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Department of
Energy and Public Works

4 JAN 2023

Mr Chris Whiting MP
Chair
State Development and Regional Industries Committee
Parliament House
George Street
BRISBANE QLD 4000
By email: SDRIC@parliament.qld.gov.au

Dear Mr Whiting

Thank you for your letter of 24 October 2022 about contract management for new infrastructure and the considerations of the State Development and Regional Industries Committee. The transcript from the public briefing on 10 October 2022 has also been reviewed.

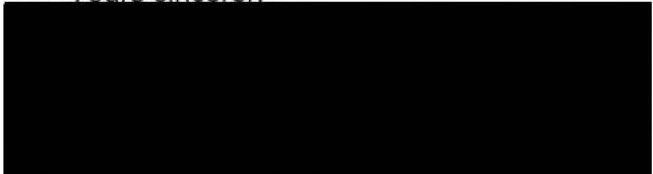
There are always opportunities for improvement of contract management in the infrastructure field and the Department of Energy and Public Works (DEPW) is prioritising work to address the recommendations of the Queensland Audit Office (QAO) report. A summary of DEPW progress is enclosed.

Initiatives to improve contract management were underway in parallel with the timing of the QAO report. This includes the development of contract management guidance material that complements the Building Policy Framework the government approved earlier this year.

In addition to the requirements for the State Development and Regional Industries Committee, DEPW will cooperate fully with QAO to provide additional information as required. I have asked the General Manager, Major Projects to brief the Deputy Director-General, Public Works, monthly for the next 12 months to ensure DEPW is closely monitoring and managing implementation of the recommendations.

I hope this information answers your enquiry. If you need any more information or help with this matter, Mr Brett Brogan, General Manager, Major Projects, DEPW can be contacted on [REDACTED] or email [REDACTED].

Yours sincerely



Paul Martyn PSM
Director-General

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Progress of Queensland Audit Office Recommendations

QAO Recommendation	Status Update
1. Strengthen its whole-of-government framework to ensure it clearly states the minimum requirements for managing infrastructure contracts and provides supporting guidelines to public sector entities in applying the framework.	In Progress
- DEPW is updating the governing framework for infrastructure asset management to make it contemporary and fit-for-purpose. This is a significant agenda. - DEPW is addressing the recommendations across government through the newly released Building Policy Framework (BPF). In a staged approach, the new BPF replaces four previous building policy frameworks. - Work has also progressed on combining approximately 70 guideline documents into one new draft Guideline to streamline the framework. The BPF is set to commence on 1 July 2023. The <i>Standard Form Contracts</i> that are authorised by, and implement key aspects of this policy, will continue to remain standalone. - As part of the BPF implementation, DEPW has commenced the Reinforced Contract Management (RICMAN) initiative and is finalising its execution plan, standing up working groups and associated governance to progress a significant body of work.	
2. Review and where necessary update its whole-of-government framework at least every three years to ensure it reflects contemporary better practices and lessons learned from contract management activities.	Complete
- Subject to approval of the Directors-General of the Department of the Premier and Cabinet and DEPW, the new Guideline will be published on the ForGov website prior to commencement on 1 July 2023. - Improvement opportunities identified by users of the new Guideline will be ongoing.	
3. Revise internal policies, procedures, and guidance for managing infrastructure contracts.	In Progress
- Through the Centre of Excellence's (CoE) implementation and Forward Work Plan, the following are in progress or are planned to commence: - A Contract Management Plan and User guide has been developed and is undergoing revision for implementation in the CoE's suite of resources (planned January 2023). - Progression of the RICMAN initiative involves a significant body of work, including the following: - Scoping and discovery with subject matter experts and key stakeholders (October 2022 – December 2022). - Identify better practice, undertake a gap analysis and develop or upgrade process, practice and materials and toolkits for practitioners (January 2023 – July 2024). - Develop and engage relevant workforce in training (July 2024 – December 2024).	
4. Revise internal policies, procedures, and guidance for managing infrastructure contracts at least every three years to ensure they reflect contemporary better practices and lessons learned.	Complete
Policies, procedures and guidance materials are planned for review in 2025, and every three years thereafter. These materials have been registered in DEPW's Quality Control system, QPulse, which assigns ownership, review parties and auto-generates review or renewal reminders in line with set schedules.	
5. Strengthen its contract management by ensuring their planning is in line with the government frameworks and reflects better practice approaches.	In Progress
- The CoE has commenced an agenda to promote greater integration in practice between the Project and Contract management disciplines, encouraging improved diversity in planning activities for significant capital projects. - The Contract Management Plan and user guide has been developed from the principles outlined in the existing Queensland Government Contract Management Framework.	



• A Contract Deliverables Register for projects of significant size and complexity has been developed to support project teams identify, collate, track and monitor the status of contractual requirements and deliverables for their projects. • The RICMAN initiative will further identify and develop improved frameworks and toolkits, which will be amalgamated into the CoE resource repository and associated Community of Practice.	
6. Implement clearly defined processes and procedures to ensure all contract risks and issues are identified and effectively managed.	In Progress
• Through the CoE, the following activities have been completed and implemented: - Minimum Project Governance Requirements for all capital projects: ○ Project Management Plans developed and endorsed by project owners and delivery agency. These include outlining communication, escalation and approval processes for risks and issues. ○ Risk registers and documented risk management approach and/or individual risk management plans are mandatory minimum requirements on all capital projects. • Project Management checklists prompt project teams to access or seek lessons learned from previous projects with a view to inform risk identification activities. • Project Management checklists prompt project teams to facilitate effective risk identification workshops. • The associated support material for these workshops (i.e. agendas, session plans and workshop structure guidance) include proposed diverse participation and perspectives.	
7. Apply standardised processes and procedures for recording, evaluating, approving, and reporting on contract variations.	In Progress
• Through the CoE, Project Governance arrangements have greater rigor in their minimum requirements as part of DEPW's Project Management methodology. • This includes Project Management Plans that outline the process for escalation, endorsement and approval of variations. • Through the CoE's Forward Work Plan, a scalable project delivery assurance framework will be developed, which includes review and endorsement controls or activities that promote value for money outcomes (planned for implementation in June 2024). • Through the RICMAN initiative, the project will develop relevant support materials and toolkits for practitioners that standardise the capture, management and reporting of contract claims and variations (January 2023 – July 2023).	
8. Implement clearly defined processes and procedures for developing project design briefs (including specifying what the contract is expected to deliver) and for undertaking stakeholder consultations during the project design stage.	In Progress
• The CoE has commenced preliminary briefings with the Office of the Queensland Government Architect to identify and understand better practice in developing design briefs. Through the RICMAN initiative, a working group will consider and develop more effective mechanisms for transferal of design briefs to contractual requirements or deliverables (January 2023 – July 2023).	
9. Assess, report, and where necessary act on contractor performance.	In Progress
• Through the CoE's Project Management Checklists, practitioners are now prompted to, and given direct access links, to complete Prequalification Performance Reports. These prompts have been included at relevant milestones against the recommendations of BPF (50% and 100% completion).	
10. Implement appropriate processes and procedures for sharing lessons learned and better practices from contract management activities.	Complete