel](#) to complete an FCA.

An FCA should only be undertaken for the preferred tenderer, and assessments should not be undertaken on multiple tenderers at the one time.

FCAs are costly and time-consuming for the agency and suppliers. They are conducted at the expense of the procuring agency.

When the financial assessment firm provides the outcome of the FCA, the agency procurement officer must consider the results, which will be presented as one of the following:

- pass – the contractor satisfies the PQC financial requirements for the project and is considered suitable for award of the contract
- pass with concerns – the contractor satisfies the PQC financial requirements for the project, but concerns have been raised and should be considered by the agency procurement officer before awarding the contract
- fail – the contractor does not satisfy the PQC financial requirements for the project and is considered unsuitable for award of the contract.

Where the outcome is pass with concerns, the financial assessment firm must provide conditions for engaging with the contractor (e.g. additional security provided by the contractor through a bank guarantee) to mitigate any concerns identified in the report.

The agency can seek (if required) additional information from the financial assessment firm to understand concern/s raised and the potential risk.

Note that only an officer or employee of an agency covered by provisions of the *Public Sector Act 2022* and the *Public Sector Ethics Act 1994* are to be provided with contractors' financial details.

The FCA report is valid for 25 business days.

If a contractor does not meet the minimum PQC financial requirements, the PQC Registrar will make them inactive in the PQC System, meaning they are unable to tender on or be awarded a project procured through the PQC System. The Registrar will ensure the contractor remains inactive until they provide evidence that they have improved their financial position to meet the PQC financial requirements.

The agency procurement officer will communicate (if required) with the preferred tenderer (contractor) about their ability to improve their financial position. An additional FCA would need to be undertaken to include any changes the contractor makes in their business.

The agency procurement officer should consider the next preferred tenderer for an FCA if the original tenderer (contractor) is unable to improve their financial position.

Eligible tenderer lists for government building construction projects

Scope and application

The PQC System provides a comprehensive central register of prequalified building industry consultants and contractors. Agencies must engage prequalified consultants where the commission fee is expected to exceed \$60,000 and/or the service risk rating is 3 or 4, and engage prequalified contractors for contracts expected to exceed \$1 million in value.

Process

How to use an eligible tenderer list

Project records are to be created in the PQC System for all government building construction projects with total project expenditure exceeding \$1 million. Commissions and/or contracts are to be attached to the project records once they are created in the PQC System. An eligible tenderer list should be generated from the PQC System for commissions/contracts above the thresholds, to determine the pool of appropriately prequalified consultants or contractors for the relevant commission/contract.

Early identification of available consultants or contractors

The following steps should be taken to inform the Project Manager of the availability or otherwise of a competitive pool of eligible consultants or contractors whose prequalification registration details match the requirements of the commission or contract:

- prepare a preliminary eligible tenderer list early in the project lifecycle (i.e. soon after the project has been entered in the PQC System)
- confirm whether the relevant consultants/contractors have a PQC level that matches or exceeds the service risk rating associated with the commission/contract
- ensure the consultants/contractors meet the specific requirements of the commission/contract
- ensure the consultants/contractors are registered to work in the PQC geographical location for the project.

If a competitive pool of appropriately prequalified consultants or contractors cannot be identified, consider approaching the market to encourage any known consultants or contractors potentially suitable but are not prequalified to apply for prequalification.

Note that a preliminary list of eligible tenderers cannot be relied on to determine appropriately prequalified consultants or contractors at the time a tender is called.

Tender call

The process of calling a tender involves generating an eligible tenderer list from the PQC System immediately before the tender call, to determine the current pool of appropriately prequalified consultants/contractors for the commission or contract.

An eligible list cannot be generated too far in advance of the tender call, as the PQC System is dynamic, and the status of consultants or contractors registered as active (eligible to tender) can change quickly. If an outdated tenderer list is used, it is possible that a consultant or contractor who was registered as active in the PQC System at the time the list was generated, and who has subsequently been made inactive could be able to collect tender documents. Their tender would not be able to be accepted due to the change in their prequalification status.

Other PQC System checks

Other PQC System checks include:

- checking for any changes in a consultant's or contractor's prequalification status prior to awarding a commission or contract
- checking if a seek advice flag has been placed on the registration of a consultant or contractor, signifying there is an issue or matter that needs to be considered, suggesting further investigation may be required.

Consultant invitation and selection process**Scope and application**

This section explains the Queensland Government's invitation and selection process for building industry consultants for a prescribed range of higher value and risk commissions associated with government building construction projects.

The Queensland Government's *Buy Queensland*¹⁵ procurement approach supports quality, local jobs and businesses, helps to boost the local economy and leaves a lasting positive legacy for current and future generations of Queenslanders.

Process

The QPP is the overarching Queensland Government policy for procurement and should be read in conjunction with the *Queensland Procurement Strategy 2023 – Jobs, Economy, Legacy, Confidence* (QPS). The QPP covers procurement by agencies, (budget sector agencies), government-owned corporations, statutory bodies, and special purpose vehicles.

The QPP requires consideration of the total transaction costs to achieve value for money (including costs to government), together with whole-of-life cost implications, non-cost factors and the impact of any relevant project-specific criteria.

The QPP principles must be addressed for all purchasing, including procurement of government building construction projects. These principles are reflected in the whole-of-government building industry consultant invitation and selection process.

The consultant invitation and selection process that incorporates the PQC System aims to achieve an efficient and sustainable market in the building construction industry.

Intent and objectives of invitation and selection process

Agencies need to understand the intent and associated objectives of the invitation and selection process to ensure:

- a consistent, fair, and transparent consultant selection process
- the scope, extent, and threshold of commissions that require prequalification of consultants has a direct relationship to the risk to government

¹⁵ *Buy Queensland* consists of the QPS and QPP.

- an effective vehicle exists for the achievement of value for money (as defined in the QPP) and the implementation of government priorities
- savings to government and industry through lowering of overhead cost
- access to objective and quantifiable data through a whole-of-government database to support the invitation and selection process and to allow the government to monitor its impact, including to measure and monitor the distribution of work relating to building industry consultants
- enhanced confidence in the ability of consultants to deliver satisfactory time, cost, and quality outcomes
- enhanced industry confidence that the government applies competence, consistency, and probity in the selection of consultants
- consultants compete for government projects against their peers
- effective capacity and appropriate mechanisms for government to respond to evidence of superior or inadequate consultant performance, possible including non-compliance with relevant government policy or contractual and/or legislative requirements
- building industry development and long-term sustainability are facilitated and all relevant government policies are supported through the process.

When does the PQC System apply?

The PQC System applies to commission types identified in [Appendix 3-1](#) where the consultancy fee is either \$60,000 or higher, or less than \$60,000 and the service risk rating is 3 or 4.

Table 6: Consultancy fee/service risk thresholds

Consultancy fee value	Service risk rating(s)	Does the PQC System apply?
<\$60,000	1 or 2	No. Normal QPP provisions apply
<\$60,000	3 or 4	Yes
≥\$60,000	All	Yes

If the PQC System applies, prior approval is required from the Director-General, EPW, if an agency proposes not to use the PQC System to source consultants for commissions.

Minor government project commissions

If a standing offer or period consultancy arrangements are in place, the agency should ensure that only prequalified consultants are used for individual commissions where the dollar and risk thresholds require the use of the PQC System.

Pre-invitation activities

The quality of initial planning and documentation prepared by agencies is critical to the selection of suitable consultants and ensuring successful project outcomes.

Before inviting and selecting consultants through the PQC System, agencies should:

- prepare a comprehensive and well defined Terms of Reference
- prepare a commission fee estimate
- select an appropriate procurement method.

Commissions where the PQC System applies require:

- creating a project record in the PQC System
- maintaining project records during the invitation and selection process and subsequent commission
- confirming, during initial planning phases, the availability of prequalified consultants specific to the commission requirements.

Where specialist or unique services are required and there are few or no prequalified consultants that offer the service, agencies should seek consultants not currently registered on the PQC System through an EOI process.

Consultant invitation

Prequalified consultants invited to submit proposals can be identified through a select invitation or an EOI process. Both methods ultimately involve the preparation of a shortlist of consultants, but the initial approach differs.

Note the Queensland Government uses the select invitation method for most consultant commissions by identifying a short list of prequalified consultants who are then invited to submit proposals.

Preparing a long list of consultants

The agencies should prepare a long list of consultants from the PQC System, using criteria that correspond to commission requirements including:

- commission type and service activity, confirming the consultant has appropriate qualifications and meets the relevant registration or licensing requirements
- the PQC service risk rating for the commission, confirming consultant PQC levels meets or exceeds the required service risk rating for the project
- certified management systems, ensuring consultants have the relevant certified management systems in place
- the location of the project, confirming the consultant has nominated the geographic areas of operation across Queensland within which they seek to offer services
- the value of the commission, confirming the consultant has nominated the minimum and maximum dollar value for commissions they are interested in for the geographic areas of operation across Queensland within which they seek to offer their services
- the type of work associated with the commission (new, refurbishment or fitout), confirming the consultant has provided evidence of experience and capability associated with the nominated type(s) of work at the time of their application
- the type of project (e.g. civic, residential, health care, office), confirming the consultant has provided evidence of experience and capability associated with the type(s) of project at the time of their application.

It is essential to ensure each commission is correctly established in the PQC System.

Preparing a select list of consultants from the long list

Detailed commission requirements should be analysed as the basis for reducing the long list of appropriately prequalified and eligible consultants to a short list to be invited to submit proposals.

Select list preparation involves consideration of:

- previous opportunities for consultants on the long list to submit proposals for government building construction project commissions, considering the size of the consultant firm and the period of registration on the PQC System (see [Appendix 3-2](#))
- the consultants' demonstrated performance, particularly on previous government building construction project commissions, taking into account any superior performance rewarded with an increase in invitations to submit proposals (see [Appendix 3-3](#))
- the consultants' current commitments and capacity to service any new commitments
- the consultants' PQC level relative to the PQC service risk rating
- any "seek advice" flag on the consultant's registration (this would be displayed on an eligible tender list).

Select list preparation also requires:

- analysing the detailed commission requirements
- reducing the long list of appropriately prequalified and eligible consultants to a shortlist to be invited to submit proposals
- determining the number of consultants for inclusion on the select list by considering the:
 - type and value of the commission
 - service risk
 - urgency.

These steps will minimise the risk of multiple commissions being awarded to a consultant without a competitive process, and facilitate the approach to price scoring.

An exception to this approach may be warranted in circumstances such as emergent commissions or the need for highly specialised or unique services. Such circumstances can result in a select list of one or two consultants. In such cases, the reason for any departure should be recorded.

Note that agencies are required to consult [EPW](#) when preparing select invitation lists where the commission fee is estimated to exceed \$100,000. This is required to enhance consistency across government.

Selection panels

Selection panels determine select invitation lists of prequalified consultants. A panel should have at least two people, including:

- the agencies officer administering the commission (a professionally qualified person, preferably from the same or related discipline as the required consultant)
- a person with sound knowledge of the register of prequalified consultants.

The panel should:

- identify additional consultants beyond the select list if any consultants are not able to submit a proposal
- review the proposed select invitation list and the documented methodology used to determine it, ensuring the material has been approved by an appropriately delegated senior officer and is retained for probity and audit purposes
- contact the short-listed consultants before finalising the list, to determine their availability and interest in being invited to submit a proposal.

Expressions of interest

EOIs should only be used as an invitation method where:

- special skills or a high level of innovation (e.g. associated with a design competition) are required or
- it is desirable to provide opportunities for consultants to work together (particularly to meet local industry participation policy objectives).

An EOI process may not be necessary if there is an adequate pool of prequalified consultants in the relevant geographical area.

The [Queensland Charter for Local Content](#) applies to infrastructure and resource-based projects valued at more than \$5 million; and to similar projects in regional and rural Queensland valued at more than \$2.5 million.

Private sector projects supported by government may also be subject to Queensland Charter for Local Content provisions.

Local industry participation

EOI advertising should aim to achieve optimum local industry participation. It should be limited to the relevant local area (geographical areas described in the PQC System), and include provisions for principal consultant–subconsultant and consortia arrangements. This will enable prequalified local consultants who may not meet the prequalification requirements to undertake a particular commission by:

- seeking a principal consultant with whom to undertake the commission, or
- entering into a consortium arrangement with one or more other consultants and be considered for shortlisting and invitation
- confirming the consortia, when established for commissions are prequalified.

EOI process for prequalified consultants

Agencies undertaking an EOI process for prequalified consultants to make submissions should:

- confirm the prequalified consultants' ability to meet specific project requirements, either individually or by combining their abilities
- assess on the basis for determining the inclusion or otherwise in a shortlist for invitation to submit a consultancy proposal

- manage risks associated with the procurement of consultant services through, among other things:
 - assessment of the supply market for the consultant services
 - alignment of project requirements and supply market capability
 - preparation of the EOI Terms of Reference.

Invitation for EOI, evaluation of submissions, and preparation of select lists should be managed by the relevant agency.

If fees are estimated to exceed \$100,000, agencies are required to consult with EPW when preparing select lists using this method. Terms of Reference should be prepared after it has been decided to seek an EOI.

It is important to:

- minimise the effort and documentation required from consultants
- limit the requested information essential to assess the consultant's capability and interest in the Terms of Reference
- avoid duplication of information that has already been provided and is available in the PQC System
- avoid requiring information more appropriately addressed in subsequent stages of selection.

Managing invitation activities

Note that this section should be read in conjunction with the AS 4121–1994 Code of ethics and procedures for the selection of consultants and the QPP.

Invitation activities should enable invited consultants to develop proposals appropriate to the Terms of Reference and within the nominated timeframe. These activities include:

- preparation and distribution of documents
- responding to consultant enquiries during the proposal preparation period
- receiving and closing of proposals
- scheduling pre-invitation briefings with consultants on the select list, as required.

Invitation documents

Preparing invitation documents for a commission underpins agreements between the agency and consultants. Agencies should ensure adequate time is allocated for document preparation and that documents are clear and accurate, reducing the likelihood of subsequent amendments.

The agency should provide each consultant on the select list with an invitation package that contains all information necessary to enable them to prepare a concise proposal that conforms with the relevant requirements. The same package must be provided to each consultant.

As a minimum, the invitation documents package should include:

- a Letter of Invitation including evaluation criteria and any applicable weightings
- conditions of offer
- Terms of Reference detailing the specific service requirements and scope of the commission
- where appropriate, a copy of the relevant Conditions of Contract
- a copy of any Special Conditions of Contract
- details of the required structure and/or format of proposals.

The invitation should not require previously provided information available in the PQC System.

Consultant responses to price and non-price criteria (see [Evaluation criteria](#), and [Appendix 3-4](#)) should always be:

- sought in separate parts (e.g. envelopes or electronic files, depending on whether the process is paper-based or involves digital tendering)
- assessed separately before the fee proposal is sighted, to determine the relative merits of each consultant's non-price proposal
- made clear to consultants in the instructions relating to format requirements.

Enquiries and amendments during the invitation period

The agencies officer managing the commission should:

- attend promptly to and record any enquires and responses relating to invitation documents
- compile any information considered necessary as a result of the enquiry, and issue it to all invited consultants as an addendum as soon as possible
- request each consultant to confirm receipt of all addenda at the time of submitting their proposal
- avoid amendments to invitation documents during the invitation period
- consider extending the invitation period if the amendments are significant or are issued late in the invitation period
- determine whether to extend the invitation period, noting any extension should be managed as an addendum.

Lodgement

Invitation documents should nominate a closing date, time, and place of lodgement. The closing date should allow reasonable time for the preparation of proposals, with consideration of any addenda issued and any public holidays within the proposal period.

Agencies should have a documented and auditable system in place to:

- ensure security and confidentiality of all proposals received prior to the closing time
- secure paper-based proposals by using a locked box
- enable secure and appropriate processes for electronic lodgement
- store electronic files securely.

Unless an agency has an electronic tendering system, proposals should be opened as soon as practicable after the closing time; checked, dated, and signed by at least two people; and recorded in a register. Receipt should be acknowledged in writing.

If an electronic tendering system is used, the receipt of proposals should be electronically recorded and acknowledged.

Consultant fees

Consultants' fees should be determined in accordance with requirements specified in the invitation documents, usually described in a lump sum or percentage of the estimated building cost. Fees are an important aspect of any proposal, but it is important that they are not over-emphasised relative to the non-price evaluation criteria.

Several key industry bodies produce fee guides for different types and levels of service. These may be helpful as a reference, subject to the provisions of the *Competition and Consumer Act 2010* (Cth).

Fee preparation advice to consultants could include reference to a range of factors for consideration, including:

- specified quality requirements
- required documentation levels
- known risks and contractual obligations (e.g. ownership of copyright)
- any value adding to be delivered by the consultant through activities such as research, option studies, design innovations and coordination of subconsultants.

Consultants should receive a fee commensurate with the level of required service.

A minimum fee should be fixed for commissions where there is a particular need to achieve a required level of service.

Note that consultants generally cannot claim fees for the preparation of proposals, but this might not be the case when a complex commission is likely to involve considerable cost in preparing proposals. In complex cases, the agency should consider allowing invited consultants to claim a portion of their costs and identify these additional arrangements in the invitation documents.

Advice should be sought from [EPW](#) if there is any uncertainty about appropriate consultant fee levels, when to fix a minimum fee, or the circumstances in which payments should be considered for the preparation of proposals.

Consultant selection

Value selection evaluation should be used if service requirements are well defined and/or routine (i.e. in most cases).

Value selection evaluation methodology will identify proposals that represent the best value for money based on consultant responses for both price and non-price criteria. Note that this method rewards the consultant who has the highest overall weight-adjusted score for both price and non-price criteria.

The highest score for the price criterion should be awarded to the proposal offering the fee closest to the average. The lowest score should be awarded to the fee(s) furthest from the average, whether above or below.

Note that this approach requires a minimum of three fee proposals and will result in a negative score if a fee is less than half the average.

Scores must be weight-adjusted using any pre-established weighting determined for the price criterion.

Price scores are added to the scores for non-price criteria to arrive at an overall score for each proposal.

If an agency seeks three proposals but receives only two, the highest score for the price criterion will generally be awarded to the proposal offering the lowest price.

The agency should consider re-calling proposals if three proposals are sought but only one is received.

Qualification-based selection and associated negotiations require professional and technical expertise. Agencies should seek [EPW](#) advice before committing to using this method.

Qualification-based selection is used when service requirements lack definition and/or require significant innovation. The method identifies consultants best qualified to address the commission's non-price selection criteria. Selection is based on an evaluation of consultant responses to non-price criteria only, meaning the fee proposal is not considered in the initial evaluation.

The fee proposal should be opened only after a preferred consultant is identified, and then only for that preferred consultant. The fee proposal then sets the starting point for negotiations about the scope of work and associated fees.

If an agreement cannot be reached with the preferred consultant, negotiations can begin with the second-ranked consultant and so on through the rankings.

Unopened fee proposals are to be returned to their respective unsuccessful consultants.

For further information on what is a consultant and indirect worker, expectations of consultants and indirect workers, engaging and managing consultants and indirect workers, evaluation and selection of consultants etc refer to [Engaging and Managing Consultants and Indirect Workers](#).

Evaluation criteria

Agencies must consult [EPW](#) on proposed evaluation criteria and weightings for all HRS projects and consultancies.

Evaluate consultants using price and non-price evaluation criteria based on their fee proposal.

Non-price criteria include:

- understanding of project objectives
- methodology
- resource strategy
- value adding
- support for local industry.

The information and level of detail sought in proposals in response to the above criteria should be limited to the critical aspects of the service to be provided, and commensurate with the value and service risk associated with the commission.

Evaluation criteria and associated sub-criteria are addressed in more detail at [Appendix 3-4](#).

Weightings

The weightings for particular criteria should align to achieve an appropriate balance of project and community outcomes, and should be responsive to factors such as:

- project size
- complexity
- profile
- budget
- timeframe
- specialist nature
- site conditions and location.

Evaluation

Proposals should be evaluated to identify the most advantageous proposal for the agency – the proposal that offers the best value for money outcomes.

The review and evaluation process must be transparent, fair and equitable. The process should be documented, with random audits conducted to verify the process is working effectively. Any discrepancies should be addressed before a final recommendation is made.

The Principal has the option to reject all proposals and re-call invitations in accordance with the conditions of offer, but it is important that this step is undertaken with good reason.

Note that proposals deemed to be non-conforming (due to factors such as late lodgement without a reasonable written explanation of causes of delay beyond their control, or non-compliance with the conditions of offer in the invitation package) can be rejected without evaluation.

An evaluation panel should be formed and must include at least three people (including agency representation) comprising:

- a professionally qualified person involved in preparing the invitation documents
- a person with sound technical knowledge and capable of understanding and interpreting the proposals (preferably from the same discipline as the consultant required)
- a person with a sound knowledge of the QPP and procedural requirements.

One of the panel members assumes the role of chairperson and is responsible for conducting the proposal evaluation process in a timely, competent, and accountable way.

An evaluation plan may be required to assist evaluators dealing with high value, high risk and/or sensitive commissions. Such plans can help ensure the evaluation process is conducted in a timely, competent, and accountable way. An evaluation plan should include:

- a description of the evaluation criteria and associated weightings, including a list of sub-criteria presented in the form of a checklist to aid evaluation of the proposals (see [Appendix 3-4](#) for a list of sub-criteria)
- a description of the scoring method to be used
- a brief explanation of the evaluation method being used (i.e. value selection or qualification-based selection) and an overview of the steps in the process.

Exceptionally low fee proposals

Care is required in selecting proposals where the whole or a key element is at a fee level considered well below the average proposal fee and/or the fee estimate for the commission. The price scoring approach used in the value selection method significantly reduces the likelihood of a proposal with an exceptionally low fee being the preferred proposal, but this could occur if the consultant scored highly in response to non-price criteria. Low fee proposals may also be encountered where there is a sole invitee or two invitees.

In such cases the consultant offering the exceptionally low fee should be asked to review their proposal and/or respond to questions about it; and to confirm in writing that the Terms of Reference and contractual obligations are fully understood before proceeding, or to align costs to deliverables to demonstrate they understand the obligations.

The consultant can withdraw the proposal if they have made a mistake in preparing it.

Pre-approval activities

Before recommending a preferred consultant:

- determine the consultant's workload commitments
- check the PQC System to confirm the consultant is eligible to undertake the commission
- check the consultant's registration/licensing, management systems and insurances are current
- consider any other issues that could preclude awarding the commission to the consultant.

Awarding the commission

The evaluation panel should nominate, subject to satisfactory pre-approval checks, the preferred consultant to the relevant approving authority.

After approval at the appropriately delegated management level:

- issue a Letter of Acceptance to the successful consultant accepting their tender offer and commissioning them under the tendered Conditions of Contract
- raise a purchase order, noting that financial reporting approaches in some agencies could require a purchase order be raised before a Letter of Acceptance is issued
- advise in writing each unsuccessful consultant of the outcome of the evaluation process.

Standard consultant agreement

Agencies should ensure they have the latest version of the Conditions of Contract before seeking proposals from consultants, either by contacting EPW Contract Services or downloading the documents from the [ForGov website](#).

EPW maintains two standard consultant contracts for building industry consultants (General Conditions of Contract for Consultants and the Short Form Consultancy Services Contract). Both are available to agencies for the engagement of consultants.

Debriefing

Debriefing meetings to discuss evaluation results should be available to consultants on request. Such meetings should be held on an individual basis (i.e. with one consultant), and be conducted by a member of the evaluation panel, preferably the chairperson.

The purpose of the debriefing is to provide constructive feedback on areas where the consultant could improve for future proposals. The panel should advise the consultant on the:

- adequacy of their proposal in relation to the evaluation criteria
- relativity of their selection criteria responses in comparison to the successful consultant (note that actual scores must not be disclosed).

Related bodies corporate in select tender lists

Scope and application

This section addresses the approach that should be taken when two or more contractors with either a common majority owner or a parent-subsidiary relationship are being considered for inclusion in a select tender list. Under Section 50 of the *Corporations Act 2001* (Cth), two bodies corporate are related if:

- one is a holding (i.e. parent) company of the other
- one is a subsidiary of the other, or
- both are subsidiaries of the same holding company.

In the context of the PQC System and in accordance with the *Corporations Act 2001* (Cth), related bodies corporate are defined as either:

- two or more prequalified building contractors that are majority or wholly owned by the same parent company
- two prequalified building contractors where one contractor is majority or wholly owned by the other.

Ownership of more than 50 per cent of shares in a company constitutes a majority (and therefore controlling) interest in that company. If one prequalified contractor owns less than 50 per cent of shares in another prequalified contractor, these contractors are considered to operate independently and not as related bodies corporate. Similarly, where a company owns less than 50 per cent of shares in each of two or more prequalified contractors, those contractors are considered to operate independently.

Risks

Prequalified building industry contractors with a common majority owner or parent–subsidiary relationship will act independently of each other, but the potential for public concerns regarding collusion is greater than for unrelated prequalified contractors.

The risk of collusion should be considered when developing contractor select tender lists, and action should be taken to ensure an appropriate level of competition in the tendering process.

Process

Select tendering

Select tendering involves selection, from the PQC System, of a limited number of contractors who are invited to tender on a government building construction project. Select tendering is generally used on projects with a high PQC service risk rating (3 or 4), while open tendering is used on projects with a low PQC service risk rating (1 or 2).

Select tendering minimises the total cost of tendering to industry, while enabling adequate competition and a transparent and equitable selection process. See [Contractor tendering and selection process](#) for more information on select and open tendering processes.

The benefits of select tendering and the use of flexible procurement techniques to pursue relevant government economic, ethical, social and environmental objectives are identified in the QPP. A limited offer method may also be used if a procurement need can be met by another agency, including commercialised business units.

To achieve consistency across government in the select tender process:

- prepare all select tender lists for government building construction projects over \$1 million in value
- prepare select lists in accordance with an auditable process, in consultation with representatives of the agency sponsoring the project
- do not include related bodies corporate on the same select tender list unless specific approval is granted before finalising the list.

Approval to include related bodies corporate on a select tender list may be granted when:

- an inadequate number of eligible prequalified tenderers (excluding related bodies corporate) has indicated preparedness to tender (after all have been approached), or
- the project is considered so highly technical and specialised that the pool of eligible prequalified tenderers (excluding related bodies corporate) is too limited to achieve effective competition.

Agencies seeking to include related bodies corporate to be on the same select tender list should:

- seek approval from the Director-General, EPW
- prepare (by project proponents) a written submission to the Deputy Director-General, EPW setting out the case for granting approval
- prepare a submission seeking approval when it is not possible to form a competitive select tender list based on eligible and unrelated prequalified contractors.

The approach with respect to related bodies corporate should not apply to open tender processes. All eligible prequalified contractors should be entitled to tender under the open tendering method.

Advertising tenders for Queensland Government building construction projects

Scope and application

All Queensland Government agencies, statutory authorities, and commercialised business units are covered by a SOA for placing (buying) advertising. This section outlines the required procedure, in accordance with the SOA and associated whole-of-government policy, for advertising tenders for Queensland Government building construction projects.

Process

Tenders to be advertised

Agencies must ensure the selection of building industry consultants and contractors (through the tendering process) for services related to government building construction projects occurs in accordance with the:

- [QPS](#) and [QPP](#)
- Associated guidance included in this guideline (see [Consultant invitation and selection process](#) and [Contractor tendering and selection process](#)).¹⁶

Open tendering

For projects procured under open tendering arrangements:

- ensure the call for open tender submissions is advertised using the Queensland Government's QTender website
- procure building contracts for lower-risk lump sum Fully Documented projects (typically projects with a PQC service risk rating of 1 or 2) using open tendering arrangements.¹⁷

Two-stage EOI process

For projects procured using a two-stage EOI process:

- call for EOIs from consultants or contractors, followed by a select tender process
- ensure interested suppliers are prequalified for the services required
- advertise EOIs using the Queensland Government's QTender website.

Note that agencies should follow the procedure outlined in this section when placing advertisements calling for an EOI.

Information required in the advertisement

Advertisements calling for tender submissions for services related to a government building construction project should state:

- the name of the agency sponsoring the building project
- the type of service required (e.g. construction services, architectural services, project management services)
- the type of submission required (either a tender submission or an EOI)
- the PQC service risk rating for the project
- the project title, location and reference number, and a brief description of the nature of the work
- how/where interested service providers can collect relevant documentation (which may include downloading documents from a secure website)
- a contact phone number
- the tender closing date and time, the place for lodgement of submissions (i.e. the location of the tender box, if required for regional tenders) and details for electronic lodgement.

¹⁶ For government building projects that do not meet the threshold for application of the [PQC System](#), selection of consultants/contractors should be conducted with probity and accountability, in accordance with the QPP.

¹⁷ Building contracts with a PQC service risk rating of 3 or 4, and all building consultancies, are normally procured using the 'select tendering' method, which involves targeted invitations to tender to prequalified suppliers rather than advertisement in the public domain.

Agencies must ensure building industry service providers are appropriately prequalified under the PQC System when tendering for projects with a project value of more than \$1 million.

Advertising on the Queensland Government's tendering website

Tenders should be advertised on the Queensland Government's tendering website (QTenders), in accordance with the QPP. The Queensland Government primarily uses [web-based electronic tendering](#) to:

- facilitate faster and more convenient access to tendering opportunities/tender documents by industry service providers throughout the state
- simplify the process of submitting tenders.

Mass media advertising

Mass media advertising and communication activities are important tools for the government to deliver information to the public. The Department of the Premier and Cabinet (DPC) administers the Advertising and Marketing Communication Code of Conduct, the Government Advertising and Communication Committee (GACC), and the master media contract for media buying and planning¹⁸ to ensure all government activities align with the government's priorities, are appropriately targeted and offer value for money.

Inviting tenders for early works contracts

Scope and application

For government building construction projects that are required to be delivered within short timeframes, it is sometimes necessary to let a separate contract for work required to prepare a site for construction. This work is commonly referred to as early works.

Process

The type of early works covered under the project contract will determine the approach taken to comply with government policy and legislation. The main types of early works include:

- civil work
- building work
- all works in relation to a government building construction project.

If early works consist only of civil work, a Queensland Building and Construction Commission (QBCC) licensed contractor is not required. Consideration should be given to using a Department of Transport and Main Roads prequalified civil contractor under the National Prequalification System to undertake this work.

If building work such as a retaining wall or perimeter fence is included in the early works contract and the value of the building work component exceeds \$3300, the early works contract must be undertaken by a QBCC or other relevant licence-holder, unless:

- the building work is removed from the early works contract, tendering the civil package separately while seeking and tendering the sections covering building work from a QBCC licence-holder, or
- a civil contractor with an appropriate QBCC building licence is sought from the Transport and Main Roads National Prequalification System.

If the contract value of the building work is more than \$1 million and it falls under the definition of a government building construction project, then it is necessary to ensure the work is undertaken by an appropriately licensed contractor registered and active on the PQC System.

¹⁸ See <https://marketing.govnet.qld.gov.au/advertising.aspx>

Professional indemnity and public liability insurance for building industry consultants

Scope and application

This section outlines the insurance requirements for prequalified building industry consultants and advises agencies of their obligations involving these requirements.

Building industry consultants registered on the PQC System must have appropriate professional indemnity and public liability insurance to be eligible for government building construction project commissions. This is to limit the risk to government.

Process

Professional indemnity insurance

The PQC System requires all prequalified building industry consultants to have a professional indemnity insurance policy with the following provisions:

- a minimum insured amount of \$1 million per claim
- personal injury coverage
- continuity of coverage for a period appropriate to the commission type
- a maximum excess of \$50,000 (a higher excess may be acceptable if the consultant can demonstrate to EPW that their trading entity has sufficient net tangible assets to justify the higher amount).

The required minimum insured amount will vary from \$1 million to \$10 million, depending on the type of commission, the service risk rating, and the estimated cost of the government building construction project with which it is associated.

Public liability insurance

The PQC System requires all prequalified building industry consultants to have a public liability insurance policy with:

- a minimum insured amount of \$5 million per claim
- a maximum excess of \$50,000 (potentially higher if the consultant can demonstrate to EPW that their trading entity has sufficient net tangible assets to justify the higher amount).

Agencies have a range of responsibilities to ensure the above requirements are met. For each commission, the agency should:

- determine the level of professional indemnity insurance appropriate to the service risk rating
- consider the period over which the professional indemnity insurance policy should be maintained
- ensure the requirements for professional indemnity insurance and public liability insurance (i.e. the level of insurance and the duration for which cover should be maintained) are included in the commission invitation documents (see [Consultant invitation and selection process](#) for more information on managing the consultant invitation process)
- ascertain the appropriate level of professional indemnity insurance for each commission, using [Table 7](#) as a guide. The minimum insured amounts shown in [Table 7](#) reflect those offered by the insurance market (i.e. \$1 million, \$2 million, \$5 million or \$10 million).

Professional indemnity insurance is purchased on an annual basis, and renewal of a consultant's cover is not guaranteed. To limit the risk to government of a consultant's professional indemnity insurance lapsing during or shortly following completion of a commission, consultancy contracts may stipulate a period during which the specified level of insurance should be maintained. This should not exceed six years following completion of the commission.

Table 7: Levels of professional indemnity insurance by Minimum insured amount relative to service risk rating (SRR)*

Project value	SRR 1	SRR 2	SRR 3	SRR 4
< \$2 million	\$1 million	\$1 million	\$1 million	\$2 million
\$2 million to < \$5 million	\$1 million	\$1 million	\$2 million	\$2 million
\$5 million to < \$20 million	\$2 million	\$2 million	\$5 million	\$5 million
\$20 million to < \$50 million	–	\$5 million	\$10 million	\$10 million
\$50 million to < \$100 million	–	–	\$10 million	\$10 million
\$100 million+	–	–	Contact PQC	Contact PQC

* A service risk rating of 4 indicates a very high risk commission, while a service risk rating of 1 indicates a low-risk commission. See [PQC System – consultant service risk assessment](#) for more information about service risk ratings.

Financial capacity assessments: Two Stage Design and Construction Management Contracts

Scope and application

This section provides information about projects delivered under Design and Construct contracts. Under Design and Construct contracts, contractors have varying degrees of responsibility for the design and documentation process, and can be engaged to undertake or be involved in elements of the design phase.

Note that a formal FCA of the preferred tenderer is to be made by a financial assessment company at the tender evaluation stage for all government building construction projects exceeding \$1 million in value.

Process

Understanding tender evaluation stages

Design and Construct contracts are distinct from Fully Documented contracts. The latter typically has one tender evaluation stage, and usually concludes with the acceptance of preferred tenderer.

Design and Construct contracts involve:

- an initial review of offers received from tenderers before acceptance of a preferred contractor for the initial stage
- a subsequent review of an offer submitted by the successful contractor before the project progresses to the next stage (e.g. under a Managing Contractor two-stage Design and Construction Management (Negotiated Guaranteed Construction Sum (GCS)) contract – a staged version of a contract with design obligations):
 - the Principal initially prepares a project brief, including a budget estimate and estimated completion time
 - the Principal then seeks submissions from appropriately prequalified registrants under the PQC System
 - submissions are evaluated and a tenderer is identified and accepted as the Managing Contractor for stage one of the contract
 - during stage one, the Managing Contractor is required to collaborate with the Principal to revise the project brief and refine design to meet budget and time constraints
 - at a suitable time during stage one of the contract, the Principal asks the Managing Contractor to submit a GCS offer
 - the Managing Contractor's GCS offer is evaluated and considered by the Principal

- if the GCS offer is accepted, the second stage of the contract begins, and the Managing Contractor completes design and documentation and manages construction.

The time between acceptance of stage one and stage two varies between projects, but can range from three to nine months, depending on project size and complexity.

Implications for agencies and project managers

Agency project managers dealing with Design and Construct contracts are required to seek an FCA of the preferred tenderer (from a financial assessment company), and to ensure a “Pass” or “Pass with concerns” (where the concerns have been considered, and where applicable, conditions placed on the contractor to minimise any associated risk) outcome is received before accepting the tenderer for a multi-staged project.

FCAs are based on an estimated or known contract value that adequately reflects work to be undertaken under the full scope of the contract. In the case of multi-staged forms of contract, this contract value will be the estimated cost to complete the entire contract.

FCAs are valid for 25 business days from the date of issue.

Notification of the award of government building contracts

Scope and application

The QPP requires agencies to publish details of awarded contracts. Minimum requirements for reportable contracts are outlined in the [contract disclosure guidelines](#) and include:

- basic details of all awarded contracts valued at \$10,000 and over
- procurement method used for contracts valued at \$500,000 and over
- additional contract details for contracts valued at \$10 million and over.

Where a limited procurement method is used, procuring agencies must also publish a brief description of the circumstances justifying the use of this method.

Agencies administering their own building contracts or commissions should ensure details are published no more than 60 days from when the contract is awarded.

If EPW is administering the contract or commission on behalf of an agency, it is EPW’s responsibility to meet this obligation.

Formal instruments of agreement

The Queensland Government BPF’s Policy Requirement 3 requires agencies to use standard contracts developed by EPW, on all government building construction and maintenance projects. Some of these contracts provide an option for a FIA. A guide note is available on the [BCM Contract page](#).

Management of government building construction projects

Scope and application

The purpose of this section is to provide context for assessing the management arrangements required for effective and efficient management of a government building construction project. The term management of government building construction projects refers to the process by which government building construction projects are defined, planned, monitored, controlled, and delivered to realise agreed goals and objectives.

Risks

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

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

- inefficiencies in the use of resources
- exposure to public criticism or decreased public confidence leading to reputational risk
- legal action, e.g. arising from non-compliance with statutory requirements.

Process

Agencies are responsible for ensuring activities related to managing government building construction projects comply with relevant legislation and government policies. When agencies outsource aspects of planning and delivery, roles should be articulated in agreements between the agencies and service providers, whether private or public sector.

Consultation with EPW during the management of government building construction projects may vary based on the project risks and estimated cost.

The PAF is the foundation for ensuring that project initiation and development is undertaken effectively across the Queensland public sector to deliver maximum value for money.

EPW has established a Project Management Centre of Excellence (PMCoE) to guide the delivery of building projects through its Public Works Division. The [PMCoE can be contacted](#) for further guidance.

The expected benefits of managing government building projects are:

- achievement of project objectives
- greater accountability and control, reflected in time, cost and quality outcomes
- effective stakeholder communication and management
- all participants have a clear understanding of their roles and responsibilities.

Considerations for management of a government building construction project

The management process should consider a balance between the social, environmental and economic aspects of the project. Demographic trends and changing consumer patterns and preferences should inform the evaluation methods when considering project options.

Key factors that may affect management of projects include:

- the regulatory environment, government priorities, strategies and policies
- availability and use of adequate management information for project initiation, project and program planning and control
- the development of design solutions that achieve:
 - optimal layout on the site
 - enhanced environmental performance such as reducing water and energy consumption
 - enhanced economic performance by addressing whole-of-life issues including maintenance and management in use and the optimum balance between capital and operating costs
 - optimal health, safety, and security outcomes
 - avoidance or mitigation of the impact of natural disasters
- stakeholder management and communication – integration and participation of various parties including consultants, contractors, maintenance providers in managing projects
- monitoring and control of project progress
- a systematic process to identify, analyse, assess, and treat risks that may affect the project's objectives, involving:
 - a structured process that integrates all activities in the key phases (project initiation, project development and project implementation)
 - evaluation reports, submissions, plans and other information to support decision making for:
 - project delivery
 - project review to improve knowledge and expertise for future projects
 - project planning that involves strategic assessments for defining project outcomes and goals and the development of business cases
 - budgeting for building projects, which should ensure that financial and programming aspects of the brief, including the budget, the forecast cashflow and the key program milestones and timelines, are achievable.

Agency consultation with EPW

Consult with EPW when:

- developing the business cases and the preparation of government briefing material for BPP projects or potential BPP projects
- seeking to depart from using a standard contract, the agency must consult with the Chief Contracts Officer (EPW) about the proposed procurement strategy and contract provision, and subsequently the agency must consult with the Contracts Committee
- selecting a procurement strategy and form of contract for all HRS building projects, where applicable, prior to the finalisation of the business case
- using a select tender list for a building contract on government building construction projects of more than \$1 million
- using a select list for maintenance contracts that are more an \$1 million over the life of the contract
- using a select tender list where a building commission on a government building construction project exceeds \$100,000
- preparing a tender evaluation plan before calling tenders on all HRS building projects; and
- there is major disputation, litigation, or insolvency.

Control of project progress and reporting

Control and monitor the progress of the project and use regular progress reports to detail:

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

Benefits realisation

Benefits realisation occurs towards the end of the benefits management process and focuses on ensuring that a project is delivering the anticipated benefits and value for money, documented in the approved business case and benefits realisation plan. The benefits realisation process involves:

- implementing measurement processes to reinforce benefits realisation, e.g. tracking benefits, where possible, using financial measures, or adopting more complex measures
- for complex projects, referring to the [Gateway Review Process Benefits Realisation: Gate 5](#) (Queensland Treasury)
- assessing the impact of the project on service delivery, using:
 - feedback from POEs
 - feedback from stakeholders such as property staff, tenancy staff and service delivery staff in the agency
 - audit reports that noted any overall improvement in service delivery from previous audits
 - assessment of business benefits being realised as set out in the business case, which should be continually updated during the project.

The assessment should be undertaken as part of project review, including building performance review and process review (see [Project review](#)).

Payments in the building and construction industry

Scope and application

The purpose of this section is to provide a general overview of protections and requirements in the BIF Act and QBCC Act, designed to ensure contractors are paid for the work that they do. The QBCC is responsible for oversight of these protections and requirements.

While all the information contained in this section may not directly apply to government, it is important that contractors have an adequate understanding should other parties seek further information or have any questions.

The Principal or contracting party (for the purposes of this section is the Queensland Government) is at the top of the contractual chain for procurement of building and construction work and services. This means payments made to engaged companies and persons may flow down the contractual chain to many other parties. It is important that government facilitates the lawful flow of payments through the contractual chain.

Process

The BIF Act requires a project trust account (PTA) and/or a retention trust account (RTA) to be established for certain eligible contracts for building and construction work.

Project trust accounts

PTAs apply to eligible Queensland government building and construction contracts valued at \$1 million or more and eligible private sector, local government, statutory authorities' and government-owned corporations' contracts valued at \$10 million or more. The following should be considered:

- the requirement for a PTA is progressively expanding in phases to private sector contracts, with full implementation scheduled for 1 October 2025
- a PTA is generally established by the head contractor (contracted party/trustee) for the eligible contract
- all progress payments from the Principal to the head contractor must be deposited in a PTA
- the head contractor acts as trustee of the PTA and distributes payments to subcontractors and itself from this account only
- government principals are not required to establish a PTA
- a PTA is separate to the contracted party's personal or business account, and project funds and amounts owed to subcontractors are kept separate from funds of other projects or contracts, and other cash flows.

A contracted party under an eligible contract must open a PTA within 20 business days after entering into the first subcontract, noting:

- the eligible contract could state a date by which the PTA must be opened; however, this date must be at least 20 business days from the contract date
- the date applicable to the contracted party must be checked.

Once a PTA is established the contracted party must notify the Principal and the QBCC within five business days and ensure the notice about the opening of the PTA states the:

- trustee's name
- PTA – name, account number
- financial institution – name and BSB.

If the Principal knows or ought to reasonably know that a PTA is required but has not been opened, they must:

- check the QBCC register to confirm if the trustee has notified the QBCC and established a PTA, and check with the contracted party before making a complaint
- notify the QBCC using the myQBCC online submission or a manual form (Form TA6 – Trust Account complaint).

The contracted party must, within five business days of closing the PTA, notify the Principal and the QBCC.

The QBCC is responsible for regulating PTAs and RTAs. It has a range of powers, responsibilities and oversight functions, including receiving notices about trust accounts, maintaining a register of all trust accounts, approving financial institutions where trust accounts may be held, conducting approved audit programs to establish trust account compliance, investigating complaints about possible non-compliance with trust laws, conducting enforcement activities, prosecution of alleged offences and directing trustees and financial institutions in certain cases, where warranted.

More information on PTAs is available on the [QBCC website](#).

Retention amounts

The QBCC Act specifies requirements for retention amounts and securities, including:

- when they can be withheld
- how much can be withheld
- when they must be released.

The contracting party:

- may withhold a retention amount or security from a payment to a contracted party to provide financial protection to the contracting party for the purpose of correcting defects or securing performance of the contract
- may withhold, before practical completion, no more than 5 per cent of the contract price as a retention amount or security. After practical completion is reached, no more than 2.5 per cent of the contract price (for the contract) can be withheld as a retention amount or security
- must release remaining retention amounts to the contracted party at the end of the defects liability period or if the building contract does not state a defects liability period date, then it must be released 12 months after practical completion (it is an offence if the contracting party does not release the retention amount).

Retention trust accounts

Government principals are not required to establish RTAs. RTA requirements apply to all non-government principals and head contractors withholding cash retention amounts under an eligible project trust contract, and are scheduled to expand to cash retention amounts withheld by parties (including subcontractors) along the contracting chain from 1 October 2025.

The contracting party withholding the cash retention amounts must establish an RTA. The contracting party requires only one RTA to be established to hold cash retentions across multiple projects, the contracting party can choose to establish more than one RTA.

Cash retentions withheld under eligible project trust contracts must be held in an RTA for the benefit of subcontractors and the trustee.

Note that RTAs include additional protection of a charge in favour of the beneficiary.

More information on RTAs is available on the [QBCC website](#).

Progress payments

The BIF Act provides protections and rights in relation to payment for performance of construction work or supply of related goods and services.

The BIF Act requires the giving of a payment claim (an invoice can constitute a payment claim) by the claimant (the person who performs construction work or provides related goods and services).

Under progress payment requirements the claimant is entitled to a response from the person they gave the payment claim to (for example, the Queensland Government would be a respondent). The response can be payment in full for the amount claimed (by the due date), or by providing a payment schedule specifying the amount the respondent intends to pay.

A valid payment schedule must be provided within 15 business days of the respondent being given a payment claim – or earlier if the contract states another timeframe. The payment schedule must:

- identify the relevant payment claim
- state the amount to be paid (if any)
- state all reasons if paying a lesser amount or withholding payment.

It is an offence if the respondent either:

- fails to pay the full amount claimed without providing the claimant with a valid payment schedule; or
- fails to pay the amount stated in the payment schedule by the due date.

Agency officers should check with their agency's internal guidelines about what checks to make before payment and how to make the payments.

If a claimant disputes a payment schedule or amount paid, and the respondent has either not provided a payment schedule or reasons for the lower amount, the respondent may, in some cases, lose their right to respond during adjudication.

If there is a dispute about the proposed payment amount, the contractor has the right to certain payment protections to secure their access to the money and to have the dispute resolved. This could include adjudication, Queensland Civil and Administrative Tribunal (QCAT), court process, or stopping work.

In the event of disputes, agencies should immediately seek advice from their legal services team, EPW Contract Services, or other line managers.

If subcontractors or other contractors working on a project report they have not been paid, the matter should immediately be reported to the QBCC and if possible, investigated by the agency.

Supporting statements

A head contractor who has engaged subcontractors must supply a supporting statement with every payment claim (noting there are penalties for non-compliance). A supporting statement is similar to previous government contractual requirements to supply a statutory declaration, and must declare that all subcontractors have been paid the amounts they are owed or list all subcontractors who have not been paid in full and give the reasons why.

If an invoice/payment claim is received, and it does not have a supporting statement attached:

- speak to the contractor to ensure a supporting statement is provided
- report this to the QBCC
- pay the claim (the absence of a supporting statement does not invalidate the claim or constitute grounds for non-payment)
- investigate (if appropriate) if all subcontractors are being paid for their work.

Securing unpaid amounts and disputes

Contractors and subcontractors have several options available under the BIF Act when there is disagreement about payment or monies owed. While these options are not relevant to the Principal (being the party at the top of the contracting chain), it is important to understand the consequences of a payment dispute.

Adjudication

Adjudication is a quick, cost-effective dispute-resolution process to help resolve disagreements about progress payments and monies owed, and an alternative to court proceedings.

Under the BIF Act, a claimant (a contractor who claims to be entitled to a progress payment) can lodge an adjudication application with the Adjudication Registrar who will refer the matter to an adjudicator (whose decision is enforceable by a court).

If a respondent (person or company under the contract who is or may be liable to make the payment) does not pay an adjudicated amount, they may face fines, prosecution, or other disciplinary action.

If agencies receive adjudication applications, they must seek advice from their legal services team, EPW Contract Services or the relevant agency line manager.

The [QBCC website](#) has more information on adjudication.

Payment withholding requests

Head contractors and subcontractors who have not been paid an adjudicated amount (amount decided by an adjudicator as owing) are able to make a payment withholding request to the party that is higher in the contractual chain than the party who engaged them. This could include a subcontractor making a payment withholding request to the government as Principal.

The higher party that receives a payment withholding request is required to withhold an amount no greater than the unpaid adjudicated amount. This can be withheld over more than one payment claim, including for final payment claims and retention amounts. Failure to withhold payment may result in the higher party becoming jointly and severally liable for the amount.

If agencies receive payment withholding requests they must seek advice from their legal services team, EPW Contract Services or the relevant agency line manager.

The [QBCC website](#) provides more information on payment withholding requests.

Charge over property

If a head contractor is owed an adjudicated amount and not paid in full by the due date, they can register a charge over the property where the work took place or goods and services were supplied. This can only occur if the respondent to adjudication or a related entity of the respondent is the registered owner of the property. This can include property owned by the state. In such cases, agencies should consult their legal services area or EPW Contract Services.

The [QBCC website](#) provides more information on charge over property.

Subcontractors' charges

Subcontractors' charges are similar to payment withholding requests, in that they provide a way for subcontractors to:

- secure payment of an amount owed under a contract by someone who is higher in the contractual chain (e.g. government Principal)
- secure retention monies held under the contract.

If agencies receive a subcontractors' charge, they must seek advice from their legal services team, EPW Contract Services or the relevant agency line manager.

The [QBCC website](#) provides more information on subcontractors' charges.

PQC System – contractor performance reporting

Scope and application

The BPF's Policy Requirement 8 requires agencies to complete performance reports for each supplier engaged through the PQC System.

This section provides guidance for agencies engaged in government building construction projects to complete performance reports on prequalified contractors. It includes information for people managing contracts (e.g. Superintendent's Representative (SR), Site Representative) who are required to prepare performance reports.

Risk

Performance reports are used to assess prequalified building contractors for continued registration on the PQC System and for possible inclusion on select tender lists.

Failure to prepare and submit performance reports accurately and promptly could result in contractors remaining prequalified and eligible to tender on projects, even though they have displayed unsatisfactory performance, unethical behaviour or non-compliance with government policy.

Process

The performance reporting process aims to encourage contractors to achieve superior-level performance, which can increase the likelihood of them being offered select tender opportunities on government building construction projects.

The performance reporting process incorporates a scoring methodology that automatically calculates a percentage score in the PQC Database. This score is used to assign a star ranking between 1 (lowest ranking) and five (highest ranking) to the contractor's registration details. The star ranking is also displayed on PQC eligible tenderer lists to inform procurement officers.

Agencies must complete performance reports for each contractor engaged through the PQC System when construction is 50 per cent complete, and again between one and three months after practical completion of a project.

Performance reports should be completed at other times on an exception basis, particularly if:

- the project is high value or significant
- a contractor is not performing to expectations or is experiencing financial or other stress
- a contractor is displaying superior performance that the reporting officer wishes to highlight.

Reports should be completed as soon as possible if performance issues are identified, to support timely discussions between reporting officers (e.g. SR, Site Representative) and contractors. Performance reports can be completed by agency staff or by third parties engaged by an agency. Every report must be approved by an agency employee.

People preparing and/or approving contractor performance reports must:

- ensure reports are objective, accurate and completed in line with performance metrics outlined in [Appendix 4-1](#)
- consult frequently with the contractor to ensure factual and agreed assessments of contractor's performance.

In cases of unsatisfactory performance, it is preferable that those managing the contract and contractor's representative:

- complete a performance report at a face-to-face meeting
- include the management levels of both the entity managing the contract and the contractor in the meeting.

Each performance report must be approved by the agency officer responsible for managing the contract (such as a Superintendent, Superintendent's Manager, Principal's Representative, or Principal Representative's Manager) to certify it is objective and accurate, and can therefore be relied upon by:

- the PQC Registrar when making decisions about a contractor's registration on the PQC System
- agencies considering a contractor for possible inclusion on, or exclusion from, select tender lists.

Contractors must have reasonable opportunity to comment on assessments of their performance in accordance with the principles of natural justice. However, to put the matter beyond doubt, a contractor's support agreement, approval or otherwise is not required to submit a performance report to the PQC Registrar.

Procedure for completing contractor performance reports

Performance reporting should follow the two-step process outlined below.

Step 1 – reporting

The reporting officer (e.g. SR, Site Representative) must:

- consider the contractor's performance under the contract and grade each evaluation criteria on the [contractor performance report template](#) as:
 - unsatisfactory
 - poor
 - satisfactory
 - good
 - superior
- accompany unsatisfactory or superior gradings with relevant supporting documentation
- complete section 1 and provide a copy of the report to the contractor's representative, who is to complete section 2 of the report and return it to the reporting officer
- if poor or unsatisfactory performance has been identified, the reporting officer should meet with the contractor's representative to discuss the assessment
- forward the completed performance report and relevant documents to the approving officer for review and approval.

Step 2 – approval

The approving officer (e.g. Superintendent, Principal's Representative) should:

- consider the performance report and any attachments and complete section 3
- forward the report to the PQC Registrar if they are supportive of the comments previously made.

The contractor's representative/management must be given a right of reply if the approving officer makes additional comments that could be considered unfavourable to the contractor. They must:

- forward the report to the contractor's representative/management to complete section 4, with the report to be returned to the approving officer
- where there is significant challenge by any party:
 - the approving officer must forward the report to the approving officer's management for consideration and addressing as required with the contractor's management
 - the approving officer's manager must complete section 5 of the report and forward it to the PQC Registrar.

Where any of the evaluation criteria outlined below have been graded as unsatisfactory or poor, the approving officer should provide a copy of the report to the agency procuring the project:

- industrial relations management
- workplace health and safety management
- compliance with the [Queensland Government Building and Construction Training Policy](#)
- compliance with the [Queensland Charter for Local Content](#).

The agency procuring the project will review the performance report and determine if any investigation/action is necessary under the [Ethical Supplier Mandate](#).

There is also provision for final sign off by a client representative (to provide an opportunity for the client agency to view the performance report before it is submitted to the PQC Registrar) at step 6, e.g. where the client's agency:

- wishes to provide feedback on the contractor's performance, in addition to that provided by the reporting officer and approving officer
- has engaged QBuild to manage the contract on its behalf and wishes to be involved in the performance reporting process.

When a performance report is submitted to the PQC Registrar, the Registrar should:

- review the report and any attachments
- seek any necessary additional or clarifying information from the reporting officer, approving officer and/or approving officer's management
- record results of the report against the contractor's registration in the PQC Database
- undertake a formal review and sanctions process where a performance report is unsatisfactory (i.e. has one star ranking), which may lead to a contractor's registration being downgraded, suspended or cancelled.

The PQC Registrar may undertake a review of a contractor's registration status if the overall performance is ranked as two stars, dependent on factors that led to the performance ranking.

PQC System – consultant performance reporting

Scope and application

The BPF's Policy Requirement 8 – Supplier Performance Reporting requires agencies to complete PQC System performance reports for each supplier engaged through the system.

This section provides guidance for agencies undertaking prequalified consultant performance reporting associated with government building projects. It includes information for people managing a consultancy (i.e. project managers and procurement managers) who are required to prepare performance reports on building consultants.

Risk

Performance reports are used to assess prequalified building consultants for continued registration on the PQC System and for possible inclusion on select tender lists.

Failure to prepare and submit performance reports accurately and promptly could result in consultants remaining prequalified and eligible to tender on projects, even if they have displayed unsatisfactory performance, unethical behaviour or non-compliance with government policy.

Process

The performance reporting process aims to encourage consultants to achieve a superior level of performance, which can increase their future opportunities for select tenders on government building projects.

Agencies must:

- complete a performance report for each consultant engaged through the PQC System (at the completion of the consultancy service)
- complete a performance report at other times on an exception basis, particularly where the consultant is:
 - not performing to expectations
 - displaying superior performance that the Project Manager wants to highlight.

Reports should be completed as soon as possible when performance issues are identified. These reports should facilitate prompt discussion between the agency officer (e.g. Project Manager) and the consultant.

Reports can be completed by an agency officer or a third party engaged by an agency, but every report must be approved by an agency officer.

Completing consultant performance reports

It is important to ensure consultant performance reports are objective and accurate. The agency should consult frequently with the consultant to enable factual assessments of their performance.

In the case of unsatisfactory performance, it is preferable that those managing the consultancy and the consultant's representative complete a performance report at a face-to-face meeting. On some occasions, it may be appropriate for the management levels of both the entity managing the consultancy and the consultant to attend the meeting.

The performance report must be approved by the agency officer responsible for managing the consultancy (e.g. procurement manager) to certify that it is objective and accurate, and can be relied upon by:

- the PQC Registrar when making accountable decisions regarding a consultant's registration on the PQC System
- agencies when considering a consultant for possible inclusion on or exclusion from select tender lists.

The consultant must be given reasonable opportunity to comment on the assessment of their performance, in accordance with the principles of natural justice. However, to put the matter beyond doubt, a consultants' support agreement, approval or otherwise is not required to submit a performance report to the PQC Registrar.

The person completing the report must consider the consultant's performance under the consultancy, and grade each of the evaluation criteria (see [Appendix 5-1](#)) listed on the consultant [performance report template](#) as either:

- unsatisfactory
- adequate, or
- superior.

Reports graded as unsatisfactory or superior should be accompanied with the relevant documentation to support the grading.

Completed reports should be:

- signed by the agency's management officer (e.g. procurement manager)
- forwarded to the consultant's representative, who is to complete the report and return it to the agency officer.

If unsatisfactory performance has been identified on the report, the agency management officer and the consultant's representative (or management) should meet and discuss the assessment.

The completed performance report is to be forwarded to the PQC Registrar. The agency management officer is to forward a copy of the report to the agency procuring the project if 'compliance or support for local industry evaluation criteria have been graded as unsatisfactory.

The agency procuring the project is to review the performance report and determine if any investigation/action is necessary under the [Ethical Supplier Mandate](#).

Receipt of a performance report

On receipt of a performance report, the PQC Registrar will:

- review the report and any attachments
- request (if necessary) the agency officer or agency management officer to provide further information about any assessed criteria, or clarification of any issues
- record the report results against the consultant's registration in the PQC Database
- undertake a formal review and sanctions process where a report is unsatisfactory, noting this may lead to a consultant's registration being downgraded, suspended, or cancelled.

Commissioning and handover on government building construction projects

Scope and application

This section applies to the commissioning and handover of Queensland Government building construction projects, including new buildings, plant upgrades and replacements, major maintenance projects and building improvements.

Handover is a major milestone in the capital delivery process, occurring in the transition between project completion and start of building operations.

This section aims to support consistency and guidance to agencies about the management of handover activities for a smooth transition to operations and maintenance.

Risks

The risks associated with a poor commissioning and handover process include:

- financial risks such as:
 - financial loss due to inaccurate accounting and asset management reporting
 - unnecessary financial exposure due to under-utilised warranties and defect liability periods
 - unnecessary financial exposure due to a lack of supporting documentation, should legal proceedings related to the building be brought against the state
- operational risks such as:
 - deficient asset management due to inadequate building knowledge caused by a lack of documentation (manuals, specifications, certificates, as-built drawings etc.)
 - potential disruptions and inefficiencies in building operations/maintenance due to a lack of building services information
 - non-compliance with statutory and/or government policy requirements
- design risks in future refurbishments/improvements due to lack of accessible and accurate building information
- health and safety risks to maintenance staff due to inadequate training and knowledge about building systems, plant, and equipment.

Process

Each project will have its own specific issues, so the purpose and scope of commissioning and handover requirements should be clearly defined in the project specification.

Plan commissioning and handover activities from an early stage to ensure that:

- the building meets operational requirements
- current and future maintenance needs are identified

- operational and maintenance staff have received all information and knowledge they need to strategically and physically manage the building.

There should be agreed and clearly documented procedures to assist agencies in identifying and implementing adequate management strategies to maximise efficiency and minimise risks.

A government building is commissioned before handover to ensure it is functioning, operational and ready for use. Defects or any outstanding work under the contract should be identified and documented during commissioning. This approach will ensure a clear understanding of work to be completed during the project's final stages:

- ensure commissioning is adequately planned and undertaken, as required under relevant building and development codes, including production of documents, certificates, warranties, inspection, and maintenance schedules
- identify and document any defects or outstanding work under the contract, to ensure a clear understanding of work to be completed during the project's final stages
- contractors/consultants prepare a building commissioning program (including key dates and activities) for the project sponsor and building owners (noting the contractor is generally, under the contractual arrangements, responsible for the commissioning of the building)
- commissioning activities may include:
 - calibrating, testing, and running building systems, services, and equipment to ensure the building is ready for use
 - considering if manufacturers' representatives should be onsite to authorise operation of services and equipment, potentially followed by a report attesting to correct installation and functioning in accordance with manufacturers' specifications
 - calibrating control instruments and systems to ensure energy conservation and environmental conditions are maintained
 - starting handover training for operation and maintenance staff (this should continue throughout handover)
- retain performance data gathered from these activities for ongoing performance benchmarking
- begin the handover training program, involving building owners/users and maintenance providers
- undertake final inspection at conclusion of commissioning, enabling key project personnel (including the project sponsor, contractors/consultants and building owners/users) to ascertain the building's readiness for handover. A satisfactory inspection will result in the issue of a Certificate of Practical Completion.

Commissioning and handover

The strategic objectives of the handover stage are to ensure the building is free from identified defects, fully functional and operational and to prevent disruption to operations during the transition. An efficient handover strategy will also ensure the required building information and knowledge is transferred from the design and construction team to the operational and maintenance staff, improving the latter's ability to manage the short and long-term performance of the building.

Consider the following in the handover process (responsible roles are bracketed):

- pre-handover activities including commissioning:
 - establish a commissioning program, including key dates and activities (contractor)
 - calibrate, evaluate, and run building equipment, services and systems (contractor)
 - review designated contract services deliverables (project sponsor)
 - identify and document defects (project sponsor)
 - rectify defects impacting on safety and service delivery (contractor)
 - submit building documentation to the project sponsor (contractor)
 - confirm maintenance arrangements, including proactive, reactive, preventative, and operational services with maintenance providers (project sponsor and building owner/users)
 - begin handover training with building owner/users and maintenance providers (contractor)
 - prepare and submit handover report (contractor)
- practical completion
 - inspect with building owner/users (project sponsor/contractor)
- post-handover activities

- identify and document defects/omissions (project sponsor)
- rectify outstanding defects/omissions (contractor)
- monitor service maintenance and maintain defect rectification records (project sponsor and building owner/users)
- arrange final completion inspection with project sponsor and building owner/users to ensure satisfactory rectification of all outstanding defects (contractor)
- accept final handover report (project sponsor and building owner/users)
- complete handover training (contractor)
- update asset register (building owner/users)
- identify defects/maintenance issues and notify maintenance provider (building owner/users)
- project-close activities
 - close auditable project files (project sponsor)
 - release final payment to contractor (project sponsor)
 - close financial accounts (project sponsor/building owners)
 - review project (project sponsor).

Receipt of building documentation

Agencies should ensure that key project documentation is produced and handed over to the appropriate officer for recording on an agency register and access is made available by those responsible for operating and maintaining the facility.

The contractor/consultant should transfer all building documentation to the project sponsor before handover. The project sponsor should provide copies of this documentation to building owners/users and maintenance providers.

Building documentation may include:

- as-built building plans and commissioning data
- statutory authority permits and approvals, including progressive Building Certifier approvals
- plant, equipment, services, and system information/schedules, including recommendations related to lifecycle costing
- service maintenance requirements
- operation and maintenance manuals covering design and operating parameters, service maintenance schedules, maintenance and cleaning products/tools and spare parts
- certificates, warranties, and guarantees
- occupational instructions and/or any training packages
- lists of outstanding defects identified during commissioning that are to be rectified before practical completion.

Before handover, agencies should ensure that systems and processes are in place for the acceptance and retention of building information. This information should be validated and maintained by the officers responsible for building operation and maintenance.

Building documentation must be handed over and stored in an industry-standard format compatible with relevant asset management systems. The mode of transfer of contract documents and handover requirements should be clearly noted in contract documents and handover requirements.

Copies of all building code assessment documents (including as-built plans and approvals) are to be provided to EPW via the e-plan portal. This information will be made available for access by all agencies.

Building Information Models

Agencies must ensure BIM files are produced according to BIM requirements under the contract and handed over to a nominated officer. These files should be stored in a location that can be accessed by officers responsible for operating and maintaining the facility.

Confirming maintenance arrangements

Before handover, project sponsors and contractors/consultants should assist building owners/maintenance providers determine building maintenance requirements and facilitate planning

and budgeting for maintenance operations. This could include proactive, reactive, preventative, and operational services or a fully bundled facilities management arrangement.

Handover training

In relation to handover training:

- agencies must ensure training is undertaken using the services of members of design and construction teams where appropriate
- project sponsors coordinate training sessions to familiarise building owners/users and maintenance providers with building equipment and systems.

Design and construction teams (including subcontractors, where appropriate) should provide these training sessions, which may involve instructions for occupants and coincide with the handover of building documentation.

Handover training should be started as early as possible during commissioning to prevent disruptions to operations once handover is complete.

Handover report

The handover report, generally prepared by the contractor should document all handover activities in a handover report. and ensure it provides the project sponsor with key building documentation and acknowledges that:

- practical completion has been reached and all elements of the project have been delivered
- commissioning has been undertaken and all building elements are fully functioning and ready for use at the time of handover
- identified major defects have been rectified
- all required building documentation has been provided to the project sponsor
- handover training has been completed.

The contents of the handover report are generally agreed between the project sponsor and contractor at practical completion. Before agreement is reached, the following issues may need to be addressed:

- identification of outstanding issues to be addressed by the contractor and project sponsor
- confirmation that the contractor has satisfied any contractual obligations and complied with all relevant legislation.

Building/asset registration

On practical completion, the relevant agency should:

- ensure building details, for example, identification number, description, acquisition date, value, manufacturer, model, serial number, location are entered into its asset register
- ensure information in the asset register is kept up-to-date and accurate
- where required, complete an audit to identify the location, type and condition of any asbestos containing material
- record all identified (confirmed or assumed) asbestos containing materials in the relevant agency asbestos register
- update these registers where any building work, such as refurbishment, alteration, extension, or improvement, has involved the removal of identified asbestos containing material
- ensure the accuracy, currency, and completeness of building information, including efficient collection, storage, access, use, and disposal of the building asset information over the entire lifecycle of the building.

Practical completion

Practical completion:

- signals the end of the construction stage and the time when the building is handed over to the building owners/users
- is achieved when project requirements have been delivered in accordance with the project brief, approved design and intent, contractual obligations and statutory requirements

- occurs (usually) at the conclusion of commissioning/pre-handover activities and it is at this time that maintenance providers should be advised of all maintenance-related design and construction issues.

Before practical completion, the contractor receives a Building Code Assessment Summary (similar to a certificate of occupancy) from the Building Certifier. This document grants right of occupancy to the building owners/users.

Post-handover activities – defects liability period

Most building contracts have a defects liability period, typically 12 months from the practical completion milestone. During this period, the contractor (or their nominee) is responsible for:

- addressing minor omissions and defects outstanding at handover
- rectifying building defects identified during the defects' liability period.

The project sponsor should inform the building owners/users of contractual responsibilities retained by the contractor after handover.

Document all defects identified during the defects liability period and the rectification actions agreed with the contractor. Defect rectification should cause minimal interference with building operations.

The project sponsor should notify the contractor, or their nominee of any rectification work required to be completed.

It is important to:

- monitor maintenance activities during the defects liability period
- update continually maintenance records to reflect any new defects and/or rectification work
- incorporate maintenance records into a defects report that includes details of maintenance activities undertaken, defects identified and/or rectified, and other building issues requiring attention
- retain maintenance records in maintenance manuals for easy access to information on the condition of assets
- ensure that by the end of the defect liability period, the building is fully operational, and all identified defects and omissions have been addressed.

Final completion

A Certificate of Final Completion is to be issued following satisfactory final completion inspection.

A Certificate of Final Completion confirms that all contractual requirements have been met, including the rectification or acceptance of all outstanding defects and attendance to all omissions.

If defects or omissions are identified by building owners after final completion, see [Rectification of building defects or omissions after final completion](#) (below), and refer the matter to EPW for advice, where appropriate.

Project-close activities

Following final completion, close all project files and accounts in a way that allows easy future auditing:

- sort, index, and store key documents produced during the project to ensure an auditable trail
- ensure the archiving process adheres to all relevant legislation, regulations, and agency instructions
- consider the project sponsor's administrative procedures for retaining hard copy signatures or physical stamps, as well as handover of information to regional offices
- close the project accounts (and all related financial cost centres) and store all financial records securely, as required by applicable financial management procedures
- release (by the project sponsor) the final retention payment to the contractor in accordance with the contractual arrangements.

Rectification of building defects or omissions after final completion

Scope and application

This section covers the process and steps to be followed by agencies for the rectification of defects or omissions identified after final completion of government building construction projects.

Process

Agencies should identify defective (faulty or unsatisfactory) building work, as well as omissions. Under a typical contract such as the Conditions of Contract issued (e.g. under AS 2124 with Special Conditions of Contract), omissions are considered to include materials or work (provided or not provided by the contractor) not in accordance with the contract.

A final certificate issued once the contract is completed is, under most contracts evidence that the works have been completed in accordance with the terms of the contract except in cases of:

- fraud, dishonesty, or fraudulent concealment relating to the works
- identification of any defect or omission that was not apparent or not disclosed on reasonable inspection at the time of issuing the final certificate.

In the absence of these exceptions, the Principal is unlikely to have any recourse against the contractor for breach of contract and may have to rectify the works at its own cost.

Where the contract has ended, there are no longer any remedies under the contract that are available to the Principal. If the contractor had failed to rectify the defect or omission, it will be necessary to seek relief through legislation, common law (via the courts) or by exercising rights of set-off where it is possible to do so.

Notifying the contractor

The Principal should:

- establish the issue is a defect or omission in the works under the contract (despite the issuing of the final certificate. The Principal has recourse against the contractor in the case of such defects or omissions)
- notify the contractor of the specific details of the defect or omission
- ask the contractor to inform the agencies in how they propose to undertake rectification works, and in what timeframe
- advise the contractor of any access requirements or restrictions about when work can be inspected or undertaken.

If EPW provided a superintendency role during the contract period, agencies can contact their EPW client representative and ask them to contact the contractor on their behalf.

Note that contractors may be willing to rectify defects or omissions after final completion. There is no need for further action if they do so to a standard and within a timeframe acceptable to the Principal.

Defective work not rectified

If the contractor is unwilling to rectify defects or omissions, or fails to do so to a standard and within a timeframe acceptable to the Principal, available mechanisms include:

- the review and sanction process under the PQC System
- legislative provisions available to the QBCC
- suing the contractor for breach of contract
- off-setting any costs to rectify the defect or omission against amounts otherwise due and payable to the contractor under any other current contract between the contractor and the Principal.

Agencies should:

- advise the PQC Registrar, outlining all action and negotiations taken to date
- attempt to negotiate resolution, which could include reviews, sanctions, or other recommended actions in relation to the contractor's prequalification status, based on consultation with the contractor and relevant people involved, such as departmental legal services and contract services teams and/or the QBCC.

If negotiation fails and the contractor clearly does not intend to rectify defective work in an acceptable manner, the EPW Contract Services Unit is available to provide advice to assist agencies address the matter through legislation, common law, or the Principal's rights of set-off.

Rectification by others

If liability for defects or omissions is disputed, agencies can seek to have rectification work conducted by others, such as EPW's commercialised QBuild unit. Unless the defect or omission gives rise to urgent safety concerns, the contractor should be notified before any work occurs.

Agencies should determine if a debt is payable by the contractor to the Principal, to enable to set-off costs incurred in rectifying the defect or omission. EPW Contract Services should be consulted for advice before actioning the above.

QBCC involvement

The QBCC can only become involved in work that is considered building work under the QBCC Act. Agencies should exhaust all other available mechanisms before involving the QBCC.

Timing

It is important to provide reasonable opportunity for the contractor to rectify work, noting legal timeframes regarding instigating proceedings for work performed under a contract. The [EPW Contract Services Unit](#) can provide more information.

If at any time during the process it is considered that remedial work is necessary to address a threatening or serious situation, work can be undertaken by others.

Project review

Scope and application

This section provides best practice guidance for government in undertaking a POE in the project review phase of the capital delivery process.

Building projects at the project delivery handover stage are expected to meet design and performance requirements essential to support the agency's service and strategies.

Building performance and the activities involved in the initiation, development and delivery processes are evaluated in the project review stage. This involves undertaking POEs to complete the capital delivery process cycle.

Project reviews are undertaken at a relatively early stage in the lifecycle of buildings, and feed back into the capital delivery process cycle. Early-stage building performance assessments relate to all performance aspects, including economic performance (including management-in-use costs).

In relation to ongoing management responsibilities, the Queensland Financial and Performance Management Standard 2019 requires efficient and effective management of assets, including a review of the need for existing or additional assets and a review of maintenance strategies.

Process

Competencies and resources required

The competencies required for POE comprise of a range of skills, including:

- facilitation
- strategic asset management
- value management
- project management
- comparative analysis and interpretation
- communication.

The level of technical and professional expertise required will depend on the scope and level of complexity of the evaluation. Agencies engaging consultants in the POE process must ensure they are prequalified and selected from the PQC System.

Project review

POEs should include:

- a building performance review either for individual projects or for programs involving several projects, and must enable objective evaluation
- a process review that assesses the efficiency and effectiveness of the initiation, development, and implementation processes
- preparation of action plans, and reporting findings and recommendations.

Building performance review results are integrated into process reviews, which contribute to continuous improvement in the capital delivery process by assisting in identifying:

- success factors for improved building performance
- inhibiting factors for diminished or declining building performance.

Agencies should consider the building project's impact on agency service operations, including the performance measures used to determine and assess the delivery of outputs; and evaluate the resource and operational performance associated with building projects in conjunction with the POE and processes for project initiation, development, and delivery.

Performance information should be:

- focused on the agency's objectives and services
- appropriate and useful for stakeholders likely to use it
- balanced, giving a picture of what the agency is doing, covering all significant areas of work
- robust, to withstand organisational change or individuals leaving
- integrated into the organisation as part of agency planning and management processes
- cost effective, balancing benefits of the information against the costs.

Project review key elements are:

- project objectives
- projected building performance
- achieved performance outcomes
- process for project initiation, development, and delivery.

Pre-review activities

POEs should consider:

- Queensland Financial and Performance Management Standard 2019 requirements, noting the accountable officer preparing evaluation of a decision to complete an asset, should consider the PAF
- Queensland Treasury's [Queensland Government Program Evaluation Guidelines](#), noting that some major projects undertaken, and ongoing major programs that may involve a series of smaller projects, should be subject to ex-post evaluations
- requirements for asset review and analysis in developing resource strategies during project initiation in the capital delivery process, noting a POE may be undertaken to assess the performance of existing buildings
- any provisions in the relevant agency's internal control procedures that may require:
 - building performance review
 - process review
 - review of particular aspects of building performance or process
- any other aspect of a program (which may involve a number of smaller projects), an individual project, or program or project initiation, development and delivery processes, where a review may benefit current or future programs or projects.

The following checklist should be used to assist in choosing programs or projects to decide whether to undertake a POE:

- is the program or project of significant value in line with the agency's priorities?
- is it innovative?
- is it sensitive to contextual issues, such as government priorities, community expectations, change management and public relations?
- is there a high level of risk exposure, such as may arise from complexity or legal sensitivity?
- does it involve management or mitigation of significant social or environmental impacts?

- is one project a forerunner to several proposed similar projects?

A POE can be initiated by a building owner, a program director, or an asset manager. The following requirements should be considered when deciding whether to conduct a POE, noting that evaluations may be initiated for a number of reasons:

- feedback on the project – an assessment can be made on whether the project itself has been a success or not. This requires a comparison between initial objectives, predicted performance and actual achievement of objectives, and the performance of the project
- feedback on the planning process – this will assist in determining if there is synergy between project achievements and agency goals, policies, and priorities, and can guide planning processes for future projects
- assessment of economic evaluation approach – project economic evaluation is based on costs and benefits assumptions, which may or may not be realised
- control of ex-ante approach – where there is an established process of evaluation, an extra discipline is imposed on the overall planning and evaluation process.

The scope of the POE should be defined. It can be tailored to individual projects or programs, and will generally encompass:

- one or two key project aspects critical to particular agency objectives
- functional performance and user satisfaction (including user responses to the physical environment) with general evaluation of the project delivery process and an emphasis on areas where it has been established that functional performance and user satisfaction may have been compromised
- operational performance (from the perspective of outcome managers)
- an objective assessment of all areas of design and performance.

Review activities

Parties such as building supervisors, maintenance personnel and other occupants should be included in stakeholder briefings. Stakeholders should be identified in pre-review activities, and must be advised exactly what the evaluation will involve, in order to avoid suspicion and maximise cooperation.

An appropriate POE methodology should be developed by integrating scope and level of evaluation requirements with activities required by the selected data collection and analysis evaluation instruments.

Evaluation plans may be developed to meet management framework requirements. Such plans include:

- phases and activities established for application of the evaluation instruments
- roles and responsibilities of the parties involved
- time and resource schedules.

Typical evaluation instruments for POEs include:

- focus groups involving a small number of relevant stakeholders for evaluation of particular elements
- workshops, often preferred for larger POEs to enhance communication and networking
- questionnaires, generally used for larger and investigative evaluations, as a simple way to collect data from a representative sample of stakeholders
- structured interviews (which may be followed by informal discussions) can be used to gather data for smaller focused and indicative POEs
- walk-through inspections, potentially including video recording and behavioural mapping
- case studies, which can be used for investigative evaluations involving major ongoing programs that have a series of smaller building projects. This allows for individual buildings to be treated as individual elements within the evaluation framework and can be useful for comparative assessment.

Activities involved in performing the evaluation include:

- Collecting data and monitoring the evaluation – a review of as-built drawings and other relevant data will assist this process. The main activities involve the application of evaluation instruments selected in the methodology. The outcomes of this stage are indicators and measures of building performance and the process for its initiation, development, and implementation.
- Analysing and interpreting data – the main activities involve analysis, interpretation, and drawing conclusions from the data collection process. Data analysis may identify positive and negative

aspects of the building in use, and may require further analysis of process aspects that have affected building performance. The outcomes of this stage will be findings relating to building performance and the processes for its initiation, development and implementation.

Action plans should be developed to review relevant stakeholder feedback and develop and prioritise strategies to address any issues identified.

Review outcomes and recommendations should be documented in a project review report to support asset management decisions over the life of a building to maximise investment benefits. The format for a project review report will depend on the scope and level of the POE.

Post-review activities

Once the review is complete, the responsible officer should:

- seek approval of the recommendations at appropriate agency management level (before implementation and review of their effectiveness)
- implement the recommendations, which could relate to:
 - design and performance of the building and its associated spaces, elements, materials, and finishes
 - activity performance relating to operational performance and processes for initiation, development, and implementation
- review effectiveness of actions, monitoring the outcomes and changes implemented to ascertain if they have had the desired impacts on performance.

Building design and performance review

Building performance reviews should be undertaken for individual buildings or for several buildings that are part of a larger complex or building works program. Their purpose is to provide information about the performance requirements of new or existing buildings when fully operational, after at least 12 months of occupancy. These reviews aim to:

- assess the suitability of a building or several buildings to meet service and output requirements
- identify how future building investments can be improved.

Building performance reviews focus on specific design aspects and performance requirements relating to project location, site and building elements, and their impact on business performance. Aspects to be assessed include business performance which relates to the delivery of outputs and services, as well as the following which may also impact business performance (noting performance indicators and measures may be developed for each aspect):

- functional performance
 - functional spaces in and around the building
 - space allocations and fitout
 - space groupings and functional relationships
 - design and construction quality and standards
 - the site and building generally, including physical characteristics, circulation and access, safety, environment, communications, security, appearance, artwork and operational aspects (including cleaning and maintenance)
 - general planning and design
- technical and environmental performance
 - health, safety and security
 - heating and cooling
 - lighting and acoustics
 - plumbing and electrical provisions
 - materials
 - IT provisions
 - equipment
- economic performance
 - building performance as an investment in resources

- whole-of-life issues, such as those relating to recurrent costs associated with occupancy and operations, leasing and lease management, workplace health and safety, and maintenance
- symbolic performance
 - aesthetic and image characteristics
 - how buildings relate to community private and public domains
 - integration of art and design.

Performance indicators and measures should be used to assess performance for each aspect and compare it with performance levels that may have been established in the project brief. Evaluation should relate to performance of both building systems and human activities and responses, and involve relevant data collection and analysis.

Building performance reviews should be made by selecting a range of indicators and measures for evaluation. If a review is being undertaken for a number of buildings (potentially part of a larger complex) or a building works program, the review may be based on an aggregation of appropriate indicators and measures selected from the building level.

Process review

Process reviews assess the effectiveness and efficiency of the process for building project initiation, development and implementation, and identify how future investments can be improved. They should be undertaken at levels similar to those for building performance reviews (i.e. for projects that involve individual buildings or several buildings that may be part of a larger complex or building works program).

Process reviews are undertaken when the building is fully operational and after (at least) 12 months of occupancy

Consider the following aspects of strategic asset management systems relating to the process for initiation, development, and implementation of building projects (noting process indicators and assessment measures may be developed for each aspect):

- asset management policies (and other policies unrelated to asset management, such as employment and social policies, which could affect performance)
- asset management practices
 - existence of and compliance with documented processes
 - alignment with BPP and associated practices
 - integration with agency core business processes
 - extent of focus on achieving project objectives
 - independent capital delivery process performance indicators
- asset management resources
 - management structure and reporting hierarchies
 - integration with core business functions
 - capacity (including numbers, competencies and skill mix)
 - project management cost margins (cost of resources relative to capital value of the project)
 - integration of project team resources
 - defined responsibilities.

Process indicators and measures developed for each aspect should be used to assess the effectiveness and efficiency of each stage of building project initiation, development, and implementation, and to identify how future investments can be improved.

Building performance outcomes should be integrated in process reviews to contribute to continuous improvement in application of the capital delivery process by assisting to identify:

- success factors for improved building performance
- inhibiting factors for diminishing or declining building performance

Post-occupancy evaluation

Scope and application

This section aims to provide agencies with a structured approach to conduct a POE of a new or existing facility when it is fully operational – after at least 12 months of occupancy.

The POE process collects and analyses building performance data and translates this into action plans including:

- focusing on how users interact with the building after sufficient time has elapsed for them to experience and adjust to the building
- assessing how the building supports service delivery objectives
- assisting continuous improvement in the planning process, by identifying positive and negative aspects of the building and incorporating this information into the planning and design of future facilities
- informing the preparation of defect action plans, at an operational level, to help correct deficiencies by improving maintenance, minor works, and management decisions.

Risks

Risks that must be managed when planning and undertaking a POE include:

- inadequate definition and management of the POE
- an undisciplined approach
- invalid or unreliable data collection
- an exclusive focus on negative aspects
- unavailability of participants.

Failure to conduct a POE may result in:

- lost opportunities to improve future facilities
- reduction of asset performance in support of service delivery needs
- repetition of current deficiencies in future facilities.

Process

All agencies that control or administer buildings are required to undertake building performance reviews for:

- HRS government building construction projects and
- a representative sample of repetitive government building construction projects (not necessarily HRS projects) such as prototypes and standard building types.

The following provides agencies with a process to conduct a POE for a new or existing facility occupied for at least 12 months.

The POE process involves three phases:

- pre-evaluation
- evaluation
- post-evaluation.

Pre-evaluation phase

Decide whether to conduct a POE by considering the:

- necessity for a rigorous review or audit
- desire to improve building functionality
- need to enhance project briefs
- criticality of the building type to agency service delivery requirements.

The building owner is responsible for initiating a POE.

The level of review required will depend on the objectives and scope of the POE. The scope should be identified early, and should consider:

- functional performance – general planning and design associated with functional spaces in and around the building, including:
 - space allocation and fitout
 - design and construction quality and standards
 - physical characteristics, circulation and access, safety, operational aspects including cleaning and maintenance
- technical and environmental performance, including:
 - health, safety, and security
 - building services provisions including heating and cooling, lighting, acoustics, and plumbing and electrical
 - equipment
 - materials and IT provisions.
- economic performance:
 - the performance of the building/s as an investment in resources; and whole-of-life issues, including those relating to recurrent costs associated with building occupancy and operations, leasing and lease management, and maintenance
- symbolic performance:
 - aesthetic and image characteristics of the building/s for the community
 - integration of art and design.

The POE process should identify stakeholders such as building users, the building design team, and the building manager. It should establish a management framework that defines the scope, level and the roles and responsibilities of the evaluation team. Management could involve a reference group.

Evaluation team selection is based on the scope, level, and complexity of the POE, noting that:

- a simple POE may be undertaken by one person
- a complex review (addressing a variety of issues) may require a combination of external consultants and in-house resources with a range of skills to ensure objectivity. Team membership should be based on expertise in relation to anticipated issues.

Evaluation phase

Conduct a POE study by:

- engaging with stakeholders who may affect or be affected by the POE, e.g. the building owner, building manager and building users
- determine appropriate data collection methodology, including data collection instruments and preparation of a review plan¹⁹
- conduct the study, analyse the results, and develop an action plan
- prepare the POE report by including:
 - a summary that provides a quick overview
 - methodology
 - data analysis
 - findings
 - recommendations and action plans, which can include:
 - tasks and activities linked to building project processes and outcomes, including project briefs, SMPs, and minor works programs, noting that further investigation of project planning and delivery processes that affect building performance is sometimes required to allow an adequate interpretation of results
 - enhancements/modifications to the design and performance of the building to improve energy and water use, occupant comfort, workplace health and safety and the proper operation of all building systems.

¹⁹ A review plan should include activities established by the methodology for the review, the roles and responsibilities of the parties involved, and the time and resource schedules.

A POE for a general study can be a brief document, but comprehensive structured reports are required for in-depth investigative studies.

Post-evaluation phase

Implement actions and measure effectiveness by:

- seeking approval of the recommendations and action plans
- addressing recommendations and action plans
- reviewing the effectiveness of actions.

POE recommendations and action plans can identify enhancements or modifications to building design and performance to improve energy and water use, occupant comfort, workplace health and safety and building systems operation. The results of this evaluation together with the process review, will contribute to continuous improvement of agency internal control procedures.

Modern Methods of Construction

Scope and Application

This section aims to guide and inform the adoption of Modern Methods of Construction (MMC) for the delivery of specific Queensland Government building construction projects.

MMC is not anticipated or intended to replace traditional (in situ) construction, but is seen as a complementary or supplementary approach to deliver more projects within the current and future constraints of labour, skills, materials, budgets and timelines.

MMC describes a broad spectrum of construction methodology, systems, processes and products which seek to improve and provide better efficiency, value for money, quality and sustainable outcomes from the construction industry to deliver social infrastructure. MMC is most suited to social infrastructure projects such as schools, housing and health care.

Common product examples of MMC include but not limited to:

- precast panels
- Structural Insulated Panels (SIPs)
- volumetric (Modular)
- pods
- floor and wall cassettes
- mass timber (e.g. cross-laminated timber, glue laminated timber, etc)

QBuild is leading the implementation of MMC for Queensland Government and has established the MMC supply chain of manufacturers, contractors and consultants to be able to deliver suitable projects for agencies. As the government's specialist advisor and delivery partner of MMC projects, [QBuild](#) should be contacted early in the preliminary planning phase to assist in any MMC opportunity assessment.

Process

Considering MMC - MMC opportunity assessment

To achieve the highest influence and opportunity for MMC to be a success in delivering the outcomes for a project or program, the MMC process should be considered at the very early stages of a project. The more detailed and progressed a design is, the less flexible it is for MMC application (without redesign). Note that designing for MMC does not restrict the opportunity for traditional delivery.

All social infrastructure projects should undertake a preliminary assessment as part of the project/program delivery strategy to determine if the approach should include MMC in part or full.

MMC preliminary strategy quotation

When the MMC has been identified as a viable delivery approach, QBuild can be requested to provide a MMC preliminary strategy quotation. This enables a more detailed assessment of the MMC opportunity,

define the project scope, outcomes and key deliverables as well as identifying preliminary cost and time planning advice.

MMC preliminary strategy

Upon acceptance of the scope and quotation, QBuild will progress a preliminary strategy providing schematic design documentation, supporting cost plan and timeline. Following the completion of the preliminary strategy, the client determines the adoption of the MMC preliminary strategy.

MMC design and delivery

QBuild will be responsible for the design and delivery of projects which adopt the MMC strategy. QBuild utilises a team of internal and consultant resources to provide program management, project management, manufacturing management and where identified, Principal Contractor services.

Benefits and opportunity of MMC

MMC should be considered for the delivery of projects or programs of work which seek to achieve any of the following benefits:

- environmental
- certainty of delivery
- time savings
- labour/skills shortages
- safety
- minimise disruption
- complex/restricted sites
- improved quality
- improved productivity
- upskills workforce
- opportunities to reduce costs

Whilst many of the benefits may be realised, it is important for each project or program to prioritise the benefits to guide the delivery approach and requirements.

The MMC approach is particularly relevant for rural/regional projects which generally have limited access to trades.

Climate-smart buildings

Scope and application

The purpose of this section is to highlight environmental sustainability as a key consideration in the planning, procurement, management in use, disposal and acquisition of government buildings.

Consistent with government climate change policies and strategies, the QPP requires agencies to integrate sustainability, renewable energy, and energy efficiency principles and practices into the procurement of goods, services, and capital projects.

Agencies must continue to develop and adopt more environmentally sustainable approaches to building design and construction and to reduce the environmental impact (e.g. greenhouse gas emissions, waste production, energy and water use) of existing buildings.

Process

Key considerations throughout the asset lifecycle

Consider environmental sustainability incorporating energy efficiency and renewable energy throughout the entire asset lifecycle stages (i.e. planning and investment, procurement, management in use, and disposal).

Environmental sustainability should be addressed at the early stages of the capital delivery process (such as the project initiation and development stage), using the BCDF where appropriate.

Project feasibility study and business case development

Consider adopting strategies that avoid unnecessary consumption of, and manage demand for, resources during the development of asset strategies to support agency service delivery strategies and the subsequent conduct of project feasibility studies.

Using a lifecycle, total cost of ownership or whole-of-life costing approach can quantify the total cost of procuring a building. It should include consideration of potential savings through maximum energy efficiency of a building during operation (supporting the [Queensland Energy and Jobs Plan's](#) emissions-reduction outcomes), rather than just the initial cost of procuring an environmentally sustainable building.

Project the lifecycle costings should be documented in business cases, and building environmental impacts should be considered during project feasibility studies.

Project definition

The project brief should address the need to reduce the environmental impact of buildings during construction, operation, and disposal by considering the configuration of workspaces to facilitate effective and efficient service delivery while conserving resources. For example, workspaces could be laid out to maximise space efficiency and minimise energy requirements for tenant operations.²⁰

Building designs should:

- support:
 - the [Queensland Building Plan](#)
 - the [Queensland Energy and Jobs Plan](#)
 - the [Queensland Climate Adaptation Strategy](#) and [Queensland Climate Action](#)
 - flexibility for use adaptation
 - building resilience to climate change impacts, such as flood, tropical cyclone and fire
- comply with legislation, regulation, and Commonwealth, state, and local government environmental policies
- incorporate water efficiency measures (e.g. water-efficient fixtures, grey water and rainwater harvesting for use in toilets)
- use low-maintenance materials and finishes, thereby contributing to a reduction in operational service costs over the life of the building
- use materials that are reusable and/or recyclable, and/or contain recycled content that are fit for purpose and provide environmental benefits and are of comparable cost and quality to alternative products
- ensure optimum access for equipment maintenance (considering cost effectiveness, the type and degree of access required for specific equipment, and requirements under occupational health and safety legislation)
- ensure landscaping is responsive to climatic conditions (e.g. drought-hardy vegetation in dry climates), enhances the working environment, and is complementary to any site-specific environmental plan
- define environmental outcomes or performance requirements (e.g. energy emissions/usage targets, indoor air quality and recycling targets) for a building project, and ensure it facilitates the most cost-effective and innovative means of compliance by consultants and contractors (e.g. avoid prescribing the use of specific products/building materials where it is likely there are other environmentally sustainable solutions available).

Investment and procurement stage

If a specific environmental rating or performance requirement has been set for a government building construction project, the agency should confirm that all parties to the project understand their roles, and commit to achieving the rating or performance requirement.

²⁰ Where capital building projects include fitout for government office accommodation, departments should refer to the [EPW Office Accommodation Management Framework Guideline](#) fitout section, in conjunction with the Ecologically Sustainable Office Fitout Guideline.

Elements and aspects of the rating system certification process should be embedded in building contracts where appropriate²¹, and implementation of any environmental performance provisions should be monitored.

Handover and commissioning

Agencies should ensure maintenance staff and plant operators (particularly those in roles responsible for maintaining environmental performance) receive thorough training and orientation in accordance with the developed project plan completion and commissioning activities as part of the transition from construction to operations.

Operation and maintenance manuals are to be provided during handover and should include:

- procedures/maintenance activities, e.g. manufacturer recommendations for appropriate maintenance and cleaning regimes
- settings and specifications for plant and equipment to enable buildings to perform to the expected design level.

Management in use

During the use of the building, monitor the building's compliance with environmental performance requirements including:

- a developed environmental framework, such as the National Australian Built Environment Rating System (NABERS)
- any contractual requirements for maintenance service providers/contractors to provide regular accurate environmental performance information
- the contribution of building users and tenants to the building's overall environmental performance (e.g. recycling, turning off lights and computers).

Ensure environmental performance data is reviewed and analysed at appropriate intervals to maintain and improve performance levels.

Maintenance and refurbishment

Agencies should evaluate options for maximising sustainable outcomes during maintenance and refurbishment activities, and demonstrate commitment to continual improvement in cost-effective sustainable outcomes. Environmental considerations and operational targets should be incorporated into maintenance strategies and practices, noting it is essential that agencies engage with maintenance providers for this purpose.

Agencies are encouraged to:

- engage and partner with maintenance and services providers to ensure buildings continue to operate sustainably over their life, including adopting new technologies and practices at critical asset lifecycle milestones
- consider upgrading building systems (e.g. lighting systems) to more energy-efficient models
- consider improvements of existing buildings (including installation of energy or water-efficient systems), in terms of the complexity of implementation, practicality, relative cost, and compliance with legislation, standards or codes (e.g. *Queensland Heritage Act 1992*, NCC).

Building performance assessment

Agencies should:

- implement an industry-recognised performance-based approach to building asset planning, decision-making and management
- ensure buildings effectively support agency service delivery requirements and are used in cost-effective, efficient and sustainable ways
- allow for performance testing and comparison against as-constructed design assumptions, to contribute to building research and as part of POEs and building design improvements.

²¹ Departments should consult with the Contract Services unit of EPW regarding the selection of contracts for government building construction projects.

Disposal stage

Government buildings should be disposed of by:

- transfer to another agency or open market sale²²
- demolition (if physical condition has deteriorated to a level that it is uneconomical to renovate/rehabilitate/refurbish), considering if the building can be:
 - reused or reallocated
 - returned to the supplier for reuse or recycling
 - contributed to a waste exchange program
 - recycled locally.

Disposal plans should consider mitigation of potential long-term pollution risks, and reinstatement of safe, stable landforms compatible with the surrounding ecosystem.

EPW environmental sustainability initiatives

EPW has adopted the application of two specific environmental rating systems – Green Star and NABERS – to the design and management in use of office buildings within its portfolio.

Workplace health and safety

Scope and application

This section aims to assist agencies to manage building assets throughout each stage of the lifecycle, including planning, investment, procurement, management in use, and disposal, by:

- controlling potential risks to the health and safety of workers and others in operating the asset
- reducing the human and financial cost of workplace injuries to employers, workers, and the community.

Risks

Failure to manage risks can result in injuries, illness, or death, and reduce job performance to an extent where budgets, delivery times, and corporate objectives are not met.

Process

To fulfil workplace health and safety obligations in relation to government buildings, agencies should:

- identify hazards and potential risks to health and safety, including at/or near the workplace where construction is taking place
- implement measures to eliminate or minimise the level of risks, including documenting steps undertaken to ensure the highest level of health and safety protection from hazards arising from work, as far as is reasonably practicable
- prepare and communicate a workplace health and safety policy to workers, visitors, and clients
- ensure contractors working in government buildings or on government building construction projects are appropriately licensed and use correct safety equipment
- consult with contractors and others responsible for management or control of a workplace where construction work is being undertaken, to ensure information about hazards is shared, risks are controlled, and procedures are in place to monitor and review effectiveness
- allocate responsibilities and accountabilities for health and safety advice to a specific person in the agency (such as a safety advisor) or engage a consultant on an as-needs basis to assist officers to meet due diligence duties under the *Work Health and Safety Act 2011* (Qld). The duty to exercise due diligence:
 - cannot be delegated to the safety advisor
 - always remains with each individual person with management or control of fixtures, fittings, or plant at a workplace, to ensure (as far as is reasonably practicable) that those activities are without risks to anyone's health and safety

²² See [Asset disposal](#) for guidance on planning for the disposal of building assets.

- train people in the workplace about workplace health and safety duties and responsibilities to meet legislative requirements and agency health and safety objectives
- implement a recording and reporting system for workplace health and safety incidents
- monitor progress and achievements on an ongoing basis
- develop and implement appropriate emergency procedures associated with events such as fires, bomb threats and gas or chemical leaks.

Planning

During the planning stage of a building, risks likely to arise throughout the building's life should be identified, assessed, and considered in the context of design. Risks should be eliminated if possible or managed with appropriate control measures.

Building design should support and protect the health and safety of people who:

- participate in its construction
- will work in or visit it
- might be put at risk by its operation
- maintain or repair it or any fixtures, fittings, and plant.

During construction work, consult with people responsible for workplace health and safety, including:

- designers
- project managers and principal contractors
- others responsible for management or control of a workplace where construction work is being undertaken.

Designers should ensure the design of the building does not adversely affect the health and safety of people:

- during construction
- when the building has been completed and is being used for the purpose for which it was designed
- when the building is being dismantled and disposed.

Develop the design so as to limit the affect on workplace health and safety by:

- conducting tests for hazards unique to the design, and not common to all designs of that type
- making information available to those the building has been designed for
- testing results and implementing any conditions necessary to ensure it is safe.

Investment and procurement

For existing buildings (purchased or leased):

- undertake risk assessments and appropriate action before building occupancy, to ensure people's health and safety
- ensure that buildings with asbestos containing material²³ are not purchased or leased for occupancy unless all alternatives have been considered and an asbestos management plan has been developed to manage the assessed risk.

For construction work, the principal contractor should fulfil workplace health and safety duties including:

- displaying prescribed signage
- preparing a health and safety management plan
- obtaining a copy of safe work method statements before work starts.

Management in use

Develop and implement operational risk management processes to ensure the ongoing health and safety of people affected by the building.

²³ There are other hazards in addition to asbestos such as lead-based paint. See <https://www.worksafe.qld.gov.au/safety-and-prevention/hazards/hazardous-exposures>

Document safe working procedures used by workers, undertake regular audits to monitor implementation and effectiveness of systems and control measures.

Train workers with specific reference to controlling workplace risks.

Make regular inspections and risk assessments of asbestos containing material. Asbestos removal work must meet requirements under the Work Health and Safety Regulation 2011.²⁴

Disposal

Identify, assess, and manage risks to health and safety associated with the disposal, sale, or demolition of a building by:

- remediating site contamination and addressing other site preparation works before the sale of the building
- considering the impact on the surrounding community of demolition processes or the decommissioning of specific plant or equipment
- appropriately removing and handling asbestos containing material during demolition.

Capital delivery checklist

Scope and application

This checklist will assist agencies to self-assess compliance and develop improvement strategies for meeting the relevant requirements.

Agencies can adopt this compliance checklist as is, or amend it to suit individual circumstances, subject to all applicable requirements being covered. Records that support assessments should be retained to allow for any future audit.

Details of non-compliance should be recorded, and an action plan developed by the agency to address areas of non-compliance. The action plan should include a list of remedial actions and identify the officer responsible and the timeframe for implementation of each action.

²⁴ See <https://www.worksafe.qld.gov.au/laws-and-compliance/work-health-and-safety-laws>

Project initiation

Requirement	Met? (yes, no or N/A)	Comments	More information
The project has been initiated to support planning for service delivery strategies to match the outcomes required by government with current and projected needs of the community.			The link between business strategy and the need for the project should be clearly identified and substantiated in accordance with the Financial Accountability Handbook, the Queensland Treasury PAF and the BCDF.

Project development

Requirement	Met? (yes, no or N/A)	Comments	More information
The project has been developed based on a systematic evaluation of options (at project feasibility and business case stages).			More information is available in the PAF Business Case Development Guideline.
The project feasibility stage, involving the comparative evaluation of build and non-build scenarios, clearly confirms the need for the building project through the production of a business case.			Refer to the PAF Strategic assessment of service requirement

Program formulation

Requirement	Met? (yes, no or N/A)	Comments	More information
The project has been included in capital acquisition plans as part of the program formulation stage. Agency program formulation procedures identify a clear requirement for consultation with EPW to identify program alignment with government strategy for centralised workload smoothing and program management for medium and lower value projects.			Note the date of the most recent assessment or planned future assessment.
Agency program formulation procedures identify a clear requirement for consultation with EPW about proposed project estimates, escalation, cash flows and urgency for each project. Consultation should also take place with EPW during the project definition stage of the capital delivery process.			Note the date of the most recent assessment or planned future assessment.
The agency ensures that project records for all building projects with total project expenditure exceeding \$1 million are created and maintained in the PQC System.			Note the date of the most recent assessment or planned future assessment.

Requirement	Met? (yes, no or N/A)	Comments	More information
			Project records should include, apart from project budget and location details, details of planned tender call, contract award and practical completion dates.

Capital delivery program

Requirement	Met? (yes, no or N/A)	Comments	More information
<p>Notification to suppliers</p> <p>The agency supports online project search through the PQC System and publishes Queensland Government tenders along with forward procurement pipelines.</p> <p>The online project search facility provides information of likely and confirmed government building construction project opportunities available to the private sector across Queensland.</p>			

Project implementation

Requirement	Met? (yes, no or N/A)	Comments	More information
An effective project procurement strategy involving the use of standard contracts developed by EPW. Alterations to standard contracts should not occur without consultation with and agreement from EPW's Contract Services unit.			Note the date of the most recent assessment or planned future assessment.
Selection of contracts for all HRS projects has been undertaken in consultation and agreement with EPW.			<p>HRS building projects are those where failure to achieve project objectives would critically affect the delivery of services to the community or impact aspects of industry development.</p> <p>Note the date of the most recent assessment or planned future assessment.</p>

Requirement	Met? (yes, no or N/A)	Comments	More information
The PQC System has been used to engage building consultants and contractors ²⁵ based on prescribed risk and financial thresholds.			Note the date of the most recent assessment or planned future assessment.
For any commission expected to exceed \$100,000, requirements for consultation with EPW in preparing a select list of building consultants has been met.			Note the date of the most recent assessment or planned future assessment.
The requirement for EPW (in consultation with the relevant agency) to prepare a select list of building contractors, where required, for a government building construction project expected to exceed \$1 million has been met.			Note the date of the most recent assessment or planned future assessment.
For all government building construction projects exceeding \$1 million, an FCA of the preferred tenderer has been undertaken.			Note the date of the most recent assessment or planned future assessment.
A tender evaluation plan for HRS projects has been prepared. Consultation has been undertaken with EPW on the proposed evaluation criteria and weightings to be used in the selection of contractors and consultants prior to calling tenders.			Note the date of the most recent assessment or planned future assessment.

Design and construction

Requirement	Met? (yes, no or N/A)	Comments	More information
A legislative compliance strategy for each government building construction project commensurate with the level of risk and cost of the project has been developed and implemented.			Note the date of the most recent assessment or planned future assessment.
Agency project management processes consistent with assessment against building regulations have been implemented.			Note the date of the most recent assessment or planned future assessment.

²⁵ The PQC System and/or standard forms of contract are only required to be applied to projects where a Queensland Government department is the Principal. It is not appropriate for other types of entities (including local governments, universities, government-owned corporations, and statutory bodies, etc.) to be granted direct access to information about eligible tenderers from the PQC System.

Requirement	Met? (yes, no or N/A)	Comments	More information
Consultant and contractor performance reporting during and at the end of the commission or contract has been undertaken.			Note the date of the most recent assessment or planned future assessment.
Consultant and contractor financial and management risk-monitoring and reporting to the PQC Registrar.			Note the date: <ul style="list-style-type: none"> that any contractual, legal, or administrative action involving a consultant or contractor came to the attention of the agency that the PQC Registrar was informed.
Any major disputation, litigation, and insolvency has been reported to EPW Contract Services.			

Handover

Requirement	Met? (yes, no or N/A)	Comments	More information
Commissioning and handover processes have been reviewed to ensure their adequacy to facilitate proper management of the building.			Note the date of the most recent assessment or describe what other process is used to ensure that: <ul style="list-style-type: none"> commissioning is adequately planned training of maintenance service providers, where appropriate, is undertaken key project documentation is produced, handed over to the appropriate officer for recording on an agency register, and kept available for access by the officers responsible for operating and maintaining the facility.

Project review

Requirement	Met? (yes, no or N/A)	Comments	More information
Agency building performance review procedures have been issued.			Note the date that the procedures were last reviewed.