



**Government
of South Australia**

Department of the Premier and Cabinet Circular

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

March 2007
(updated from December 2005)

DPC CIRCULAR – CONSTRUCTION PROCUREMENT POLICY: PROJECT IMPLEMENTATION PROCESS

The construction procurement policy '*Construction Procurement Policy: Project Implementation Process*' was approved on 12 December 2005. It was updated in February 2007 when Cabinet assigned responsibility for construction procurement policy to the Minister for Infrastructure and the Department for Transport, Energy and Infrastructure.

Summary

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

Policy

Government agencies are advised that Cabinet has approved that the Minister for Infrastructure and Department for Transport, Energy and Infrastructure (DTEI) have responsibility for construction procurement policy development and its implementation, and the '*Project Implementation Process*' is the policy that will guide 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* previously endorsed by Cabinet in 1995. It is a generic construction procurement policy applicable to infrastructure, buildings and land development and provides for a range of procurement options including fast-track and relationship contracting methodologies.

It details the steps that government agencies and statutory authorities are required to follow during the Concept, Design, Documentation, Tender, Construction and Review phases of all prescribed construction projects.

It outlines Treasurer's Instruction 17 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.

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

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 the State's strategic priorities with their project planning, and for development of the business case for specific projects or programs;
- Re-affirmation of the mandated role for infrastructure agencies as the government agencies with centralised expertise and the required systems and processes for procurement of 'prescribed construction projects';
- A requirement for government agencies to work to a shared services model without duplication across Government, which provides in the infrastructure agencies a centralised body of expertise in construction procurement and construction industry interface.

Policy Application

The Project Implementation Process must be applied to all projects that are a 'prescribed construction project' of a cost exceeding \$150,000 undertaken by government agencies other than those defined as a 'prescribed public authority' as defined in the Regulations under the State Procurement Act 2004.²

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

Under the policy, the infrastructure agencies, the Department for Transport, Energy and Infrastructure (DTEI) divisions of Transport, Major Projects and Infrastructure and Building Management Division, and Land Management Corporation (LMC) must provide expert advice on and management of civil, building and land development 'prescribed construction projects' respectively.

It does not apply to minor construction projects, which are those construction projects under \$150,000 (exclusive of GST) in value on completion. These projects must be procured under the State Procurement Act 2004 and Regulations and State Procurement Board policies.

Cabinet Submissions

Cabinet submissions for construction procurement projects should state that the requirements of Treasurer's Instruction 17 and its *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* -

² Local Government Finance Authority, local Government Superannuation Board, South Australian Forestry Corporation (Forestry SA), South Australian Housing Trust, South Australian Water Corporation, Superannuation Funds Management Corporation of South Australia and TransAdelaide.

Project Implementation Process followed.

Definition

A prescribed construction project:

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

In the regulation-

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

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

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

construction work means

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

Further information

Advice and information on the '*Construction Procurement Policy: Project Implementation Process*' can be obtained from:

Department for Transport, Energy and Infrastructure

Corporate Services Division

Contacting and Procuring Section

PO Box 1 Walkerville SA 5081

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Facsimile: (08) 83432747

<http://www.dtei.sa.gov.au/>

Building Management Division

GPO Box 1072

Adelaide SA 5001

Telephone: (08) 8226 5340

Facsimile: (08) 8226 5588

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Land Management Corporation

GPO Box 698

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