

# **Agreement between CALM and DHW for the Management of Project Delivery**

## **1 Introduction**

### **1.1 Background**

The Department of Housing and Works (DHW) assists the Department of Conservation and Land Management (CALM) in the delivery of building related services throughout the state. Services are generally provided on an as requested basis and vary with locality and the departmental branches involved.

### **1.2 Purpose of this Document**

The purpose of this document is to formalise the arrangement for the delivery of services between the Department of Housing and Work's Western Property country section and the Department of Conservation and Land Management's Parks and Visitors Services section.

## **2 Roles and Responsibilities**

### **2.1 Phase 1 – Project Planning**

#### **Description**

Project planning is the evaluation and development of an identified need to achieve an understanding of the required extent of work, the probable costs, the resource requirements and the likely time required to complete the project.

This process involves the analysis of needs, feasibility studies, risk assessments, evaluation of alternatives, development of business cases, setting of budgets and timelines, development of procurement plan, development of a brief and obtaining approval to proceed.

#### **Roles and Responsibilities**

CALM is responsible for the identification and planning of all projects. DHW are available to provide advice and assistance during the planning phase.

### **2.2 Phase 2 – Project Delivery**

#### **Description**

Project delivery is the further development and the implementation of the extent of work developed and approved during the project planning phase.

Project delivery typically involves the commissioning of consultants, design development, contract documentation, tendering and contract administration.

## **Roles and Responsibilities**

### ***Department of Conservation and Land Management***

CALM retains overall ownership of and responsibility for the project.

CALM agrees to contribute to the management of project delivery by:

- appointing one officer responsible for liaising with and instructing DHW;
- providing a detailed brief of the works required and responding to reasonable requests for information;
- providing timely authorisation, including funding approval, to proceed with the project at the various stages of procurement;
- participating in the tender evaluation process as a member of any tender evaluation panel established for this purpose;
- being involved in project completion and handover; and
- attendance at meetings with consultants and DHW as required.

CALM recognises DHW's role and responsibilities for the procurement of works under the Public Works Act and will not intentionally act in a way to compromise this role or these responsibilities.

CALM recognises DHW's role as the superintendent to any contracts let under the Public Works Act and will not give direction directly to either consultants or contractors. CALM will direct all contract matters to DHW.

CALM is responsible for all project costs, including abortive work, and the agreed management fees. CALM agrees to pay invoices within 30 days of receipt. All outstanding issues should be resolved thereafter.

### ***Department of Housing and Works***

DHW is the responsible for the management of project delivery.

DHW as the agency empowered to procure works under the Public Works Act will manage the procurement of and enter into contracts for the delivery of all works and services, including consulting services, required to complete the project.

DHW recognises CALM's role as owner of the project and will:

- appoint one officer responsible for liaising with, advising and taking instruction from CALM;
- recognise CALM's expertise and right to be actively involved in the decision making process at all stages of the project.
- consult with CALM on issues arising and provide advice regarding any impact on the project and possible alternative courses of action;
- seek approval from CALM before acting in a way that might alter the extent of work, the time lines or the project costs;

- provide regular project status reports in an agreed format that records significant current issues and provides detailed up to date project costings and time lines;
- invoice CALM monthly for the percentage of work completed.

### **3 Project Delivery**

Project delivery can be subdivided into a number of stages.

#### **3.1 Project Initiation**

Projects managed under this agreement are initiated when CALM approaches DHW with a request to participate in a particular project. Negotiations are conducted to determine the deliverables, timelines budgets and fees for the project.

DHW makes an offer in writing (e-mail) confirming the following:

- the nature of the works required;
- the services to be provided;
- DHW management fees;
- the project budget;
- the agreed project program; and
- the suggested procurement strategy

If agreeable CALM accepts the offer in writing.

#### **3.2 Scheme and Estimate**

Some projects may require the development of one or more schemes and estimates

To achieve this DHW will engage and brief a consultant who will develop the schemes and estimates. DHW will endorse and/or comment on the consultant's recommendations and their impact upon the project budget and timelines.

DHW will recognise CALM's capacity for design input and will facilitate their involvement in the development of the schemes.

CALM will consider the recommendations in conjunction with DHW's comments and if agreeable approve the continuation of the project.

#### **3.3 Design Development**

Most projects require a design development stage where detailed investigations will occur involving sizing and selection of proprietary components, plant and equipment, detailing of purpose built equipment and determining the overall layout.

A consultant is generally engaged to carry out this work

DHW will recognise CALM's capacity for design input and will facilitate their involvement in the design development stages.

At the completion of this stage a proven solution has been developed and the budget is confirmed. These will be forwarded to CALM with DHW comments for endorsement and approval to proceed to the contract documentation stage.

### **3.4 Contract Documentation**

During this stage tender documentation is produced. Depending upon the procurement strategy agreed more than one contract may be entered into to achieve the desired outcomes.

Each tender document will usually be comprised of

- Form of Tender;
- Conditions of Tendering;
- Conditions of Contracting;
- Technical Specification;
- Schedules of Information; and
- Drawings.

The consultant prepares these documents with assistance from DHW to ensure that government policies such as Buy Local and Priority Access are appropriately included. Some documents will include non-price criteria to be used in a qualitative assessment of the tender submissions.

At this stage a pre-tender estimate is prepared based upon the tender documents and known market factors at the time of tender.

Tender documents and the pretender estimate will be forwarded to CALM along with DHW comments upon the impact upon the project for endorsement and approval to call tenders.

### **3.5 Tendering and Tender Evaluation**

DHW will arrange the calling of tenders including the associated advertising, posting on the Government Tendering Bulletin Board and distribution of tender documents.

Where necessary DHW will facilitate tender briefings. CALM will attend tender briefings.

DHW with assistance from the consultant will answer any tender enquiries and after consultation with CALM issue any necessary addenda.

Tenders will close in the DHW tender box.

Tender submissions will be opened and processed by DHW in accordance with procedures established to ensure adherence to the code of tendering, government policies and other matters of fairness and probity.

The tender evaluation process includes:

- a check on technical compliance by the consultant;
- checks on compliance with government policy;
- occupational, health and safety and industrial relations checks;
- financial checks;
- application of government policy to assessment process;
- assessment of non price criteria and application value for money considerations;
- process review and endorsement of recommendation by DHW Works Tender Committee.

For tenders involving the assessment of non-price criteria it is customary to establish a tender evaluation panel. CALM will be invited to participate on these panels.

DHW guarantees the integrity of the tendering process.

CALM will be advised of the outcome of the tender evaluation process including the recommended tenderer's price, any significant issues raised and their impact on the project. DHW will obtain CALM's approval to proceed before awarding the contract.

DHW will award the contract.

### **3.6 Contract Administration**

DHW with the assistance of the consultant will administer the contract. Contract administration activities during the construction period include:

- check all necessary insurances and certifications;
- approve workshop drawings where necessary;
- inspect and supervise work to ensure compliance with contract;
- provide direction to contractor and respond to requests for information;
- attend site meetings;
- process progress claims, issue progress certificates and make progress payments;
- process variations where necessary; and
- resolve contractual disputes.

DHW will advise CALM of any significant contract issues arising and will seek approval before issuing variations or instructions effecting extent of works.

During the construction period the contractor will take possession of the site. CALM should liaise with DHW before doing anything that might restrict or prevent the contractor from carrying his obligations under the contract.

DHW will recognise CALM's right to monitor the progress of the works and will arrange for CALM to inspect the works as required and will respond to any issues or concerns raised by CALM.

Upon the completion of the works the contractor will arrange a Practical Completion Inspection at which the consultant will inspect the works for completeness and compliance with the specification. If the consultant is satisfied that the works are complete then a Certificate of Practical Completion will be issued and CALM may take possession of the works. Occupying the works prior to the issuing of this certificate may prevent the rectification of certain defects under the contract.

DHW will ensure that CALM have the opportunity to inspect the works and list defects and issues for consideration under the contract before the issuing of the certificate.

It should be noted that it is common practice for small insignificant defects to be noted but allowed to be carried over into the defects liability period for rectification prior to final completion.

### **3.7 Defects Liability Period**

Following the issuing of the Practical Completion Certificate CALM may take possession of the works. The works, however, are covered by a defects liability period, typically for 26 weeks. During this time any defects that become apparent that are not due to fair wear and tear may be referred to the contractor for rectification.

CALM should, during this period, refer any issues that may be covered by the contract to DHW for consideration. Urgent items will be dealt with as soon as is practicable while non urgent items may be put on hold for rectification at the end of the defects period.

At the end of the defects liability period the consultant will again inspect the works for compliance with the specification and once all identified defects have been rectified the Final Completion Certificate will issued to the contractor. This will signify the satisfactory completion of all parties' obligations under the contract and bring the contract to an end.

DHW will ensure that CALM have the opportunity to list defects and issues for consideration under the contract before the issuing of this certificate.

At the time of final completion all manufacturers warranties will be passed over to CALM.

## **4 Invoicing**

DHW will invoice CALM monthly for work on the project. Where practical invoices will be delivered accompanied by a project status report.

## **5 Project Reporting**

DHW undertake to provide regular progress status reports to CALM. These reports will be provided at the time of significant project milestones and on a monthly basis during times of regular project activity. A sample project status report follows.

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## Project Status Report

<b>Report No</b>	7
<b>Date</b>	25/12/03

### Details

<b>Work Order</b>	W12345
<b>Description</b>	Alteration and Additions to Silversmiths Workshop
<b>Site</b>	Blue Lagoon Complex
<b>Contact</b>	Ralf Green

### Status

<b>Status</b>	In Construction	<b>% Complete</b>	50%
<b>Outstanding Issues</b>	Awaiting selection of colours		

### Program

<b>Project Initiation</b>	01/01/03
<b>Tenders Called</b>	01/04/03
<b>Tenders Closed</b>	30/06/03
<b>Contact Award</b>	01/08/03
<b>Practical Completion</b>	29/02/04 (anticipated)

### Financial Information

<b>Approved Project Budget</b>	\$390,000
<b>Project Costs</b>	
<b>Contract Costs</b>	Bluey Grey Constructions
<b>Initial Contract Value</b>	\$238,315
<b>Variations Issued</b>	
<b>VV1 - Apply goldleaf to signs</b>	\$52,724
<b>VV2 - Delete red herrings</b>	(-\$15,580)
<b>Sub Total</b>	\$37,144
<b>Variations Pending</b>	
<b>1 - Blackout curtains</b>	\$2,500 (estimate)
<b>Sub Total</b>	\$2,500
<b>Revised Contract Value</b>	\$277,959
<b>Consultant Costs</b>	Red Neck Consulting
<b>Initial Fee @ 8.5%</b>	\$23,626
<b>Disbursements</b>	
<b>Travel</b>	\$567
<b>Total Consultant Costs</b>	\$24,193
<b>Contract and Consultant Costs</b>	\$302,152
<b>DHW Management Fee @ 5%</b>	\$15,079
<b>Project Contingency</b>	\$25,000
<b>Anticipated Project Costs</b>	\$342,231
<b>GST @10%</b>	\$34,223
<b>Total</b>	\$376,454

### Invoiced Values

Invoice	Date	Contractor Costs	Consultant Costs	Consultant Disbursements	DHW Fee	GST	Total
B00234	31/08/03		\$5,213	\$189	\$256	\$566	\$6,244
B00321	07/11/03	\$20,000			\$1,000	\$2,100	\$23,100
B00567	20/12/03	\$90,000	\$7,235	\$378	\$4,862	\$10,247	\$112,722
<b>Total</b>		\$110,000	\$12,448	\$567	\$6,118	\$12,913	\$142,066

# Typical DHW Invoice

 <p><b>Department of Housing and Works</b> Government of Western Australia</p>	<h2 style="margin: 0;">TAX INVOICE</h2>
<b>Client Contact</b>	<b>INVOICE</b> <span style="border: 1px solid black; padding: 2px 10px;">511223</span>
<b>Your Reference Number</b>	<b>Date of Issue</b> <span style="border: 1px solid black; padding: 2px 10px;">22/5/2001</span>
CALM Midwest Regional Office - Geraldton PO Box 72  Geraldton 6530	<b>Customer Billing Number</b> <span style="border: 1px solid black; padding: 2px 10px;">00000000A12570</span>
Invoice Enquiries Geoff BROWN Phone: 08 9921-0756	

  

<b>Job Number:</b> W111474	<b>Work Location:</b> Cape Peron Homestead
<b>Work Description</b>	<b>Reported By:</b>
Construction of car park Contractors payment certificate Liquidated damages of \$5,412 withheld Consultant costs CAMS costs	
	<b>Cost of Works Contractors:</b> 110,081.75 <b>Cost of Works Consultants:</b> 7,873.49 <b>Disbursements:</b> 2,270.00 <b>DHW Fee:</b> 7,453.96 <b>GST Amount:</b> 12,767.92

  

DEPARTMENT OF HOUSING & WORKS - HEAD OFFICE 99 Plain Street East Perth 6004  ABN: 40 122 932 289	<b>Total Amount Payable</b> <span style="border: 1px solid black; padding: 2px 10px;">140,447.12</span>  <b>Invoice Payable By</b> <span style="border: 1px solid black; padding: 2px 10px;">5/6/2001</span>
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X Retain for your records  
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 Please cut off and return with your payment

**DEPARTMENT OF HOUSING & WORKS - HEAD OFFICE REMITTANCE ADVICE**

<b>INVOICE NUMBER</b> <span style="border: 1px solid black; padding: 2px 10px;">511223</span>	<b>INVOICE TOTAL</b> <span style="border: 1px solid black; padding: 2px 10px;">140,447.12</span>
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For your convenience and cheaper processing, please pay via Electronic Funds Transfer (EFT).  
 To do so please:  
 \* Quote the invoice number  
 \* Use BSB number 066-040, account number 11400007  
 Otherwise if paying by cheque please:  
 \* Make cheques payable to DEPARTMENT OF HOUSING & WORKS - HEAD OFFICE  
 \* Return this section with your payment to 99 Plain Street East Perth 6004



99 Plain Street, East Perth WA 6004 Tel: (08) 9222 4666 Fax: (08) 9221 1388

[www.dhw.wa.gov.au](http://www.dhw.wa.gov.au)

<b>DHW Contacts</b>
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**Metropolitan Area**

Head Office	Glen Buckley	Client Manager
	5 <sup>th</sup> Floor 169 Hay St East Perth WA 6004	Phone: 9440 2207 Fax: 9440 2222
Head Office	Bruce Cann	Client Manager Western Property
	1 <sup>st</sup> Floor 99 Plain St. East Perth WA 6004	Phone: 9440 2208 Fax: 9440 2339

**Kimberley Region**

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	Cnr Frederick and Weld Streets PO Box 926 Broome WA 6725	Phone: 9192 1885 Fax: 9193 5707
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	Cnr Messmate St and Konkeberry Dve PO Box 4 Kununurra WA 6743	Phone: 91680222 Fax: 91681042

**Pilbara Region**

Karratha Office	Mark Hardingham	Acting Manager Western Property
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South Hedland Office	Terry Grealish	Client Consultant
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**Midwest / Gascoyne Region**

Geraldton Office	Geoff Brown	Manager Western Property
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Carnarvon Office	Ian Williams	Client Consultant
	Olivia Terrace PO Box 355 Carnarvon WA 6701	Phone: 9941 1282 Fax: 9941 2814

**Central Region**

Northam Office	Ken Normandale	Acting Manager Western Property
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