



**Government
of South Australia**

Department of the Premier and Cabinet Circular

**PC028 – Construction Procurement Policy
Project Implementation Process**

October 2011

DPC CIRCULAR – CONSTRUCTION PROCUREMENT POLICY: PROJECT IMPLEMENTATION PROCESS

The Construction Procurement Policy: Project Implementation Process is current from 12 December 2005 when Cabinet approved it.

Summary

This Circular relates to responsibility for construction procurement policy, and application of the Project Implementation Process which is applicable by all agencies¹ to every 'prescribed construction project' as defined by Regulations under the *State Procurement Act 2004* (see Definition below).

Policy

Agencies are advised that Cabinet has approved that the Minister for Transport and Infrastructure and the Department of Planning, Transport and Infrastructure (DPTI) have responsibility for construction procurement policy development and its implementation, and the Construction Procurement Policy: Project Implementation Process is the policy that guides construction procurement in South Australia from the time a decision is taken to include a 'prescribed construction project' on an approved program.

The policy provides the project delivery process for construction procurement and replaces the Project Initiation Process endorsed by Cabinet in 1995. It is a generic policy that has been designed specifically to guide the procurement of construction of infrastructure and buildings.

The policy details the steps that agencies are required to follow during the Concept, Design, Documentation, Tender, Construction and Review phases to achieve well designed, appropriately tendered and effectively constructed projects.

It outlines Treasurer's Instruction 17: Evaluation of and Approvals to Proceed with Public Sector Initiatives and the 5-step Infrastructure Planning and Delivery Framework in the Strategic Infrastructure Plan for South Australia and demonstrates how the Project Implementation Process integrates with them.

Other key features of the policy include:

- overview of the critical role of lead agencies as project sponsors responsible for their projects, for alignment of their project planning with the State's strategic priorities, and for development of the business case for specific projects or programs;
- affirmation of the role of the infrastructure agency, DPTI, as the agency with centralised expertise and the required systems and processes for procurement of 'prescribed construction projects'; and

¹ Except 'prescribed agencies' as defined in Regulations under the *State Procurement Act 2004*.

- a requirement for agencies to work to a shared services model without duplication across Government. This service is provided by a centralised body of expertise in construction procurement and a construction industry interface within DPTI.

Policy Application

The Project Implementation Process must be applied to every project that is a 'prescribed construction project' undertaken by agencies other than those defined as a 'prescribed public authority' in the *State Procurement Act 2004*².

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

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

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

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

It is recognised that there is varied risk in projects and DPTI will exercise flexibility and tailor its management role according to the specific requirements of the project and lead agency.

Cabinet Submissions

Cabinet submissions for construction procurement projects should state that the requirements of Treasurer's Instruction 17: Evaluation of and Approvals to Proceed with Public Sector Initiatives, the Guidelines for the Evaluation of Public Sector Initiatives and the 5-Step Infrastructure Planning and Delivery Framework Process have been met, and the Construction Procurement Policy: Project Implementation Process will be followed.

² Prescribed public authorities are listed in the Regulations under the *State Procurement Act 2004* and include the Land Management Corporation, South Australian Forestry Corporation, Housing SA, South Australian Water Corporation and Superannuation Funds Management Corporation of South Australia.

Definition under the State Procurement Regulations 2005

A prescribed construction project:

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

In the Regulation:

building work has the same meaning as in the *Building Work Contractors Act 1995* and is;

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

construction work means

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

Information

For information about the Construction Procurement Policy: Project Implementation Process as it relates to building (commercial) construction:

Department of Planning, Transport and Infrastructure (DPTI)

Building Management

Level 2, 211 Victoria Square
Adelaide South Australia 5000
Telephone (08) 8226 5017

For information about the Construction Procurement Policy: Project Implementation Process as it relates to civil construction:

Department of Planning, Transport and Infrastructure (DPTI)

Contracting and Procurement Section

77 Grenfell Street Adelaide SA 5000
GPO Box 1533 Adelaide SA 5001
Telephone (08) 8343 2809

For capital investment program and budget information and for economic analysis:

Department of Treasury and Finance (DTF)

Finance Branch Account Manager

State Administration Centre
Victoria Square
Adelaide South Australia 5000
Telephone (08) 8204 1119

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

Department of Planning, Transport and Infrastructure (DPTI)

Policy, Planning and Programs Division

Roma Mitchell House
136 North Terrace Adelaide SA 5000
GPO Box 1533 Adelaide SA 5001
Telephone (08) 8463 6224

Enquiries

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

Department of Planning, Transport and Infrastructure (DPTI)

Building Management

Telephone (08) 8226 5017

www.infrastructure.sa.gov.au/buildingmanagement