

INFORMATION PAPER

BUILDER PREQUALIFICATION AND PROCUREMENT PROCESS

NEW DWELLING CONSTRUCTION FOR THE SOUTH AUSTRALIAN HOUSING TRUST

General

Renewal SA, on behalf of the South Australian Housing Trust ('the Trust') invites tenders to construct new houses, including social housing, through a variety of managed projects and programs.

New houses vary will in size and amenity, and need to suit a wide range of tenancy needs and objectives. Housing Trust stock is currently a mix of housing ranging from one- to three-bedroom units in medium density group sites, townhouses and row housing; two- to five-bedroom conventional, single-storey housing on Torrens titled allotments; and specially designed houses suitable to accommodate people with specific disability access requirements.

The key focus for the Trust is to provide suitable, affordable housing while meeting energy efficiency requirements and design criteria that include elements from the Adaptable Housing code.

Builders can seek to be considered for invitation to tender for Trust building contracts any time by completing a registration of interest application to join the Trust's Prequalified Builders (PQB) Panel register.

After evaluation of a Builder's registration of interest application for prequalification, and subsequent approval for inclusion on the PQB Panel Register, a Builder is eligible to be considered and invited to tender for projects for which they are considered compliant (i.e. in accordance with the criteria accepted in their prequalification, which includes location, contract size and value, form of housing and complexity).

The tender process

Renewal SA (on behalf of the Trust) invites a minimum of three compliant Builders to tender on each housing contract. However, Renewal SA also reserves the right to issue a public tender.

Tenders/contracts will be released on an ongoing basis and vary in size, value and location and depending on circumstances, funding and program requirements. Contracts may include 1-12 dwellings, but generally average 4 dwellings. Contract size and value mix meets the suitability of the range of building companies on the PQB register; and are arranged to meet a range of circumstances for the effective delivery of the whole new-construction program.

Generally, houses within a contract are 'clustered' or located close to each other.

There is a range of contract / house volume sizes available within an annual program which would suit a wide range of Builders and their individual capacity and capability.

A Call for Tender may include a single contract or multiple contracts, with a mix of varied capability/capacity Builders invited to tender across the contracts. Not all Builders will necessarily be invited to submit for all contracts within a tender call.

Renewal SA (on behalf of the Trust) will determine the Builders suitable for each contract, then contact each Builder to request confirmation in writing that they are willing to respond to a tender invitation prior to the tender being released. A range of criteria are used to determine which Builders to invite to tender.

Should a Builder decline the offer to tender, another PQB will be invited. Declining an invitation does not prevent a Builder from being considered for invitation to future tenders, however it is appreciated when a reason for declining is provided.

In some instances the Trust will consider it in the best interests of a project to release it for public tender. In such a case, any specific qualification criteria will be outlined clearly in tender documentation.

Selecting, seeking and awarding tenders

The Trust is bound by specific government tendering requirements and is subject to public accountability, the process being bound by the Renewal SA Procurement Framework, including policy, tendering guidelines and procedures.

Having a Prequalified Builder register enables Renewal SA (on behalf of the Trust) to select tender for new construction projects.

Renewal SA uses a tender evaluation process specific to the type of contract agreement to be entered into. Tender evaluation involves consideration of mandatory criteria, price and non-price weighted criteria. Overall, the tender evaluation process ensures appropriate value for money is achieved through consideration of criteria such as price, design, amenity, property valuation, employment and materials supply opportunities created, builder past performance and form of financial security for assessment.

Successful tenderers are disclosed on the SA Tenders and Contracts website in accordance with the Government's Contract Disclosure policy.

Tender, specification and contract documents

Renewal SA prepares a package of tender documents, which includes a comprehensive 'Request for Tender' (RFT) document, the Trust's 'Design and Construct' and AS 2124-1992 contract documents, specification and technical documents.

Note: examples of typical tender documents are available for viewing to those Builders who wish to consider registering for tender prequalification.

Generally, the essential elements of the documents include:

- the 'Request for Tender' document
- a Tender Response document (including the mandatory Industry Participant Policy requirements applicable to each contract), schedules of the types and numbers of houses sought to be built on Trust owned land and their location, and annexure documents such as project scope and site specific information such as site surveys, preliminary soils and footing engineering
- design guidelines and accommodation standards
- minimum technical specification* requirements
- concept drawings and statutory approval (where applicable).

The documents are concise, easily understood and the contract terms are in plain English.

*The Trust has a tailored and comprehensive technical building specification relevant to the construction of social housing and that applies to all new construction contracts. It is the responsibility of Builders to become familiar with and total understand the specific requirements of this specification. The specification can be made available for applicants to review.

Tender evaluation generally includes mandatory, price and non-price weighted criteria, and can vary in criteria and weighting contract by contract.

Following evaluation, recommendation and approval of a tender by the Trust's delegate, the successful tenderer is notified in writing of acceptance of their tender and the unsuccessful tenderers are also advised.

The contract agreement is completed with the Builder's tender details and execution of the agreement by the Builder's representative and the Trust's delegate occurs as soon as possible after approval. Conditions precedent apply to the contract terms.

The successful tenderer's details and tender sum are disclosed on the SA Tenders and Contracts website.

Contract and agreement types

Renewal SA (on behalf of the Trust) decides the form of contract agreement that applies as part of planning each project. These may include:

- Design and Construction Agreement (planning approval organised and achieved by Builder)
- Design and Construction Agreement with Concept Plans (planning approval organised and achieved by Renewal SA and granted prior Contract Execution)
- Fully Documented Projects (AS 2124 – 1992).

Design and Construction—Planning Approval Required by Builder

The Design and Construction (or D&C) process requires the Builder to prepare and submit plans for each site and dwelling as part of the tender evaluation process. The house design plans included in submissions are subject to a complex tender evaluation process. After winning the tender and executing the contract, successful Builders are then responsible for achieving planning approval, followed by Building Rules Consent and Full Development approval.

D&C allows the private sector to be directly involved in the process and encourages designs that are innovative and meet the Trust's current standards and specifications.

Design and Construction—Planning Approval Granted Prior Tender

The Design and Construction (or D&C) with Planning Approval Granted Prior Tender process involves Renewal SA engaging architects/designers to develop concept drawings (plans and elevations) in accordance with standards, guidelines and specifications suitable for the Trust, to achieve planning approval prior to the tender release, or at least prior to execution of a contract. This form of contract requires the successful Builder to produce working drawings based on the provided concept drawings that can be submitted for Building Rules Consent and Full Development Approval.

Fully Documented

Fully documented projects involve Renewal SA arranging the design, planning consent, full documentation (working drawings and detailed specifications), building rules consent and full development approval prior to the tender being released and awarded. This form of contract enables the successful Builder to commence construction works within a short time frame once the contract is executed or to a date specified in the tender and contract.

Planning consent, building consent and development approvals

For both types of Design and Construct agreements it is the responsibility of the Builder to seek and achieve building consent and development approval for the construction of the proposed new homes.

For the Design and Construction Agreement (with Planning Approval Granted Prior Tender) Renewal SA (on behalf of the Trust) will seek and achieve planning consent – preferably by the time of Call for Tender, but in some instances during tender or post-tender, but usually prior to execution of a contract.

These type of agreements are preferred for larger, medium-density housing sites where multiple dwellings are to be built on one allotment, as having preliminary concept designs, site layouts, selection of materials and finishes in place for the Builder to work from reduces the time required to achieve full development consent from date of execution of the contract (compared to D&C where designs and planning approval are the responsibility of the Builder).

For the smaller, straightforward sites, the Builder will be able to develop their own designs that meet the Trust design guidelines and technical specifications for consideration as part of the tender evaluation, and if accepted and successful for the tender, will prepare working drawings and lodge for development consent.

The Builder may elect to use either their own preferred private certifier or the local Council for the certification process.

The development consent process takes place following the awarding of the tender to a successful Builder. During this period, the successful Builder will be required to engage their own engineer to prepare the final footing construction report and any other site engineering required for Council consent.

Note: for select and specific programs' dwellings, Renewal SA (on behalf of the Trust) will be responsible for arranging planning consent (or exemption from planning consent) and full development approval of the State Co-ordinator General. As this does not apply to all projects tendered, this requirement will be outlined in the tender documentation for each contract.

Start ups: Builder possession of site

Once all required approvals are in place, the Builder will forward all final certified, approved design working drawings, engineer reports and approvals to Renewal SA. Renewal SA will put these documents together for the contract and send both parties a bound 'original' copy of the final contract document.

Following execution of the contract (by both parties), the Builder is required to arrange for a Bank Guarantee as the preferred form of financial security. The Bank Guarantee must be provided to Renewal SA prior to granting site possession. Note: Retention Moneys is a Contract option that can be negotiated on a case-by-case basis.

Renewal SA's representatives (Senior Project Manager and Construction Coordinator, on behalf of the Trust) will meet with the Builder and their Site Supervisor and provide the Builder with:

- site possession
- a construction timeframe
- the payment schedule

They will also discuss the commencement of the works (all in accordance with the Terms of Contract). In accordance with the Terms of Contract (and conditions precedents being met) the timing of the start is discussed and agreed with the Builder.

The site start is one of the most important project phases. Proactive communication and cooperation are essential for Renewal SA and the Builder to effectively work together and ensure everything is on track and in place to ensure a good site start is achieved.

The Renewal SA Senior Project Manager arranges for the sewer and water points to the sites and any necessary land divisions, while the Builder arranges the power supply and connection of the consumer mains to the sites and meter boxes with the power authority.

Progress payments and site assessments

Renewal SA (on behalf of the Trust) usually implements a four-stage payment system to assist Builders with the cash flow expenditures throughout the contract period, however a five-stage payment system applies to certain forms of contract.

This system allows payment for works as each predefined progress stage is completed. Each stage completed is independently certified, the engagement of the Certifier being the responsibility of the Builder, but must be agreed to by Renewal SA. The stages are defined as:

Stage 1: Completion of footings

Stage 2: Walls, brickwork and roof cover

Stage 3: Second fix, linings and lock up

Stage 4: Practical completion and hand over.

Each contract is administered by the Renewal SA staff (on behalf of the Trust) who work with the Builder and assist where required with overview of the project.

The Builder has a primary responsibility to manage the site, progress the works and satisfactorily deliver the houses in a timely manner (and in accordance with the Terms of Contract). Any requests for variations and extensions of time necessary due to delays in completing the contract are subject to specific contract terms.

Financial security and Bank Guarantees

Contractors that are contracted to the Trust for construction of new homes are exempt under the *Regulations Under the Building Work Contractors Act 1995* from Home Owners Warrantee Insurance requirements. This came into effect on 1 September 2002.

Instead of Builders having to provide indemnity insurance, the Trust requires (as a preference) Builders to supply Unconditional Bank Guarantee to the value of 5% of the contracted sum in lieu. The Bank Guarantee acts as a safeguard in protecting the government's financial interests during the construction of the new homes (Retention Moneys may be considered by exception as the alternate form of security for individual contracts).

Contract Completion

Approximately one week prior to completion of the homes in a contract, Renewal SA's Construction Coordinator will inspect the homes prior to setting the date for accepting keys and the property on behalf of the Trust. Any items that may require fixing or rectifying before taking the keys for occupancy are noted and provided to the Builder.

Dwellings that are constructed on Torrens title allotments are individually handed over on completion, whereas for multiple dwellings built on common allotments all are handed over together on completion the total site.

If the Builder has satisfactorily performed to the terms of the contract, completed the homes on time and there are no outstanding items following the prescribed defects liability period (a minimum of three months; this may be longer for specific contracts), the Bank Guarantee is released in accordance with contract terms.

Renewal SA conducts a performance assessment of the Builder in accordance with a common set of criteria at the completion of each contract, records the results and makes these results available to the Builder.

How to be involved

Contact Renewal SA's representative (refer Further Information details below) and request the SAHT Prequalification Builder application forms (i.e. the 'Registration of Interest' pack).

Fill out the application form and submit it, along with any other required documentation, to Renewal SA for evaluation and assessment. Note that the information required is the minimum considered necessary to substantiate a Builder's eligibility to be invited to tender for a new construction project.

Should any explanation of the application details be required, a meeting can be arranged as required—please contact us to organise a time and address any questions Renewal SA may raise regarding your application.

Your application will be considered by an evaluation panel, after which you will be advised that you have been successful or unsuccessful in being approved for inclusion of the PQB Panel register.

If successful and once confirmed as included on the register:

- register your details with the SA Tenders and Contracts website so you are ready when advised of a tender release to access tender documentation and submit tender responses
- advise Renewal SA and SA Tenders and Contracts if any key details about your organisation or prequalification change
- respond to any requests or communications received from Renewal SA about the program or tenders
- submit tender responses for contracts for which you are invited and have agreed to respond
- keep in contact with Renewal SA representatives to talk about forthcoming tenders and to re-confirm your interest in tendering
- register for the Renewal SA Developer Gateway to receive information about all the opportunities we are making available.

Renewal SA may request an update of any of your information at any time.

Again, please note:

- completion of an application form is a 'registration of interest' only and thus does not guarantee an applicant's inclusion on the PQB Panel register;
- if, after evaluation by Renewal SA, the applicant is approved for inclusion on the PQB Panel, it does not guarantee an invitation to submit a tender; and
- if invited to submit a tender, does not guarantee being awarded a contract.
- if unsuccessful in your application to be registered on the PQB Panel, this does not preclude you from re-applying in the future.

Further information

For further information about Design and Construct Agreements, the tender process, or prequalification contact:

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