

1. Statement

Procurement for capital infrastructure projects undertaken on behalf of the Department of Health, shall be delivered in accordance with legislation, whole-of-government policy and the principles of business, planning and project management.

This standard describes the mandatory elements to establish the systems for procurement of the required external resources across the stages of delivery of the capital infrastructure project.

2. Scope

Compliance with the requirements in this standard is mandatory.

This standard applies to all employees, contractors and consultants within the Department of Health divisions and commercialised business units.

This policy can be used by Hospital and Health Services either as is, by re-branding or as a base for a Hospital and Health Service specific policy.

3. Principles

Compliance with this standard will ensure the planning and delivery of capital projects are based on sound business, planning and project management principles, and the delivery of capital infrastructure shall:

- ensure the procurement of external resources shall be undertaken in accordance with tendering processes, procurement requirements and delegations
- be compatible with the planning requirements of state and local governments.

4. Requirements

4.1 Procurement methodology and contract selection

- 4.1.1 The Project Director shall finalise a procurement strategy for the capital infrastructure delivery project during the Project Definition Plan Stage.
- 4.1.2 The Project Director shall review the initial procurement options developed during capital project planning phase.
- 4.1.3 The procurement strategy shall be based on an assessment of:
 - value-for-money
 - key objectives and constraints of the project
 - potential risks and how these might be best managed and/or allocated
 - level of complexity of the project.
- 4.1.4 The Project Director shall seek approval of the procurement strategy from the relevant Chief Executive, Hospital and Health Service and the Executive Director, Capital Projects Unit. For projects assessed as high risk or significant under the Capital Works Management Framework, endorsement shall be sought from the Chief Health Infrastructure Officer, Health Infrastructure Branch.
- 4.1.5 Contracts are aligned with the approved procurement strategy. Standard industry construction contracts overseen by the Department of Housing and Public Works (DHPW)

shall be used on all government building contracts. Contracts cannot be altered without prior consultation with and following agreement from the Chief Health Infrastructure Officer, Health Infrastructure Branch.

4.2 Tendering process

4.2.1 Prior to the commencement of the tender process and/or engagement of any external consultancies for a capital infrastructure project, the Project Director shall ensure:

- consideration of a range of options to meet the identified need and methodology for provision of services, e.g. combination with other services are considered and documented
- services are not currently provided within Queensland Health
- the option to use existing government and/or Queensland Health panel arrangement is checked for the provision of these services, i.e. service planning, legal, business management
- the project has received project commencement approval
- the estimated cost of the external consultancy is within the current cost plan and consistent with the approved project budget
- terms of reference for the engagement are developed that provide clearly defined roles and deliverables, consistent with objectives for the project
- approvals are consistent with the relevant procurement delegations and financial delegations
- where DHPW have been engaged to provide procurement management services, the required procurement delegations are exercised by DHPW.

4.2.2 In addition, prior to the commencement of the tender process and/or engagement of any external consultancies for the construction of a capital infrastructure project, the Project Director shall ensure:

- planning approval has been received to develop the site for the capital infrastructure project
- written confirmation is provided by the Project Manager, Procurement Manager and Principal Consultant that the contract documentation is the full and completed list of documents and drawings required for the construction tender process
- approval of the contract documentation by the relevant Chief Executive, Hospital and Health Service and Chief Health Infrastructure Officer, Health Infrastructure Branch
- the cost estimate of the construction contract (Category 5 confidence level as per the Capital Works Management Framework Estimate Categories and Confidence Levels) is within the current cost plan and consistent with the approved project budget
- for contracts valued at least \$5 million and Commonwealth contribution representing at least 50% of the project's value, or \$10 million or more:
 - building contractors on the select list are accredited under the Australian Government Building and Construction Occupational Health and Safety Accreditation Scheme (AGBCOHS Scheme)
 - construction work is undertaken in compliance with the National Code of Practice for the Construction Industry and the Australian Government Implementation Guidelines for the National Code of Practice for the Construction Industry.
- receipt of a current and satisfactory financial capacity assessment from the Queensland Building Services Authority prior to awarding tender for building projects exceeding \$500,000 in value.

- 4.2.3 Tender processes shall comply with the State Purchasing Policy, procurement and financial delegations. For tendered works exceeding \$2 million in value, tender processes shall comply with the Queensland Government Workplace Relations Management Policy.
- 4.2.4 Tender assessment shall be based on value-for-money outcomes and shall include:
- tender sum (price)
 - project-specific objectives including contractor prior performance and resourcing capability (non-price).
- 4.2.5 Building industry consultants and contractors pre-qualified through the DHPW Pre-Qualification (PQC) System shall be engaged where the commission fee is expected to exceed \$30,000 in value and/or for contracts expected to exceed \$500,000.
- 4.2.6 For state government funded projects with value exceeding \$5 million or in rural and regional areas with value exceeding \$2.5 million:
- a Local Industry Participation Plan shall be prepared 30 days prior to tender and submitted to the Department of State Development, Infrastructure and Planning.
 - local content shall be a general tender evaluation criteria
 - a report shall be prepared prior to 15 July annually for each eligible project for the Department of State Development, Infrastructure and Planning on the outcomes of the Local Industry Participation Plan and industry involvement.
- 4.2.7 An independent Probity Auditor shall be engaged for any estimated construction contract exceeding \$40 million.

All forms and templates are available from HIB-Program_Coordination@health.qld.gov.au

5. Related legislation and documents

Relevant legislation and associated documentation includes, but is not limited to, the following:

Department of Health:

- Financial management practice Policy and Manual
- Governance and management of capital infrastructure program and projects Policy
- Integrated risk management Policy

Other:

- Department of Housing and Public Works 2012, Capital Works Management Framework
- Department of Infrastructure and Planning 2010, Project Assurance Framework
- Department of Queensland Treasury and Trade 2008. Value for Money Framework
- Department of Housing and Public Works 2013, Queensland Procurement Policy
- *Financial Accountability Act 2009* (Qld)
- Financial Performance Management Standard 2009 (Qld)
- *Queensland Industry Participation Policy Act 2011* (Qld)
- Local Industry Policy – A Fair Go for Local Industry
- *Sustainable Planning Act 2009* (Qld)

6. Definitions

Term	Definition
Building Contract	Written agreement between the principal and the contractor for the construction of the project. The terms of the agreement may provide for the design and documentation of the project by the contractor and may also include ongoing maintenance obligations.
Business	The Business is the relevant Hospital and Health Service or Division.
Business Change Owner (generally the relevant Chief Executive, Hospital and Health Service)	The Business Change Owner is accountable for the business change by providing strategic leadership to ensure the product is capable and the organisation is ready to enable/deliver the business change.
Capital Works Management Framework (CWMF)	The CWMF is the Queensland government's key policy for managing risks in the planning and delivery of government building projects. It identifies the major risk areas and sets out the steps that must be taken to manage those risks. The CWMF gives effect to the whole-of-government Prequalification (PQC) System for building industry consultants and contractors seeking to undertake government building projects.
Governance	The functions, responsibilities, processes and procedures that define how a program/project is set up, managed and controlled.
Governance and management capital infrastructure program and projects Policy	The intent of the policy is to establish a consistent statewide approach to all health service planning and capital infrastructure program/projects.
Local Industry Policy – A Fair Go for all Local Industry and Queensland Industry Participation Policy Act 2011	Is to ensure that capable, competitive local industry is provided with full, fair and reasonable opportunity to tender for major infrastructure and resource based projects.
Major Capital Works	Major capital works are capital works that: <ul style="list-style-type: none"> • are structural works of a building; or • involve alterations to the building envelope; or • result in additional recurrent operational expenditure; or • result in the need for regulatory compliance certification of the building structure or with building service standards, including building and information technology standards.
Procurement Strategy	Process used to take a building project from its early planning phases to completion and occupation by the building's users. The responsibilities during the project delivery stages for the external contracted services will vary according to the procurement strategy. Procurement options include: <ul style="list-style-type: none"> • Traditional Fully Documented – Lump Sum • Design and Construct – Lump Sum • Managing Contractor – Design and Construction Management • Alliance • Bundling • Public Private Partnership (identified during planning phase)
Project Assurance Framework (PAF)	The PAF is the foundation framework for ensuring that project management is undertaken effectively across the Queensland Public Sector and delivers value-for-money to government. It is a whole-of-government project assurance process that establishes a common approach to assessing projects at critical stages of their lifecycle.

Project Board (Project Steering Committee)

The Project Board (Steering Committee) is accountable to the Sponsoring Group for the success of the approved commitments, and has the authority to direct the program or project according to the approved mandate. This group meets regularly as determined by the program or project; however, must meet to provide advice for decisions outside regular meetings.

The Project Board (Steering Committee) consists of:

- A Project Executive as appointed by the Senior Responsible Owner
- Business Change Owner or delegate
- Senior User(s) as appointed by the Business Change Owner
- Senior Supplier(s) or representative.

Project Director

The Project Director has the authority to run the project on a day-to-day basis on behalf of the Project Board (Steering Committee). The Project Director brings together and manages all aspects of the program or project to deliver within budget, time and scope. This role reports directly to the Executive Director, Capital Projects Unit, Health Infrastructure Branch.

Department of Health Procurement Delegations

Procurement Delegations have been introduced by the Director-General as an internal control measure and apply specifically to the acquisition of goods and services. In meeting responsibilities prescribed in the State Procurement Policy and the *Financial Administration and Audit Act 1997*, the Director-General has delegated procurement authorities to selected positions.

Senior Responsible Owner (SRO)

The Senior Responsible Owner has overall accountability for programs and projects to realise approved commitments within time, scope and budget. This position has the necessary authority to provide strategic leadership and is accountable for the successful delivery of the programs and projects.

Version Control

Version 1.0	Date	Comments
Version 1.0	20 June 2012	New Implementation Standard
Version 2.0	15 March 2015	Policy Rationalisation Project Review – this policy document does not include references to the Investment Management Framework as this framework has not been endorsed at this point in time.