

Victoria's new public construction framework



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The Government has reformed its framework for public construction

The improved framework means Victoria can capitalise on its unprecedented infrastructure investment to remain nationally and globally competitive

Investing in new infrastructure plays a vital role in the Victorian economy, lifting productivity, boosting economic growth and improving the standard of living for Victorians.

Victoria's infrastructure investment is substantially increasing, growing from an average of \$4.9 billion per year over the 10 years to 2014-15, to around \$10.1 billion per year from 2018-19 onwards (Figure 1).

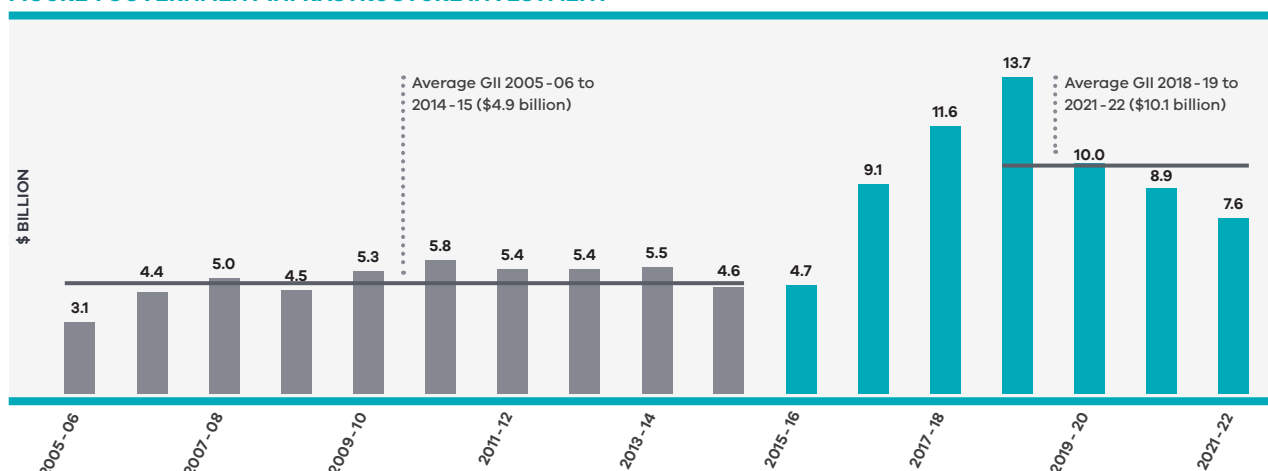
To support the efficient delivery of Victoria's unprecedented infrastructure pipeline, the Government is proud to deliver a new, updated framework that is more relevant and responsive, and will deliver efficiencies for government and industry.

This means Victoria can capitalise on its infrastructure investment to remain nationally and globally competitive.

The new framework commenced on 1 July 2018 and will enable:

- simpler and easier industry participation;
- time and cost savings when preparing bids;
- a stronger focus on project objectives, rather than the administration of tenders;
- fair, transparent and openly competitive tender processes; and
- greater transparency of upcoming procurement opportunities and improved dialogue with industry participants.

FIGURE 1 GOVERNMENT INFRASTRUCTURE INVESTMENT



Source: Department of Treasury and Finance

Industry is a vital partner

An open and responsive partnership between industry and government creates the best opportunities for best practice and innovation to deliver world-class infrastructure

Industry is a vital partner for the construction and delivery of world-class infrastructure to meet the needs of all Victorians.

Industry has previously raised concerns with government about the efficiency and effectiveness of infrastructure procurement processes.

Consultation with a cross section of stakeholders identified three broad areas for reform:

- greater standardisation of procurement processes across government;
- reducing unnecessary time and costs to industry in tender processes; and
- enhancing capability and continuous improvement for both government and industry.

The Government has listened to industry concerns, and transformed its construction procurement framework to reduce unnecessary time and cost to meet today's infrastructure delivery challenges.

The Government will continue to engage industry and encourage ongoing dialogue to offer further opportunities to improve and foster innovation and best practice, making Victoria the best and easiest place to do business.





Greater standardisation

Procurement processes will be more consistent across government to encourage industry participation and reduce time and cost when preparing bids

While each procurement is unique and needs to reflect its size, complexity and risk profile, the following strategies have been introduced.

Standardising contracts

The Government has refreshed and streamlined the most commonly used forms of contract to reflect contemporary practice.

Contracts are presented in plain English.

Consistent use of these contracts is reinforced, with new processes to limit project-specific conditions, unless there is a clear reason for their inclusion.

Work will continue to broaden contract standardisation in procurement, including across jurisdictions.

Benefits – reduced time and cost of legal review, and simplified contract administration.

The Government supports the standard principles for risk allocation.

Allowing for the individual nature of a project, risks will be allocated to the party best placed to manage them.

Benefits – appropriate and consistent risk allocation to create greater certainty, and reduced administrative costs.

Standardising tender processes

The Government has enhanced its tender processes to make them more streamlined and consistent.

Bidding information requirements have also been simplified.

Benefits – consistent approach to tenders and greater opportunity to bid for projects.

Enhancements to the Construction Supplier Register

Suppliers can streamline their bidding activity and communication of project history to government by prequalifying through registers such as the Construction Supplier Register.

The Government is introducing new categories for supplier registration allowing suppliers to better align their activities to future government projects.

To better support industry, improved guidance for the Construction Supplier Register explains how the register works, the benefits of registration and how government agencies use the register.

Benefits – more prequalification options leading to greater opportunity to bid for projects.



Reduce unnecessary time and cost

A stronger focus on procurement outcomes rather than processes with streamlined and simplified requirements

The following strategies have been introduced.

Streamlined and simplified information requirements

Agencies are encouraged to seek information once within tender documents, at the time when the information is best used - either at the expression of interest or tender stage.

Only necessary information will be sought from bidders, and where appropriate, staged tenders will be used.

Tender documents will consolidate and simplify submission requirements, with greater use of prequalification information to reduce repeated information requests.

Benefits – reduced time and cost of bidding.

Better planning of projects

The Government has introduced requirements to ensure government agencies better prepare and plan for the tender process. This will be done in a range of ways, including:

- ensuring tender documents are finalised before going to market;
- ensuring the design is consistent with the contract, by outlining expectations for the level of design to be released to market;
- reducing the release of projects with multiple scopes or designs;
- allowing for the use of measured Bills of Quantity, if appropriate;
- better aligning project objectives and evaluation criteria in tender documents;
- using appropriate tender field sizes, by outlining expectations for tender field size;
- promoting stricter adherence to tender timelines to avoid delays in the tender process; and
- speeding up the selection of a preferred bidder.

Benefits – greater clarity in tender processes, reduced delays and reduced resource burden on tenderers.



Enhancing capability and continuous improvement

The new framework is more responsive and encourages ongoing dialogue to promote continuous improvement

The following strategies have been introduced.

Improved communication

The Government has improved the process to ensure timely and relevant tender information and feedback.

A common portal will be established to enhance information to the market by providing continually updated information on the forward pipeline of government projects, through publication of:

- advance tender notices advising on future opportunities;
- tender notices; and
- tender outcomes.

Timely and relevant feedback will be offered to all bidders, provided by appropriately senior government agency staff, to support continuous improvement and encourage further participation in government projects.

Benefits – streamlined access to government tendering opportunities and better allocation of bidding resources, and continuous improvement for both suppliers and government.

Shared reporting on performance

The Government has established an improved process to assess supplier performance and capture supplier performance metrics for works and services contracts. This information will be used to inform the selection of suppliers in future projects.

This process will also give suppliers the opportunity to provide timely feedback to government in a fair and open manner.

Benefits – continuous improvement for both suppliers and government.

Better probity management

Accountability and probity are key expectations of government. Working within appropriate frameworks, the Government encourages greater interaction between bidders and government agencies during tenders.

Probity requirements are clearer and expectations for industry are explained to allow probity to be an enabler for effective interaction and innovation.

Benefits – greater clarity in tender processes.

Improving skills and capability within government

The Government is supporting procurement practitioners to lift their knowledge, expertise and skills in procurement.

Through the Office of Projects Victoria, the Commercial Capability Training program is being established.

Related reforms

The Government is using procurement and infrastructure investment to deliver social, economic and environmental outcomes to benefit all Victorians.

Recent initiatives support local industry, social outcomes and environmental sustainability.

Victoria's Value Creation and Capture Framework

describes a consistent, concerted approach to assessing and increasing the economic, social and environmental benefits of investments in Victoria. It applies to a number of sectors including transport, health, housing and education.

Victoria's Social Procurement Framework aims to ensure value-for-money considerations are not solely focused on price, but incorporate a balanced judgement of financial and non-financial factors. The framework applies to procurement of all goods, services and construction.

The Government has introduced the Victorian Local Jobs First Bill into State Parliament to enshrine the *Victorian Industry Participation Policy* and the *Major Projects Skills Guarantee* in law. The legislation will also establish the Local Jobs First Commissioner, who will advocate for businesses and workers so they get a greater share of government projects, and oversee compliance of local content and workforce commitments.

Contact us

For more information about the new framework for public construction, contact the Department of Treasury and Finance, Construction Policy Team via email: construction.procurement@dtf.vic.gov.au.



Authorised by the Victorian Government
1 Treasury Place Melbourne, Australia

Printed by Waratah Group, Port Melbourne.

ISBN 978-1-925551-04-4 (Print)
ISBN 978-1-925551-05-1 (pdf/online/MS word)

September 2018
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