

Procurement management

Department of Health Standard

QH-IMP-374-1:2023

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.

2. Scope

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

This standard may be adopted, or re-branded, for use by Hospital and Health Services or statutory bodies.

3. Requirements

Compliance with the requirements of this standard is mandatory.

3.1. Procurement strategy and contract selection

- 3.1.1. The Project Director shall finalise a procurement strategy for the capital infrastructure delivery project during the project definition plan stage.
- 3.1.2. The Project Director shall review the initial procurement options developed during capital project planning phase.
- 3.1.3. The procurement strategy shall be based on an assessment of:
 - 3.1.3.1. value-for-money
 - 3.1.3.2. key objectives and constraints of the project
 - 3.1.3.3. potential risks and how these might be best managed and/or allocated
 - 3.1.3.4. level of complexity of the project.
- 3.1.4. Where the Health Capital Division has followed the Department of Energy and Public Works (epw.qld.gov.au) published guidance on procurement and contract selection, and intend to use a standard contract, the Project Director shall inform the Contracts Committee of the project, including the service risk assessment, proposed procurement strategy and form of contract, and seek approval of the procurement strategy from the relevant expenditure delegate and the relevant procurement



approver. For all other high-risk significant (HRS) projects, the Health Capital Division must seek endorsement of the procurement strategy and form a contract proposed for the Contracts Committee.

- 3.1.5. Contracts are aligned with the approved procurement strategy. Standard industry construction contracts overseen by the Department of Energy and Public Works shall be used on all government building contracts. Contracts cannot be altered without prior consultation with and following agreement from the Deputy Director-General Health Capital Division.

3.2. Tendering process

- 3.2.1. 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:
 - 3.2.1.1. 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
 - 3.2.1.2. services are not currently provided within Queensland Health
 - 3.2.1.3. 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
 - 3.2.1.4. the project has received project commencement approval
 - 3.2.1.5. the estimated cost of the external consultancy is within the current cost plan and consistent with the approved project budget
 - 3.2.1.6. terms of reference for the engagement are developed that provide clearly defined roles and deliverables, consistent with objectives for the project
 - 3.2.1.7. approvals are consistent with the relevant procurement delegations and financial delegations
 - 3.2.1.8. where the Department of Energy and Public Works have been engaged to provide procurement management services, the required procurement delegations are exercised by the Department of Energy and Public Works.
- 3.2.2. 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:
 - 3.2.2.1. planning approval has been received to develop the site for the capital infrastructure project

- 3.2.2.2. 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
- 3.2.2.3. approval of the contract documentation by the relevant Chief Executive Hospital and Health Service and the Deputy Director-General Health Capital Division.
- 3.2.2.4. the cost estimate of the construction contract is within the current cost plan and consistent with the approved project budget
- 3.2.2.5. for contracts valued at \$5 million (or above) and Commonwealth contribution representing at least 50 per cent of the project's value, or \$10 million and above:
 - 3.2.2.5.1. Building contractors on the select list are accredited under the Australian Government Building and Construction Occupational Health and Safety Accreditation Scheme.
 - 3.2.2.5.2. Construction work is undertaken in compliance with the National Code of Practice for the Construction Industry.
- 3.2.2.6. receipt of a current and satisfactory financial capacity assessment from the Queensland Building Construction Commission prior to awarding tender for building projects exceeding \$500,000 in value.
- 3.2.3. Tender processes shall comply with the Queensland Procurement Policy 2023, procurement and financial delegations.
- 3.2.4. Tender assessment shall be based on value-for-money outcomes and shall include:
 - 3.2.4.1. tender sum (price)
 - 3.2.4.2. project-specific objectives including contractor prior performance and resourcing capability (non-price).
- 3.2.5. Building industry consultants and contractors pre-qualified through the Department of Energy and Public Works pre-qualification 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.
- 3.2.6. For state government funded projects with value exceeding \$5 million or in rural and regional areas with value exceeding \$2.5 million:
 - 3.2.6.1. a Local Industry Participation Plan shall be prepared 30 days prior to tender and submitted to the Department of State Development, Infrastructure, Local Government and Planning
 - 3.2.6.2. local content shall be a general tender evaluation criteria

3.2.6.3.a report shall be prepared prior to 15 July annually for each eligible project for the Department of State Development, Infrastructure, Local Government and Planning on the outcomes of the Local Industry Participation Plan and industry involvement.

3.2.7. An independent Probity Auditor shall be engaged for any estimated construction contract exceeding \$40 million.

All forms and templates are available from the [Health Capital Division Hub](#) (SharePoint site).

4. Human rights

Human rights are not engaged by this standard.

5. Legislation

- *Financial Accountability Act 2009*
- Financial and Performance Management Standard 2019

6. Supporting documents

- Australian Government building and construction occupational health and safety accreditation scheme
- New building policy framework
- Queensland procurement policy 2023
- FMPM 7.18 - Purchasing and procurement policy
- FMPM 7.2 - Expenditure delegations authority policy
- FMPM 7.2.1 - Exercising expenditure delegations standard
- FMPM 7.3 - Approvals of project and expenditure policy
- FMPM 7.3.1 - Requirement to obtain legal advice standard
- FMPM 8.32 - Capital funding policy
- Capital infrastructure programs and projects policy
- Capital infrastructure project delivery policy
- Commissioning and finalisation standard
- Construction stage standard
- Department of Energy and Public Works – procurement
- Design and documentation stage standard
- Expenditure delegations

- National code of practice for the construction industry
- Project definition plan stage standard
- Project initiation standard

7. Definitions

Term	Definition
Building performance evaluation	BPE supports benefits management and realisation for capital projects. This methodology facilitates comprehensive evaluation of design and performance outcomes throughout the process of planning and delivery of capital infrastructure to ensure benefits outlined in the business case are enabled and realised.
Business	The business is the relevant Hospital and Health Service or Division.
Business case	A business case provides a substantiated argument for the proposed project and includes analysis and justification for the scope and delivery options to provide best value for the funds requested.
Business change owner	The business change owner (generally the relevant Chief Executive Hospital and Health Service) 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.
Queensland Government Building Policy Framework	The QGBPF 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 QGBPF gives effect to the whole-of-government Prequalification System for building industry consultants and contractors seeking to undertake government building projects.
Functional design brief	The functional design brief includes: <ul style="list-style-type: none"> • description of the models for clinical and operational service delivery • summary of the functional space requirements defined at the completion of health service and infrastructure planning • specific design and performance information which relates to the project site and building requirements.
Governance	The functions, responsibilities, processes, and procedures that define how a program/project is set up, managed, and controlled.

Term	Definition
Governance and management of 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.
Higher authority	The higher authority has the authority to make final approval on project change requests within delegations and provide decision-making for high-risk areas for the program or project. This position is appointed by the senior responsible owner and may be the same as the Executive.
Major capital works	Major capital works are capital works that: <ul style="list-style-type: none"> • are structural works of a building • involve alterations to the building envelope • result in additional recurrent operational expenditure • 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).

8. Approval and implementation

Policy Custodian	Policy Contact Details	Approval Date	Approver
Executive Director, Operations, Health Capital Division	HCDDDG@health.qld.gov.au	10 July 2023	Priscilla Radice, Deputy Director-General, Health Capital Division

Version control

Version	Date	Comments
1.0	20 June 2012	New implementation standard
2.0	5 May 2015	Policy Rationalisation Project review
3.0	10 July 2023	Reviewed and updated following QAO's Performance Audit Report 17 May 2022 – 'Contract management for new infrastructure' Report 16: 2021-22 (Recommendation 11).