



---

## **DPTI PREQUALIFICATION**

---

### **SUBMISSION BY ASSOCIATION OF CONSULTING ARCHITECTS FEBRUARY 2016**

---

Further to discussions with Denise Hatzi and Richard Edwards of DPTI on Tuesday 16<sup>th</sup> 2016, we were invited to lodge a submission on the advantages and disadvantages of the current DPTI Prequalification system.

### **AIMS OF GOVERNMENT PROCUREMENT OF BUILDINGS**

---

As one of the largest employment sectors in South Australia, policy settings for infrastructure delivery should be mindful of how planning, design and procurement of those assets affect both design professionals and the construction industry.

### **WORKFORCE PLANNING & SKILLS DEVELOPMENT**

---

Government must consider skills development for all sectors of the Construction Industry, including professional and managerial staff as well as the trades. Whilst there has been a recent emphasis on local participation policy, there has been little attention in government planning and procurement to the encouragement of skills development, particularly in the technical and professional sector of the Industry. In addition, little work has been done in recent years on workforce planning across the construction industry to allow better future planning on the skills required for a modern construction sector.

### **PROCUREMENT**

---

Government should advocate and utilize Best Practice systems of procurement, including:

- Industry confidence for planning, employment and skills development by scheduling projects with certainty as far ahead as is possible
- Good governance by transparency of process, decision-making and speed of the approval process.
- Assessment of all aspects of government procurement on long-term value for money rather than lowest price, evaluated with regard to good design outcomes which promote the states development and long term sustainability
- Adoption of comprehensive post-occupancy evaluation processes spanning at least three years after completion
- maintaining and enhancing expertise in procurement within government by clear procurement policies, and retention and development of skills within the public service to support this.
- Leading and demonstrating best practice innovation within the built environment industry through the targeted encouragement within the procurement system of emerging talent and innovative design, products and processes
- Appropriate risk allocation to properly reflect the ability of all stakeholders including client departments to manage and influence their risk

This is critical in terms of design, time, quality, skills development, reduced cost to the industry and long-term benefit to the community. .

### **THE ROLE OF PREQUALIFICATION SYSTEMS IN GOOD PROCUREMENT**

---

There is a desire to standardise procurement systems across road, rail and buildings. A rationalised prequalification system can assist with that aim, but at the same time acknowledge the specific skills and resources required for different types of projects.

The current prequalification system was originally established to assist in the simplification of tendering requirements for specific building projects. It has many other advantages, including

- a) Measurement of ability to undertake a particular project
- b) Recognition of specific skills and areas of expertise
- c) Recognition of past performance and monitoring of time, cost, safety and quality
- d) Ability to measure team performance
- e) Financial assessments
- f) Ability to simplify tenders and reduce tender costs
- g) Ability to apply sanctions for poor performance.

### **CODES OF PRACTICE**

In government tendering it is critical to have transparency and probity. The ability to limit or exclude on the basis of past poor performance can be curtailed through political pressure. A properly structured prequalification scheme has in the past been successful in providing due process and eliminating those companies from government tender lists. It is specifically referred to in the Code of Practice for the South Australian Construction Industry<sup>1</sup> as the enforcement method for that Code, to which the Industry and the Government are signatories.

### **CORPORATE MEMORY**

The prequalification system also allows DPTI to develop a corporate memory. At a time where there can be wholesale changes in the team across the life of a project (which may stretch from three to five years) such systems are invaluable to ensure a consistency of approach to procurement.

### **SIMPLIFICATION OF TENDERING**

Numerous reports on government procurement, including the recent Productivity Commission report, have highlighted the need to reduce the cost of tendering. A well-designed prequalification system, which operates on the principle that documentation provided at the time of prequalification should not be required with every tender unless material circumstances have changed.

### **OVERVIEW OF THE INDUSTRY**

Our role as Lead Professional Services Consultants on most government building projects gives us a good overview of the operation of the system both in the professional and construction sectors. We observe the benefit of having in place a system requiring an electrical subcontractor engaged on specialist health services work having the skills to safely undertake the work and not simply chosen as the lowest price option. Prequalification for builders and specialist sub-trades is therefore a key part of obtaining good quality infrastructure for the state. Its use by other government and university sectors as a benchmark for performance indicates the value placed in the system by the broader client base.

### **POSSIBLE IMPROVEMENTS TO THE CURRENT PREQUALIFICATION SYSTEM**

Whilst there are weaknesses in the design and implementation of the current system, many are relatively simple to correct to improve the overall effectiveness of the system. For example:

#### **PERFORMANCE REPORTING**

The current questionnaire requires a detailed review to clarify what performance issues require measuring, how the measurement can occur in a timely way and not be subject to the personal preferences of the assessor. Regular "project health checks" (which may only take half a minute) every month may act as an early warning system rather than waiting to the end of the project. Currently there is also no connection between the DPTI auditing of buildings (during design, documentation and tendering) and the performance reporting system.

In the current system, there is also little incentive to reward innovation or added value gained as part of the design process. The value added by the LPSC/Architect cannot be properly assessed using the current system.

---

<sup>1</sup>

[http://www.dpti.sa.gov.au/data/assets/pdf\\_file/0009/153864/08\\_code\\_of\\_practice\\_and\\_implementation\\_guidelines\\_2013\\_po22\\_v1.1.pdf](http://www.dpti.sa.gov.au/data/assets/pdf_file/0009/153864/08_code_of_practice_and_implementation_guidelines_2013_po22_v1.1.pdf)

## **REQUIRED INFORMATION**

An examination of information required for prequalification, the information expected for tendering, would ensure that the information gathered was timely, relevant, and reduced DPTI's risk.

## **FITNESS FOR PURPOSE**

The introduction of the 3M category for architects and building designers is an example of a good idea with flawed execution and unnecessary complexity. Originally introduced as a stepping-stone for small and emerging practices to be able to undertake low-risk projects, it required a great deal of re-design with industry input to prevent unintended consequences for other small practices. As noted in our meeting, the cost of tendering is often in the order of 20% of the fee, which is unsustainable.

## **TRANSPARENCY & COMMUNICATION**

DPTI has in the past reported to the industry on prequalification, rates of success, and other procurement issues to reassure them on issues of probity and fairness. There is a need to re-engage and explain decisions taken. Weighting of tender criteria, for example, should be published at time of tender, and there needs to be more openness and consistency about fee bands settings.

## **PREQUALIFICATION CATEGORIES**

Further discussion is probably required about this issue. Before any changes were made to the system for Lead and Discipline Consultants, for example, we would want a chance to survey our members.

## **CONCLUSION**

---

ACA believes the DPTI prequalification system is important and necessary for good procurement. It notes there are areas that require improvement and would be pleased to have the chance to work with DPTI to get the best procurement outcomes for the State.