

Queensland Government Building Policy Framework – Growth and Renewal

Planning, construction, maintenance, and performance

Department of Energy and Public Works

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**Queensland
Government**

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Purpose

This Queensland Government Building Policy Framework – Growth and Renewal establishes a range of key principles for the effective and efficient stewardship of buildings owned by the Queensland Government. It considers the planning, delivery, maintenance, performance and technical requirements for growth and renewal of government building assets.

The framework aims to provide overarching guidance for the strategic and operational management of the Queensland Government's building construction and maintenance projects, covering all the asset lifecycle from designing, building and maintaining to replacement. This includes compliance with the *Financial Accountability Act 2009*, *Corporations Act 2021*(Cth), *Government Owned Corporations Act 1993*, and relevant enabling legislation.

The Queensland Government owns many buildings and facilities which support the delivery of essential government services. These services support and enhance the living standards of Queenslanders, the businesses who trade here, and our rich and diverse culture, lifestyle, land and seas.

By understanding the asset lifecycle, it mitigates the risk of building an asset that is inconsistent with the intended need. Designing, building and maintaining in line with the intended purpose and life of the asset is critical and advice on these options should be provided to the government during key decision-making stages.

This Building Policy Framework also provides guidance on the key risk management decisions including:

Financial – such as scope, budget and program development, funding approvals and strategic procurement decisions including Category Management to inform the business case

Contractual/Procurement – such as contractor pre-qualification and selection, contract selection, tendering, tender evaluation (including evaluation of Non-price Criteria (NPC) and contract award)

Operational – such as project management, contract management, dispute resolution, management of defaults and defects, performance reporting and risk management

Environmental – such as built, heritage, natural and regulatory environmental matters including federal, state and local building codes and environmental protection.

The Department of Energy and Public Works (EPW) is the lead agency for promotion, facilitation and mentoring adherence for this framework and associated policies.

Growth refers to planning and delivering new buildings, while renewal and evaluation includes maintaining, refurbishing, re-purposing and divesting existing buildings.

This Building Policy Framework is based fundamentally on the concept of the 'asset lifecycle' covering planning, investment/procurement, management-in-use and disposal of assets to ensure service delivery potential for government priorities is maximised and that risks and costs are managed over the asset's entire life.

Where applicable and relevant to the Queensland context, *ISO 55000 – Asset Management – Overview, principles and terminology* applies.

Context

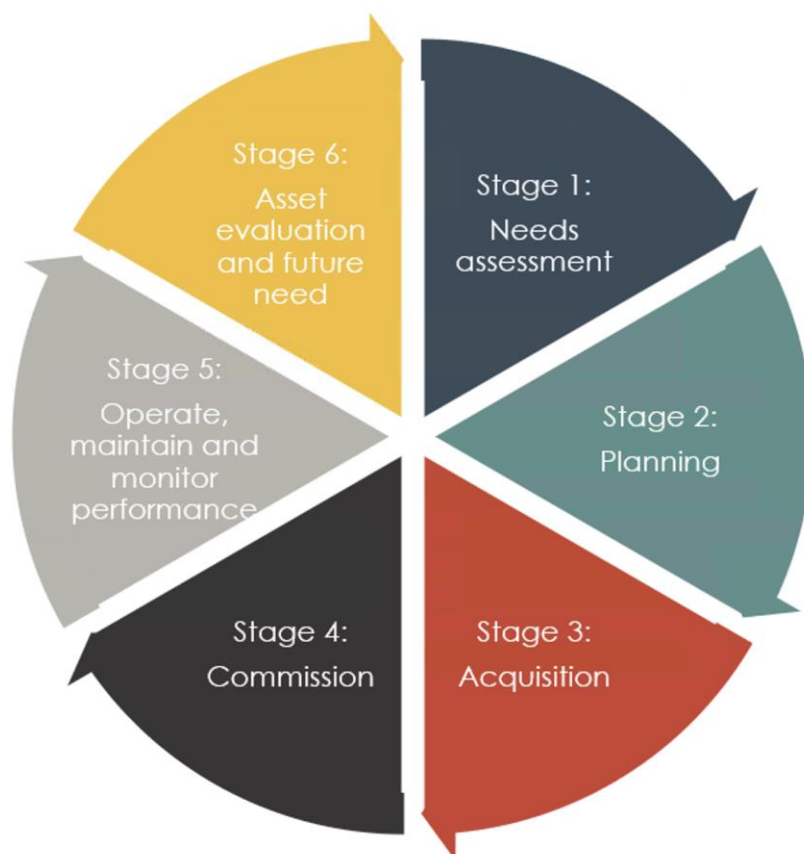
Government policy and commitments

The Queensland Government is committed to maximising benefits for Queenslanders by using the construction and maintenance of government buildings to support local jobs and businesses, driving economic, environmental and social outcomes.

This includes ensuring quality, safe workplaces for people engaged on major state government projects through the highest possible standards of workplace health and safety, engaging appropriate numbers of trainees and apprentices, and using best practice industrial relations.

This policy framework, which outlines the expectations for the effective and efficient stewardship of the many buildings and facilities owned by the Queensland Government, will ensure key public commitments outlined in the annual budget papers are implemented.

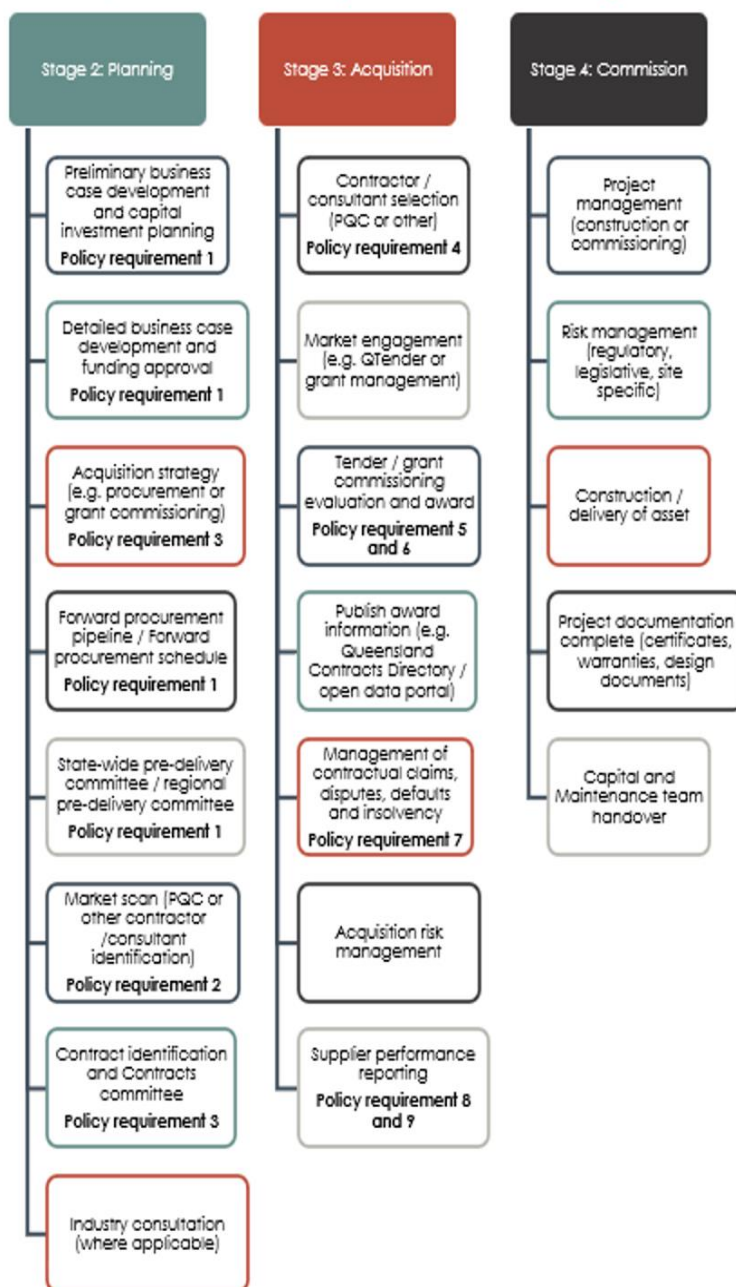
Figure 1 - Queensland Government Asset Lifecycle Management



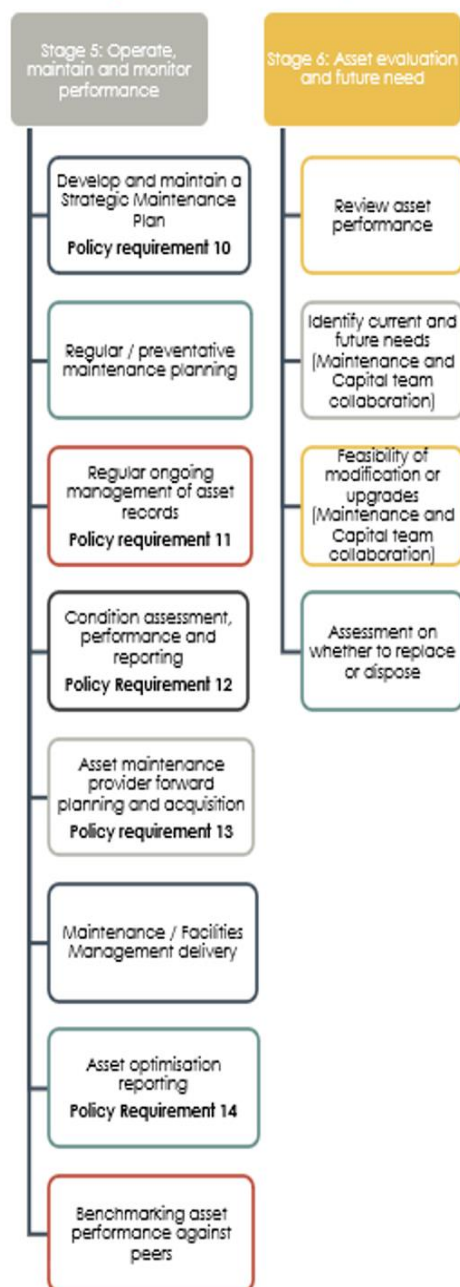
Planning: Strategic Building Asset Management Policy



Growth: Building Asset Capital Delivery Policy



Renewal and Evaluation: Building Asset Maintenance Policy



Project planning – Financial Accountability Act 2009 and Financial and Performance Management Standard 2019 and Agency Planning Requirements

- a. Agency strategic plan
- b. Agency operational plan
- c. Asset management system:
 - i. Strategic Asset Management Plan (SAMP) – Strategic Building Asset Management Policy
 - ii. Strategic Maintenance Plan (SMP) – Building Asset Maintenance Policy
 - iii. Non-current asset policies for the Queensland Public Sector
- d. Project Assessment Framework
- e. Queensland Procurement Policy:
 - i. Agency procurement plan
 - ii. Significant procurement plan.

Scope

Buildings within the scope of this document are taxpayer-funded hospitals, schools, police facilities, corrective facilities, research facilities, government employee housing, public housing, public facing service centres and government office buildings. Detailed definitions are provided at the end of this policy.

The scope of this document excludes transport corridor infrastructure such as road, rail, busways, bridges, boat ramps, jetties and other marine infrastructure. It also excludes electricity infrastructure such as powerlines and generation facilities.

Implementation

EPW is the lead agency for promotion, facilitation mentoring and implementation for this policy with Queensland Government departments (agencies) that own (asset-owning agencies), procure the construction of, manage or operate buildings.

Annual reporting on implementation of this policy will be undertaken in collaboration with asset-owning agencies.

As part of good corporate governance, each asset-owning agency is required to proactively use this policy framework and assist in its implementation. Government building asset management and procurement are closely linked. The policy sets out touch points where agencies engage with EPW and other agencies, and the services and information EPW will provide agencies. Agencies are also responsible for asset management and procurement.

Asset management

- Ensuring the agency's strategic and operational plans (ideally a stand-alone Asset Management Policy) clearly articulate the principles by which the organisation intends applying asset management to achieve its organisational objectives. This is likely to include matters such as whether an agency builds to own or leases its building requirements.
- Ensuring plans supporting the policy, such as a Strategic Building Asset Management Plan, which may be contained in an overall Strategic Asset Management Plan, are developed.
- Ensuring the Building Asset Capital Delivery Policy and the Building Asset Maintenance Policy and Building Policy Guideline are implemented consistently.

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- Ensuring early *in-confidence* consultation with EPW during development of relevant initial government building construction project budget submissions is undertaken.

The asset management planning process extends from establishing an Asset Management Policy and identifying service level targets which match policy and legal requirements and community expectations to the delivery of services and operation of assets that meet the agreed level of service and costs. An agency's obligation to achieve sustainable service delivery is equal to its obligation to deliver operating capability. Integration of asset management with finance management is vital to achieve this obligation.

Procurement

- Undertaking all procurement for government building construction projects in a diligent manner ensuring, particularly during evaluation stages, that comparisons are 'like for like'. The increased diligence maximises opportunities for a level playing field for all tenderers for both price and non-price criteria.
- Ensuring compliance and accountability through the entire supply chain on government projects, not simply those companies or individuals with a contractual relationship with the State.
- Proactively managing contracts to ensure compliance with contractual obligations and government policy, from inception to completion of the relevant project. Importantly, this approach complements implementation of government procurement policies, obligations under the *Financial Accountability Act 2009* and Prequalification (PQC) Performance Reporting requirements.

Collaboration, whole-of-government coordination and implementation

Under a decentralised approach, agencies have significant flexibility to manage building construction matters. However, agencies provide information to EPW to the extent required to inform whole-of-government reporting and cross-portfolio coordination of building effort. This information is also used for other purposes. For example, Queensland Treasury may use it to inform financial and risk management, when information is required for accurate replacement values of building assets for insurance purposes.

Effective consultation, information sharing, and partnership will ensure accurate links with functions such as the public-facing Forward Procurement Pipeline and efficient PQC operations.

It is important that contractor and consultant performance reporting is implemented by agencies in a fair and consistent fashion, and that agencies have access to accurate, useful information via the PQC System for tender decision-making purposes.

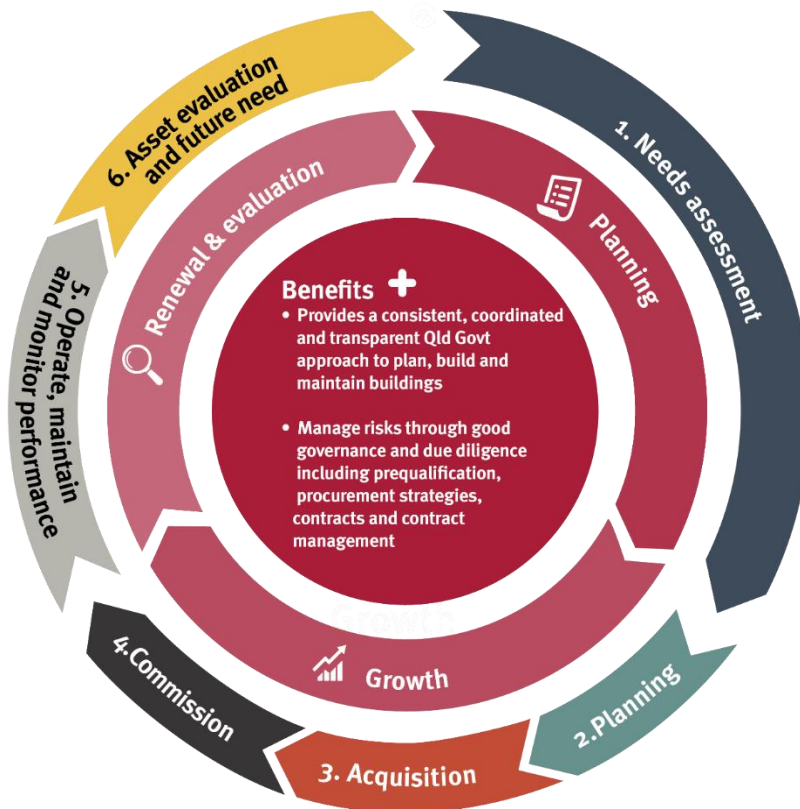
The PQC System is designed to streamline the tendering process, reducing tendering costs for government, consultants and contractors by matching consultant and contractor capabilities with the required service.

The PQC System comprises the PQC database (a central register of prequalified building industry consultants and contractors for use by government departments), forms, templates and guidance covering a range of operational aspects, including application, financial requirements for contractors, performance reporting and review, and sanction processes for consultants and contractors.

The financial requirements under the PQC System are rigorous, designed to reinforce security of payment for subcontractors and minimise the risk of contractor insolvency on government building projects.

Together, these approaches maximise effective government building asset management and provide consistent feedback loops to industry.

Asset-owning agencies are acknowledged as a competent authority to manage their own governance in accordance with their respective service delivery responsibilities. This extends to responsibility for the effective and efficient management of their portfolio of buildings and assisting centralised reporting by EPW on policy implementation. EPW, in administering this policy, does not divest the asset-owning agency of their responsibility for compliance.



Planning – Strategic Building Asset Management Policy

Purpose

A Strategic Building Asset Management Plan (SBAMP) promotes best practice in the planning, investment/procurement, management-in-use and disposal of building assets in the Queensland public sector. In practice, the building construction asset class will be included with other asset classes as part of an agency's overarching SAMP. A SAMP is a living document. While **knowns** such as service delivery requirements are relatively easy to manage, **unknowns**, such as unexpected service demand will arise, and agencies must ensure the SAMP is responsive to these emerging priorities.

The SBAMP provides direction and prioritises key work such as development of service delivery strategies and asset strategies (which include specific building requirements) to match the outcomes required by the government. Effective strategic planning aligns with government priorities and agency outcomes to deliver on community needs.

Best Practice requires each agency to develop a SBAMP. The SBAMP must comply with government priorities at the highest level yet ensure attention is given to key asset lifecycle matters such as fit-for-purpose design.

Policy statement

Strategic asset management underpins all activities related to managing government building assets for optimal outcomes including efficient building use, integrated planning, whole-of-life costing and environmental sustainability.

A fit-for-purpose SBAMP ensures all activities related to managing government building assets are optimised for positive outcomes and an agency's assets are aligned with its service delivery needs. It focuses on the outcome or purpose of a building asset and guides decision-making processes over the entire life of the asset. Considerations include the lifecycle phases of planning, delivery, operation, maintenance, evaluation, and renewal. The process is iterative in that each phase is informed by others from other assets in the agency's portfolio.

Buildings have a finite life with a beginning, a middle and an end. Places entered in the Queensland heritage register, such as hospitals, school buildings, police stations and court houses, are those identified as requiring special care in managing their life cycle.

Each building project should be appropriately planned prior to construction (or acquisition if existing). Decisions are required periodically to determine whether to refurbish or re-purpose buildings by investing significant capital expenditure. A threshold exists (subject to considerations related to conserving the cultural heritage significance of a building or structure), where it no longer makes good business sense to keep reinvesting taxpayer funds into a building. Other key considerations include how the asset will eventually be decommissioned/demolished, with the aim to maximise reuse or recycling of materials, minimising the impact of construction waste on the environment and deposit into landfill.

Government service delivery requirements shift over time. Buildings are relatively inflexible structures and, even with funding, can be difficult to adapt within required timeframes for emerging business needs. Further complexity arises when buildings need to remain operational and in use, unable to be closed down for major maintenance or refurbishment. Impacts from works on adjoining buildings or roads must also be considered.

Benefits and risk management

Risks to government include balancing community expectations with the best use of limited resources. Government is expected to maintain a high level of essential services to the community while also responding to changing social, political and economic environments, characterised by:

- increasing demand for services due to population growth and changing demographics
- higher community expectations
- different approaches for delivering services with technological advancements
- more emphasis on probity, accountability and value-for-money outcomes
- greater focus on efficiency and effectiveness of services
- responding to a changing climate, including the impacts of extreme heat and changes in the frequency and/or intensity of natural disasters
- demands for reduced greenhouse gas emissions from government assets and services.

Efficient and effective management of government building assets is essential to ensure the government meets its obligations to deliver services to the community. This requires departments to demonstrate:

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- structured and accountable strategic and operational planning processes
 - links between service delivery, resource and financial planning
 - relevant planning processes for delivering government building construction projects, government building maintenance programs and disposal of government building assets
 - suitable methodologies that address demand for new assets
 - innovative ways of providing services
 - improved coordination of government building assets from a whole-of-government perspective
 - effective assessment and management of climate-related hazards, including extreme events and the projected effects of climate change
 - improved sustainability (e.g. energy efficiency, waste reduction and the adoption of circular economy principles)
 - reduced greenhouse gas emissions for government buildings (construction and operation) in line with the Queensland Government's emissions reduction targets.

Scope and application

The Queensland Government's Strategic Asset Management Planning system administered by the Department of State Development, Infrastructure, Local Government and Planning for all asset classes imposes certain obligations on Queensland Government agencies, including in relation to the Building Construction and Maintenance procurement category.

Further detail and guidance

The EPW is supporting agencies by providing an example of a building construction specific SBAMP. The SBAMP example includes matters such as asset planning, capital investment, heritage management, environmental matters and lifecycle planning. It will assist with meeting agency obligations under the whole-of-government Strategic Asset Management Planning approach.

Growth – Building Asset Capital Delivery Policy

Purpose

The Building Asset Capital Delivery Policy describes the processes involved in planning and delivering government buildings, taking into account regulatory requirements and best practice procedures. Specific policy requirements provide minimum standards.

This section authorises the whole-of-government PQC System for building industry consultants and contractors seeking to undertake identified contracts and commissions associated with government building construction projects.

Policy statement

A process for planning and delivering government buildings has been developed to:

- illustrate the key stages of the building planning, procurement and delivery process
- identify major risk areas within that process and provide steps that must be undertaken to manage or mitigate those risks
- ensure quality, consistency and fairness in the delivery and maintenance of government buildings
- promote a sustainable building industry.

The overall process is outlined in Figure 1 on page 4.

Project initiation, which is guided primarily by the Financial Accountability Handbook, means ensuring compliance between existing agency building construction programs, government priorities and funding availability. Business cases are also a key inclusion in this process.

Appropriate, early selection of the best procurement strategy and contract approach is vital to effective project delivery. For example, a number of low value, but high risk/significant (HRS) government building construction projects in a labour constrained market, usually identified during the project initiation stage, may require a ‘bundling’ approach. The preferred procurement strategy will have flow-on effects on costings and timeframes.

EPW has significant internal expertise on business case development and can provide advice and assistance on building construction business cases for government consideration. This includes providing delivery options on projects of all sizes.

Detailed guidance on how to cost and sequence government building construction projects for business cases, where required for agency purposes, can be provided. While the timing of announcements of funded projects are the prerogative of the government, a collaborative/partnership approach between EPW and agencies as part of the in-confidence process is vital to ensure government has all the necessary information for decision-making purposes. This includes providing advice on the sequencing of government building construction projects in a particular area to ensure maximum value and smooth delivery are achieved. For example, three large government building construction projects in a small community should ideally be programmed to ensure a sustainable pipeline of projects for that community and its trade-based workforce.

Development of a government building construction project delivery program is based upon information provided in business case development and government submissions and briefings. An agency building construction capital program is then developed based on that information, further mitigating project risks.

Benefits and risk management

A comprehensive business case and relevant briefing material ensures agency building construction capital programs support and align with government policy direction and priorities. Specifically, proper planning reduces the risks of:

- overall building construction program under-expenditure or over-expenditure
- setting unachievable project budgets and unrealistic scope of works and program
- projecting unachievable project cash flow and timelines
- inefficiencies in cross-portfolio coordination, particularly where agencies have co-dependent delivery objectives
- setting inappropriate procurement strategies.

Additionally, minimum policy requirements will ensure the efficient use of taxpayer dollars and proper implementation of the three traditional priorities to ensure a project is delivered on time, to the required quality and within budget. It also ensures consistency with the fourth co-equal priority of applying relevant government policies.

It is recommended appropriately skilled professionals be engaged during key decision-making stages to provide proper estimates/assessments to government on aspects such as budget, time or project specific risks. This information will also be used to inform state-wide and regional pre-delivery processes.

For example, good practice encourages the continued engagement of skilled professionals such as qualified architects throughout the entire project to ensure, amongst other things, consistency of approach, management of risks and effective, accountable stakeholder engagement.

Scope and application

The Growth section applies to government agencies to the extent required for Best Practice Principles (BPP) projects from 31 March 2022.

For all other construction projects (non- BPP), the Growth section applies to government agencies from 1 July 2023.

Policy requirements

Policy requirement 1 – Producing a whole-of-government building construction projects pipeline, and provision of advice for certain business cases and government briefing material development.

Agencies may consult with EPW in confidence during development of business cases and preparation of internal government briefing material for government building construction projects.

Agencies must consult with EPW during development of business cases and preparation of government briefing material for BPP projects or potential BPP projects.

EPW will provide advice on unfunded and funded projects applicable to the agency, workload smoothing or business cases to ensure streamlined and efficient delivery of government building construction projects.

To improve visibility of projects for industry and to assist government to maintain a consistent supply of building opportunities throughout Queensland, agencies must provide funded and unfunded project and program details to create a pipeline of whole-of-government building projects. Unfunded project information will be used for internal government purposes.

The pipeline information on building projects will be used by:

- 1) State-wide Predelivery Committee members to identify opportunities and constraints arising from other Queensland Government building and infrastructure projects
- 2) Queensland Treasury when producing and publishing the Queensland Government Budget Paper 3 – Capital Statement and administering the Queensland Government Insurance Fund
- 3) Department of State Development when producing and publishing the State Infrastructure Plan
- 4) Department of Energy and Public Works to produce the Forward Procurement Pipeline that identifies upcoming building projects and when industry can expect the release of tendering opportunities.

Policy requirement 2 – delivering consistent due diligence across government through the Prequalification (PQC) System.

To ensure due diligence is consistently applied prior to tendering, agencies, must use the Prequalification System when selecting ethical, local and suitably qualified suppliers to deliver Queensland Government building projects. This applies to:

- (a) All engagements of a building consultant expected to exceed a threshold set by the government and published in the Queensland Government Gazette (as at 1 July 2021 – \$60,000 in value or that has a service risk rating of 2,3 or 4 where the consultancy fee is below the threshold)
- (b) All engagement of a building construction or maintenance contractor expected to exceed a threshold set by the government and published in the Queensland Government Gazette (as at 1 July 2021 – \$1 million)
- (c) This includes the use of the PQC System to:
 - create, maintain and finalise program and project records

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- identify an HRS project and service risk ratings
 - provide up-to-date project and procurement information for publication on the Forward Procurement Pipeline
 - prepare an eligible tender list
 - undertake a financial capacity assessment of preferred suppliers.
 - complete a supplier performance report to identify superior to poor performance. This may lead to an upgrade of PQC status or a review and sanctions process

For all head contractor engagements on a Best Practice Principles project, a two-stage managing contractor procurement methodology (or two-phase variant) must be used and head contractors and subcontractors must be prequalified.

Policy requirement 3 – Procurement strategy and contract selection

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. This ensures consistency, fairness and efficiency in government's dealings with industry and effective implementation of government's building related policies.

- (a) Agencies must follow the EPW published guidance on procurement strategies and contract selection.
- (b) Agencies must use standard contracts (including conditions of offer) developed and maintained by the EPW Contract Services Unit and currently published on the Queensland Government website, for all government building construction and maintenance projects.
- (c) Where there are project specific requirements or constraints that cannot be adequately addressed using a standard contract, the agency must consult with the EPW Chief Contracts Officer about the proposed procurement strategy and contract provisions. Subject to the outcome of the consultation, the agency must obtain endorsement of the proposed procurement strategy and contract provisions from the Contracts Committee.
- (d) After gaining endorsement from the Contracts Committee, the EPW Contract Services Unit will prepare a contract incorporating suitable terms. Following consultation with the relevant agency, the EPW Chief Contracts Officer may engage external legal services to assist in the preparation of the contract, with the agency responsible for the legal costs.
- (e) For HRS government building projects where agencies have followed the EPW published guidance on procurement strategies and contract selection, and intend to use a standard contract, the agency 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 projects, the agency must seek endorsement of the procurement strategy and form of contract proposed for the project from the Contracts Committee.
- (f) Agencies must provide a list of HRS government building construction projects on a quarterly basis to the Contracts Committee for whole-of-government coordination and reporting purposes.

Policy requirement 4 – Select list of suppliers

- (a) To remove doubt, open tender is the preferred position for building construction projects, however for various reasons a select tender will be required.
- (b) To procure through a select tender rather than an open tender, agencies must prepare a select list of suppliers in consultation with the Select Tender Committee registrar where either:
 - (i) the building commission exceeds a threshold set by the government and published in the Queensland Government Gazette (\$100,000 in value as at November 2020)

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- (ii) the building contract exceeds a threshold set by the government and published in the Queensland Government Gazette (\$1 million value as at November 2020)
 - (iii) the maintenance contract or arrangement (e.g. Standing Offer Arrangement) exceeds an estimated \$1 million value over its life.

Policy requirement 5 – Financial capacity assessment of preferred supplier

Agencies must undertake a formal financial capacity assessment of the preferred supplier for all government building construction projects exceeding a threshold set by the government and guided by PQC Financial Requirements.

Policy requirement 6 – Tender evaluation plans

For all government building construction projects including HRS, agencies must prepare a tender evaluation plan. Appropriate feedback to tenderers must be provided.

For BPP projects, agencies must consult with the Contracts Committee and supporting advisory groups such as an Industry Reference Group prior to calling tenders on the proposed evaluation criteria and weightings to be used in the selection of suppliers.

Policy requirement 7 – Contractual claims, disputes, defaults and insolvency

The EPW Chief Contracts Officer oversees the management of disputes, defaults, insolvencies and subcontractor's charges on behalf of government to ensure that rights are exercised, and obligations are performed fairly and consistently, to maximise outcomes for government while promoting a sustainable industry.

- (a) Agencies must seek ongoing advice from the EPW Chief Contracts Officer about the substantive issues, management and finalisation of any matter concerning a government building or maintenance project, where:
 - (i) there is a contractual claim or dispute which concerns the interpretation of clauses in the EPW standard contracts
 - (ii) there has been a substantial breach of contract which may lead to termination or take-over of the contract
 - (iii) the contracted building construction or maintenance contractor or consultant has become insolvent
 - (iv) a subcontractor's charge has been made under Security of Payment legislation
 - (v) security that is not in the form of money is proposed to be converted to money and used or set off rights are proposed to be exercised to satisfy an amount owing under another contract.
- (b) Agencies may seek ongoing advice from the EPW Chief Contracts Officer where there is a real risk that the parties to a building construction or maintenance contract will not be able to resolve a claim or dispute between themselves, and the claim or dispute might be referred to adjudication, mediation, expert determination, arbitration, litigation or other form of dispute resolution.

The Chief Contracts Officer will, in consultation with the relevant agency, determine whether external legal advice or services are required and if so, can engage and instruct solicitors on behalf of the relevant agency. While the Chief Contracts Officer will not charge for providing advice, the cost of any legal engagements will be the agency's responsibility.

Policy requirement 8 – Supplier performance reporting

Agencies must complete PQC System performance reports for each supplier engaged through the PQC System. These reports are to include information that may indicate supplier financial or managerial stress.

Policy requirement 9 – Whole-of-government information exchange

- Agencies with responsibility and accountability for the administration of the legislation and policy listed below must provide EPW (PQC) with copies of all reports on general compliance by prequalified suppliers and report relevant supplier information to ensure appropriate and proactive due diligence for PQC System registration and agency tender evaluation processes.
 - *Building Act 1975 (Qld)*
 - *Building and Construction Industry (Portable Long Service Leave) Act 1991 (Qld)*
 - *Building Industry Fairness (Security of Payment) Act 2017 (Qld)*
 - *Disability Services Act 2006 (Qld)*
 - *Electrical Safety Act 2002 (Qld)*
 - *Industrial Relations Act 2016 (Qld)*
 - *Labour Hire Licensing Act 2017 (Qld)*
 - *Plumbing and Drainage Act 2018 (Qld)*
 - *Planning Act 2016 (Qld)*
 - *Queensland Building and Construction Commission Act 1991 (Qld)*
 - *Work Health and Safety Act 2011 (Qld)*
 - *Workers' Compensation and Rehabilitation Act 2003 (Qld)*
 - *Queensland Industry Participation Policy Act 2011 (Qld)*
 - Queensland Procurement Policy
 - Queensland Indigenous Procurement Policy
 - Queensland Building and Construction Code of Practice
 - Queensland Government Building and Construction Training Policy
 - Queensland Charter for Local Content.

Further detail and guidance

The complementary Building Policy Guideline commences on 1 July 2023 and provides greater detail on matters such as:

- centralised program and project coordination
- contractors under financial or managerial stress
- workforce management
- building information modelling.

What is the relationship between this policy and other legislation?

Officers involved in applying this policy need to ensure compliance with other legislation and instruments such as:

- relevant state government legislation, including but not limited to:
 - *Building Act 1975*
 - *Building Industry Fairness (Security of Payment) Act 2017*
 - *Electrical Safety Act 2002*
 - *Planning Act 2016*
 - *Plumbing and Drainage Act 2018*
 - *Queensland Building and Construction Commission Act 1991*
 - *Work Health and Safety Act 2011*
 - *Workers' Compensation and Rehabilitation Act 2003.*
- relevant Australian government legislation including but not limited to:
 - *Corporations Act 2001 (Cth)*

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- *Disability Discrimination Act 1992 (Cth)*
 - *Fair Work Act 2009 (Cth)*
 - *Building Construction Industry (Improving Productivity) Act 2016 (Cth)*
 - *Code for the Tendering and Performance of Building Work 2016 (Building Code 2016) (Cth)*
 - any other Australian Government requirements for Australian Government funded projects.

Renewal and evaluation – Building Asset Maintenance Policy

Purpose

The Queensland Government owns, manages and uses billions of dollars of government building assets. These assets must be maintained to a minimum level, so they continue to support delivery of a wide range of government services to meet the social, economic and environmental needs of the community.

This policy is the whole-of-government policy for managing government building maintenance programs. By adhering to this policy, relevant agencies will have a consistent and sustainable lifecycle approach to the management, planning and delivery of government building maintenance programs.

The purpose of this policy is to ensure:

- continuous improvement in asset planning, maintenance procedures and risk management (including the mitigation of the impacts of a natural disaster)
- government buildings are adequately maintained
- the risks to government are well managed
- departments take a more strategic role in the maintenance of government buildings to ensure the infrastructure and financial capital is able to be maintained over the long-term
- government has pertinent information for monitoring the maintenance, condition and performance of buildings at a whole-of-government level
- there is sufficient operational information to perform maintenance, including the ability to review policies and strategies, analyse lifecycle costs, assess environmental impacts, plan for replacements and upgrades, mitigate the impact of natural disasters, and improve the efficiency and effectiveness of maintenance.

Policy statement

Project planning includes preparing a Strategic Maintenance Plan (SMP) and asset assessment ratings used to prioritise the government building maintenance program within the agency.

Implementation includes organising asset assessments, prioritising and assessing demand (i.e. asset criticality, priority ratings and performance criteria), ensuring adequate funding is available and delivering maintenance services.

Information management includes capturing work done, commissioning detail, handover detail and ensuring accurate and useful reports are prepared to inform and update planning and evaluation requirements. Methods such as rolling preventative maintenance programs to reduce breakdown maintenance should be considered.

The SMP should explain agency specific processes and practices to enable agency personnel responsible for a government building maintenance program to successfully manage maintenance

demand requirements, including funding requirements. The policy should also address the handover and retention of technical and asset information, and arrangements for an effective feedback loop for building planners and designers to improve maintainability and minimise government building maintenance programs in future buildings.

EPW has significant internal expertise on all aspects of the government building maintenance program cycle and requirements, including assisting with the preparation of SMPs, delivering maintenance service in line with government policy priorities and industry best practice, and ensuring comprehensive data collection and reporting.

While announcements of *funded maintenance programs* are the prerogative of the government, a collaborative/partnership approach between EPW and agencies during development of relevant government briefings and submissions for advice on procurement methodologies and sequencing of large bodies of maintenance work is critical. This will assist with smooth delivery of government maintenance work in a particular geographical area and ensure maximum value to government and the community is achieved. For example, 10 medium maintenance projects in a small community should ideally be programmed sequentially to ensure a sustainable pipeline of projects for that community and its trade-based workforce.

Benefits and risk management

Through effective and efficient maintenance of building assets, the following risks can be mitigated:

- agency service delivery expectations not met due to poor asset condition
- excessive whole-of-life, procurement and/or contractor costs
- inadequate use of government building maintenance program delivery resources
- out-of-date, inadequate and inaccurate building information.

In some instances, agencies may not have sufficient available funds to allow all identified government building maintenance program tasks to be completed. It is important that agencies carefully evaluate priorities and risks and focus on the most cost-effective solutions, using a risk-based approach, to maintain desired building standards.

Scope and application

The renewal and evaluation section applies to government agencies to the extent required for Best Practice Principles projects from 31 March 2022. The renewal and evaluation section applies to government agencies from 1 July 2023.

Policy requirements

Policy requirement 10 – Develop and maintain a Strategic Maintenance Plan (SMP)

- (a) Agencies must develop and maintain a SMP which complements each agency's SAMP at the relevant times i.e. during budget development periods.
- (b) The SMP should:
 - (i) consider matters including lifecycle costs of the assets, service delivery plans, the age, condition, value, replacement intervals, deferred maintenance and functionality of its buildings. It should also consider emerging issues that may impact on service potential over short, medium and long-term time frames.
 - (ii) plan for minimum maintenance funding of 1 per cent of the replacement cost of the agency's existing building portfolio. Higher amounts, for example, 3 per cent to 5 per cent, should be planned for heritage buildings and specialised assets on a case-by-case basis. An example of a specialised asset is a cyclone shelter.

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- (c) The SMP must explicitly include provision for planned and unplanned maintenance.

Policy requirement 11 – Building asset information record management

Agencies must maintain complete and current records in the agency's building asset management system to inform the ongoing strategic asset management process, including condition assessments, technical and asset information, handover and commission, government building maintenance program performance outcomes, and government building asset performance outcomes.

Policy requirement 12 – Asset assessments and performance

Key standards such as ISO 55001 provide information about performance evaluation. The various Asset Assessment and Performance Guidelines produced by the Institute of Public Works Engineering Australasia are considered useful documents to meet those standards.

- (a) At least every three years, agencies must carry out asset assessments to identify defects using a risk managed approach based on the Asset Assessment Rating description contained in the Building Policy Guideline to this policy.
- (b) Agencies must assess critical government building assets and government building assets affected by natural disasters annually, and as soon as possible after a natural disaster.
- (c) Asset assessments should include details such as remaining useful life, integrating the information with government building maintenance program history to ensure its Strategic Asset Management Plan can be implemented in an effective and tactically proficient manner.
- (d) Departments should use condition standards to determine the appropriate standard required at facility level or individual building level.
- (e) Agencies must monitor and review government building maintenance program performance, including:
 - (i) the maintenance program management
 - (ii) the maintenance service provider
 - (iii) the maintenance outcomes.
- (f) Agencies must monitor and review government building asset performance, including assessing:
 - (i) the appropriateness of the government building asset in meeting service delivery requirements
 - (ii) the financial impact of the government building asset
 - (iii) the statutory compliance risk of the government building asset
 - (iv) the effective use of the government building asset as a resource
 - (v) the environmental impact of the government building asset
 - (vi) the social significance of the government building asset. While an aspect of the importance of heritage-listed buildings is social, it is not limited to only that aspect. There are other inherent values associated with maintaining examples of government buildings from the past.

Policy requirement 13 – Planning government building maintenance program and pipelines

- (a) Agencies must enter into appropriate arrangements with EPW (QBuild) or other maintenance service providers for the provision of a government building maintenance program. This includes proactive planning, using asset assessment reports and other asset information to develop a forward pipeline of work so that maintenance programs can be developed and scheduled to maximise value for money and pipelines of work for trades.
- (b) Procurement and Maintenance Project Pipeline – agencies must provide the state-wide Predelivery Committee through EPW with estimated funded and unfunded maintenance programs per maintenance sub-category and region.
- (c) EPW must provide this information to agencies upon request to assist with workload and market smoothing to ensure pipelines of government building construction projects are maximised in impacted communities.

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- (d) Agencies must engage appropriately registered maintenance service providers under the PQC System where:
- (i) the value of government building maintenance program exceeds the threshold requirements approved by the government and published in the Queensland Government Gazette, or
 - (ii) the total package of a government building maintenance program from demand assessment through to delivery is outsourced to a private sector maintenance or facilities management organisation.
- (e) Also refer to policy requirements 3 and 7.

Policy requirement 14 – Sustainability Indicators

- (a) Agencies must ensure their Strategic Asset Maintenance Plan contains key sustainability indicators including:
- (i) operating surplus ratio
 - (ii) net financial liabilities ratio
 - (iii) asset renewal funding ratio
 - (iv) asset sustainability ratio.

Further detail and guidance

The complementary Building Policy Guideline commences on 1 July 2023 and provides greater detail on matters such as:

- building maintenance policy, standards and strategy development
- building condition assessment
- building maintenance budget
- Capital or expense? A guide for asset and maintenance managers
- minimum maintenance funding benchmark for annual departmental budget.

Definitions

Agency means a department as defined in the *Financial Accountability Act 2009(Qld)*.

Best practice principles (BPP) refers to the following principles set out in [Best practice principles: Quality, safe workplaces](#):

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

Building Construction and Maintenance Category (BCM Category) refers to the Queensland Government procurement category responsible for the category management of government building assets and related activities. These include government building construction projects and government building maintenance programs, and contain the following sub-categories:

- building contractors
- trade contractors
- specialist services
- property and real estate services
- materials and equipment
- building operations.

Building Policy Guideline refers to a policy document that provides detailed explanations and how-to guidance to implement this Framework.

Category Council oversees, governs and directs strategic procurement activities related to a specific category of spend across the Queensland Government. The Category Council develops category plans and strategies and appoints working groups to deliver on these commitments. It also provides input on proposed weightings to NPC (local content and BPP) for BPP related projects.

Client agency means an agency other than EPW, and for who EPW could potentially perform services.

Contracts Committee refers to a committee existing and now established under this policy to provide effective oversight of the department's role in the review, development and application of building procurement methodologies to ensure that government objectives are met and comply with this policy.

EPW refers to the Department of Energy and Public Works.

EPW Chief Contracts Officer (or equivalent role from time to time) is the role that 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.

Forward Procurement Pipeline refers to a public-facing pipeline managed by EPW that identifies upcoming building projects and when industry can expect release of tendering opportunities.

Government building asset means a structure that:

- (a) is or will be owned by an agency
- (b) is wholly or partly enclosed by walls or is roofed
- (c) is fixed, including temporarily.

Government building maintenance program means work on existing buildings to reinstate physical condition and prevent deterioration or failure.

This includes:

- (i) testing
- (ii) taking samples and restoring the sample site
- (iii) work required on an ongoing basis to:
 - (a) prevent deterioration or failure of a component
 - (b) restore a component to its correct operating specifications or standard or
 - (c) replace a component at the end of its working life
 - (d) making temporary repairs for immediate health, safety and security reasons
 - (e) mitigation of the consequences of a natural disaster
 - (f) assess the condition of a government building asset; but

This does not include:

- (i) improving a government building asset to increase its capabilities or functions
- (ii) improving a government building asset to meet new statutory requirements applying to the building or
- (iii) a refurbishment or replacement of a government building asset that extends the life of the building.

Government building construction project means construction of new buildings and upgrade/improvements to existing buildings to increase the useful life.

This includes:

- (i) the erection, establishment or construction of a government building asset

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- (ii) any maintenance of a government building asset assessed as a HRS government building construction project
 - (iii) the renovation, alteration, extension, improvement, repair, refurbishment or restoration of a government building asset
 - (iv) maintenance of a government building asset combined with any work of a kind mentioned in paragraphs (i), (ii) or (iii)
 - (v) the dismantling, demolition or removal of a government building asset
 - (vi) any site work (including any site work defined as building work under the *Queensland Building and Construction Commission Act 1991*) related to work of any kind associated with paragraphs i) to v) above as a separate contract in itself
 - (vii) installation or supply and installation of travellers, escalators, water supply, sewerage or drainage related to work of any kind associated with paragraphs i) to v) as a separate contract in itself and
 - (viii) the provision, including installation or supply and installation, of services for a government building asset (including but not limited to power supply, lighting, heating, ventilation, air conditioning, communications systems, security systems, fire protection, lifts).

This does not include:

- (i) service maintenance contracts associated with a government building asset
- (ii) the construction, maintenance or repair of a road under the *Land Act 1994*
- (iii) the construction, maintenance or repair of a bridge
- (iv) the construction, maintenance or repair of railway tracks, signals or associated structures
- (v) the construction, maintenance or repair of harbours, wharfs and other marine structures not related to land-based building work or
- (vi) the construction, maintenance or repair of a dam.

Government Owned Corporation means an entity declared by regulation to be a government owned corporation under the *Government Owned Corporations Act 1993*.

Growth refers to planning and delivering new buildings.

High risk / significant (HRS) government building construction project refers to a government building construction project or government building maintenance program where either:

- (i) the failure to meet project objectives of time, cost and quality would critically affect the delivery of services to the community
- (ii) the lack of clear and transparent processes in the procurement of high value projects could impact the Government as a whole in terms of industry development and consistency of approach.

It also has any one or more of the following elements:

- (i) is expected to exceed \$20 million in value delivered using a traditional procurement strategy
- (ii) is expected to exceed \$10 million in value delivered using a non-traditional procurement strategy
- (iii) will be delivered using a combination of standard contracts and where the separate components are expected to exceed \$10 million in value (e.g. building structure delivered using a traditional procurement strategy and building fit out delivered using a separate non-traditional procurement strategy)
- (iv) will involve the tendering, under one contract of a 'bundle' of smaller government building construction projects across several different sites, where the total value of the government building construction projects exceeds \$10 million
- (v) is assessed as a PQC service risk rating of 3 or 4

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- (vi) is a Best Practice Principles project
 - (vii) has another potential risk element not defined above.

Industry Reference Group (IRG) refers to a reference group existing and now established under this policy with the role of advising on Building Construction and Maintenance procurement category issues in general, including recommendations for weighting criteria for BPP projects.

Major Projects refers to a DEPW unit that undertakes all procurement and delivery of government building construction projects that are considered sensitive/high risk (HRS) or above \$100 million in value.

Non-price Criteria (NPC) means non-cost factors to be considered in evaluating tenders, such as fitness for purpose, quality, service and support.

PQC System refers to the Queensland Government Prequalification (PQC) System, a whole-of-government system for prequalification of suppliers for major government building construction projects.

Procurement and Maintenance Project Pipeline refers to unfunded and funded projects and programs with most information Cabinet in confidence until Cabinet Budget Review Committee approval is granted.

QBuild, formerly known as Building and Asset Services (BAS), is a commercialised business unit of EPW that delivers procurement and contract management services to agencies for the construction, maintenance and operation of government building assets, including schools, hospitals, housing, police stations, correctional facilities and ambulance stations.

QPP refers to the Queensland Procurement Policy.

Relevant delegates means individuals with the appropriate delegations of authority and responsibility for approval of the said documents.

Renewal and evaluation refers to maintaining, refurbishing, repurposing and divesting existing buildings.

SAMP refers to a Strategic Asset Management Plan.

SBAMP refers to a Strategic Building Asset Management Plan that may be within the SAMP.

SMP refers to a Strategic Maintenance Plan.

Select Tender Committee refers to a committee existing and now established under this policy to prepare a select list of building contractors for a government building construction project above a prescribed threshold. This committee ensures that the select tender list is carried out taking account of all relevant facts and information provided by the PQC System and in full knowledge of the rights of a procurer of building contract services within this policy and the Queensland Procurement Policy.

Special purpose vehicle, for the purposes of this policy, means a company incorporated under the *Corporations Act 2001* (Cth) that is under the control of a Queensland Government department, and which is established for a specific purpose such as delivery of infrastructure projects. For the purpose of this definition a 'company' does not include a government-owned corporation. Special purpose vehicle means those established from 1 July 2010, and existing special purpose vehicles which are required to comply with the QPP by their respective constitutions.

State-wide Predelivery Committee refers to a committee existing and now established under this policy to collect, collate, and analyse unfunded and funded government building construction projects. The committee will provide advice and information to agencies on whole-of-government activity in relation to a particular initiative, or group of initiatives, to assist with workflow smoothing and enable regional workforce development.

Supplier means a building industry contractor and/or consultant relevantly qualified and capable of supplying the required goods, services, and/or works.