



Australian
Institute of
Architects

Australian Institute
of Architects

Review of
Government's
Procurement
Practices for the
Engagement of
Consultants

Submission to
Department of Treasury
and Finance

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SUBMISSION BY

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PURPOSE

- This submission is made by the Tasmanian Chapter of the Australian Institute of Architects (the Institute) in response to the review by the Department of Treasury and Finance of the current *Procurement Practices Manual – Best Practice for the Engagement of Consultants*.
- At the time of this submission the Executive of the Institute is: Jonathan Clements FRAIA (National President), Ken Maher FRAIA (President-elect), David Karotkin FRAIA (Immediate Past President), Richard Kirk FRAIA and Helen Lochhead FRAIA.

INFORMATION

Who is making this submission?

- The Australian Institute of Architects (the Institute) is an independent voluntary subscription-based member organisation with more than 12,000 members, of which around 330 are Tasmanian.
- The Institute, incorporated in 1929, is one of the 96 member associations of the International Union of Architects (UIA) and is represented on the International Practice Commission.
- The Institute represents the largest group of non-engineer design professionals in Australia.



Review of Government's Procurement Practices for the Engagement of Consultants

Review of Government's Procurement Practices for the Engagement of Consultants

The Institute is pleased to provide comment on review of the current *Procurement Practices Manual – Best Practice for the Engagement of Consultants*, in relation to the engagement of prequalified building and construction consultants. We view the manual as a positive document and encourage dialogue from agencies and professionals.

Expertise of the Institute

- The Institute seeks to advance the professional development of the architectural profession and highlight the positive benefits of good design in addressing the concerns of the community in relation to sustainability, quality of life and protection of the environment.
- The Institute promotes responsible and environmentally sustainable design, and vigorously lobbies to maintain and improve the quality of design standards in cities, urban areas, commercial and residential buildings.
- The Institute has established high professional standards. Members must undertake ongoing professional development, and are obliged to operate according to the Institute's Code of Professional Conduct. The Professional Development Unit offers an extensive program at national and state level, continuing to keep members informed of the latest ideas, technology and trends in architecture and the construction industry.
- The Institute represents the profession on numerous national and state industry and government bodies, advising on issues of interest to the architectural profession, other building professionals and the construction industry.

Executive Summary

The Tasmanian Chapter of the Australian Institute of Architects welcomes the opportunity to provide comment on the *Procurement Practices Manual – Best Practice for the Engagement of Consultants*. The Institute is supportive of the draft document and believes it will go a long way towards ensuring best practice for Government building construction works. We would like to encourage its implementation across all government departments and agencies.

In the interests of achieving the best possible document, we offer the following general observations:

In the case of major projects, the Institute recommends that government take a leading role and implement a delivery model where a local architecture consultant is the principal consultant and engages specialist interstate firms as sub-contractors for specialist services and consultancies.

We also believe the document would benefit from the inclusion of a glossary. An explanation of terms such as “project brief,” “commission brief” and “functional brief” would ensure that all terms are clear and understood by everyone involved in government building construction projects, encouraging compliance with the guidelines contained in the manual.

The Institute believes a complaints mechanism should also be available to consultants, to ensure a fully equitable and accountable process.

The Institute also offers the following comments on specific sections of the document:

1. INTRODUCTION

1.1 Consultants Required

1.1.1 PIP phase

1.1.2 Value Management Study phase

1.1.3 Functional Brief phase

1.1.4 Project Brief phase

1.1.5 Design and Documentation phases

Given that the document spells out specific task lines, including schematic design, design development and documentation, the Institute believes this should be expanded to include the contract administration stage including tender guidelines, construction stage tasks and post construction stage tasks such as defects liability period provisions. We believe this would help to achieve a more thorough and comprehensive guide for government departments and agencies through all stages of a project.

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- 1.1.6 Construction phase
 - 1.1.7 Post Occupancy Evaluation phase
 - 1.1.8 Facility Management, Operating Plan and Maintenance Plans phase

2. IMPORTANT INFORMATION FOR PROCUREMENT OFFICERS AND PROJECT MANAGER

Where the document states that *“Depending on the size, nature, complexity and planned longevity of the proposed facility, project budgets should include fees for the following: life-cycle costing; estimates of maintenance and operation costs; post occupancy evaluations; design of operation and maintenance plans; and allow contingency funding to carry out the recommendations of post-occupancy evaluations,”* the Institute believes the fees list is too limiting and should be expanded to include such things as fixed furniture and equipment, statutory fees and other tasks agencies request consultants to undertake.

Where the document states that *“Allowing an adequate consultancy fee enables the consultant to spend the time required to develop a quality design that is cost effective over the life of the building, reducing energy and other operating costs”*, the Institute supports this aim and reiterates the importance of following through with this, i.e. allowing for adequate fees to undertake the process, without the expectation that fee bidding will achieve value for money.

The Institute also notes that, although it is included in other parts of the document, this section makes no reference to prequalification. This is particularly an issue in the case of major projects where, in the past, larger construction projects have used interstate firms for design and documentation services, with only a nominal Tasmanian architectural component. In recent cases, this approach has begun to turn around, with the State Government using Tasmanian architects as the principal consultants on some larger projects, with interstate specialists being used as sub-consultants. The Institute applauds this approach and encourages government departments and agencies to implement this model wherever possible on larger projects. Anecdotally, where this model has been implemented, projects have benefitted, with local consultants proving to be more efficient and responsive to changing client needs, as well as continuing to assist long after the building is up and running. The Institute would propose either formalising this project governance structure for future projects or, as a minimum, recognising the benefits of this structure during the formal consultant procurement assessment process.

The Institute would also like to see a process in place to ensure that departments and agencies have a proper understanding of the

framework around the role of the consultant architect as the head of the sub-consultant team from early briefing through design/documentation stages to on-site contract administration of builders and final completion and defects liability period. We believe it should be clearly and unequivocally stated in the document that architects registered under the government's various schemes are the only licensed building practitioners who can fully carry out this role. Ensuring that departmental and agency staff have the necessary skills and understanding of the entire process supports the process of making great buildings, spaces and sustainable urban environments, and promoting best practice in the built environment.

3. AGENCY – CONSULTANT RELATIONSHIP

3.1 Partnering

3.2 Risk

4. FEE LEVELS AND QUALITY OF SERVICE

4.1 Fees

4.2 Quality of Service

4.3 Involvement of Specialist Sub-Consultants in Project Brief and Schematic Design Phases

4.4 Design and Documentation Stage

5. CONSULTANT PREQUALIFICATION SCHEME

Given the onerous nature of registering for the Prequalification Scheme, the Institute believes it would be beneficial to the process to ensure that the criteria required for prequalification is not repeated in Request for Tender requirements.

5.1 Clauses for inclusion in Letter of Invitation and the General Conditions of Engagement of Prequalified Consultants in relation to performance reporting

6. CONSULTANT PROCUREMENT

6.1 Buy Local Policy

The Institute supports the use of local consultants for Tasmanian projects. To this end, as stated in section 2, the Institute reiterates its support for a project governance structure based on the model whereby Tasmanian architects are used as the principal consultants on some larger projects, with interstate specialists being used as sub-consultants. There are many benefits from using local firms, not only for the individual projects but also for the local economy. Local firms can work cooperatively with the local building industry to ensure high-level documentation, whilst also gaining valuable experience through playing a more active role with interstate specialist consultants. Post construction, clients are able to maintain an ongoing relationship with their head consultant, providing valuable

assistance over the life of the built asset. This model also allows Tasmania to retain and grow a skilled workforce, which is able to export specialisations and compete in wider sectors of the Australian market.

The Institute understands that the intent of this document is to ensure consultant selection is based on more than just cost. We applaud this but would like to reiterate the need for consideration of all aspects of a submission to ensure that this is achieved in every project, i.e. projects are not only cost effective but also result in quality outcomes. The Institute believes the allowance of adequate fees is vital to ensure all services can be provided via a thorough and comprehensive process, and that fee bidding should never be the focus of procurement methods.

This document states on page 5, under Section 2:

“Fees must relate to the quantity and quality of services required, not to a general fee scale.

Design fees represent about 0.1 per cent of the life-cycle cost of the building, and construction and operating costs are in the order of 80 per cent of the life-cycle cost. A variation of 20 per cent in the design fee (the difference between a high and a low fee) equates to a change in life-cycle cost of about 0.02 per cent. An additional fee of this order could be the difference between an ordinary design and one which reduces the life-cycle cost by 5 per cent or more in energy savings and other operating efficiencies. Allowing an adequate consultancy fee enables the consultant to spend the time required to develop a quality design that is cost effective over the life of the building, reducing energy and other operating costs.”

The document goes on to say: *“Competition between consultants should not be undertaken to reduce the cost of fees.”*

The Institute supports this and would encourage all departments and agencies to ensure that all factors are taken into account during the selection process; whilst functional requirements and cost are important, so too are design outcomes. The Institute supports consultant selections based on consideration of all of the above points.

6.2 General Information

6.3 Methods of Selection

6.4 Developing the Commission Brief

The Institute recognises the importance of a detailed, quality commission brief. To this end, the Institute suggests that there be clear parameters around who prepares the brief and their capacity to

do so. It is also essential that agencies ensure all project managers are suitably qualified in building acquisition.

6.5 Professional Standards Act and Personal Information Protection Act requirements

6.6 Invitation to Prequalified Consultant(s)

6.6.1 Single Submission

The Institute supports the single submission approach and believes all departments and agencies should be made aware of this provision and encouraged to implement it where possible. We would note it is essential that this process be fair and equitable across all consultants. We would also note that where the document states that "...this approach *should not be used for projects with a capital value over \$1 million dollars*", this should also include the qualification "...or fees under \$100,000", as noted elsewhere in the text.

6.6.2 Multiple Submission

Where the document states "*To promote transparency of the process, it is important to notify the unsuccessful consultants of the panel decision. Usually this notification is in the form of a debriefing session*". The Institute supports this approach and would like to see it used more widely. The Institute supports a policy of discussion with consultants and would encourage the widespread use of debriefing.

6.7 Appointing Selected Consultant

6.8 Engagement of non-Prequalified Consultant(s)

7. COMMISSION CONTRACT

7.1 Standards

7.2 Confirmation of Engagement

7.3 Annexures and Schedules

8. CROWN CONTRACTS CONFIDENTIALITY POLICY

9. PROCUREMENT PRACTICES INFORMATION

The Institute appreciates the opportunity to comment on this draft document and would be happy to elaborate further if required. We support clear guidelines around the engagement of consultants, to help achieve the best outcomes for everyone and minimise confusion about the process. The Institute supports and encourages the implementation of this document across all government departments and agencies.