

POLICIES & PROCEDURES OF THE NORTHERN GEELONG RENTAL HOUSING CO-OPERATIVE LTD

POLICY NUMBER 4: BUILDING WORKS

Version No. 1

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PURPOSE

This policy establishes the mechanisms for undertaking capital works. The Manager shall be responsible for ensuring that the Project Manager appointed by NGRHC is aware of this policy and the Project Control Group shall be responsible for ensuring that the Project Manager complies with this policy.

RELEVANT CO-OPERATIVE OBJECTIVES

Housing Registrar Performance Standards for Registered Housing Providers.

SCOPE

This policy applies to all affordable long-term properties owned and managed by NGRHC, staff, Committee of Management, Project Control Group (PCG), Manager, Project manager and renter-members, in relation to:

- Composition
- Meetings
- Key Functions
- Reporting
- Minutes
- Documents

POLICY STATEMENT

NGRHC acknowledges the need for guiding principles and safeguards to ensure properties are built on time, within budget and delivers the required standards for long term community housing.

Composition

The PCG shall be comprised of the Manager (also referred to as Project Sponsor), two (2) or more directors, as determined by the Committee of Management (CoM also known as the Board), the Project Manager and may also include external members with construction expertise as appropriate.

Meetings

The PCG shall meet as frequently as circumstances dictate. Meetings may be held in person or via remote communication at any time but when capital works are being undertaken, it is anticipated that meetings shall be held no less than fortnightly.

The PCG shall meet as needed with the CoM and employees of NGRHC as it determines appropriate to fulfil its responsibilities.

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Key Functions of the Project Control Group (PCG)

The key function of the PCG is to oversee and implement the strategic plan in respect of capital works set by the CoM and to report to the CoM in relation to work being undertaken. The functions of the PCG include without limitation, in respect of each capital works project:

1. recommending to the CoM the parameters for the project, including without limitation:
 - a. demographic and feasibility requirements for the project.
 - b. the service model which may impact on the design of the housing accommodation.
 - c. the percentage of each unit type required.
 - d. the operational needs of NGRHC during the works.
 - e. the number of storeys.
 - f. the functionality and design parameters; and
 - g. the design and operational requirements of the project (including without limitation IT matters).
2. recommending to the CoM the appointment of consultants and contractors.
3. determining the budget for capital works and recommending the same to the CoM following receipt of:
 - a. demographical and feasibility analysis prepared in conjunction with industry specialists; and
 - b. indicative costings prepared under the supervision of the Project Manager.
4. make recommendations to the CoM as the appropriate form of procurement for the works.
5. attending meetings with the Project Manager and other project participants as required.
6. ensuring compliance with the Capital Works Scope of Engagement Policy (Attachment A hereto).
7. reporting to the CoM progress against program and budget.
8. monitoring the performance of the works and the risk management profile.
9. provision of monthly reports to the CoM;
10. directing variations to the works after execution of the contract but only where the value of the variation is less than \$20,000, is within the contingency set for the project and does not result in a delay to the Works of more than 5 days: and
11. recommending to the CoM variations which the PCG wishes to make (rather than being required) after execution of the Contract where the value of the variation is

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more than \$20,000 outside the contingency set for the project or would result in a delay to the project of more than 5 days.

IMPORTANT NOTE: CoM needs to be aware that this only applies to variations NGRHC elects to make, not variations or other additional costs to which the contractor is entitled by virtue of the contractual risk allocation set out in the contract. The approval of variations of such nature is given by the CoM at the time of entering into the contract.

Reporting

The PCG shall report to the CoM monthly and to the Manager as required.

Minutes

The PCG shall maintain minutes of meetings and activities of the PCG. The PCG shall make available the minutes of all meetings of the PCG to the CoM monthly so that the CoM is kept fully informed of the PCG's activities.

Related Documents

This policy shall be read in conjunction with:

- NGRHC's Capital Works Scope of Engagement, annexed hereto as **Attachment A**.
- NGRHC's Capital Works Standard Risk Allocation, annexed hereto as **Attachment B**.
- Standard Scope of Services to be Performed by the Project Manager, annexed hereto as **Attachment C**.

DEFINITIONS

Asset Management and Development Sub-Committee	oversees the maintenance and management of properties.
CoM	Committee of Management (also known as the Board) of NGRHC including its directors, non-member directors and secretary and are responsible for the management of the Co-operative in accordance with guidelines set down by the Department of Health and Human Services, and the Housing Registrar.
Manager	The Manager of NGRHC (also known as the Project Sponsor).
Project Control Group (PCG)	The committee responsible for complying with this policy, comprising membership as determined under this policy.
Project Manager	Any external individual or entity appointed by NGRHC to oversee and manage capital works.

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ATTACHMENT A: CAPITAL WORKS SCOPE OF ENGAGEMENT

1. The CoM shall be responsible for:
 - the strategic objectives of NGRHC in relation to capital works.
 - approving the parameters of any project, upon recommendation of the Project Control Group.
 - approving the budget for capital works.
 - approving the form of procurement for any capital works.
 - approving the risk profile of NGRHC in undertaking any works.
 - approval of documentation and design prior to submission of planning approval; and
 - engagement of project team, including consultants and the contractor.
2. Any invitation to tender shall be accompanied by a proposed contract and the tenderers asked to identify any departures from the contract at the time of submitting their tender. The only departures from the proposed contract that will be entertained by NGRHC are those identified at the time of tender.
3. CoM approval is required prior to entering into any building works contract, including that of any consultant.
4. No works are to commence on site prior to execution of a contract in respect of the works.
5. Unless otherwise agreed by the CoM, all contracts for substantive works, including for consultants, shall be presented to the CoM for execution with a letter prepared by the responsible lawyer confirming that the contract is suitable for execution and in the case of a construction contractor, identifying any deviations from NGRHC's Standard Risk Allocation (Attachment B) and setting out the events most likely to cause the contract sum to be adjusted and the reasons why extensions of time may be granted.
6. All consultants agreements shall be entered into by CoM in its own right.

ATTACHMENT B: NGRHC's STANDARD RISK ALLOCATION

In negotiating any contract, NGRHC's standard position is as per the risk table below:

Party to assume the risk	NGRHC	Contractor
Things that will adjust the contract sum		
Discrepancies between documents	Takes the risk where it is a construct only contract but only where the discrepancy is not resolved in accordance with the order of precedence, the documents are interpreted as a whole, and the issue could not have been identified at the time of contract by a reasonable competent builder	Takes the risk where it is a design and construct contract
Provisional sums	Use of provisional sums to be minimised. Margin only payable on amount by which the total value of all provisional sums exceeds the contractual allowance	Use of provisional sums to be minimised. Margin only payable on amount by which the total value of all provisional sums exceeds the contractual allowance
Variations	Takes the risk – with margin on variations to be no more than 10%	
Variation for the builder's convenience		Takes the risk with approval to be at the complete discretion of NGRHC to be considered on case-by-case basis and on the basis that there will be no adverse impact on quality of finish, maintenance or operational costs. NGRHC to be entitled to the cost savings.
Site survey		Takes the risk
Minerals and fossils	Takes the risk	
Latent conditions	Takes risk for in ground only and where it could not have been identified at the time of Contract.	Where refurbishment of existing building to occur, NGRHC to provide whatever assistance is required to enable the contractor to take the risk.

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Delay costs	For principal caused delay and variations (other than for the builder's convenience) only	Any other delay, including latent conditions
Acceptance of defective works		Takes the risk
Interest on late payments	Applies to late payments by NGRHC	Applies to late payments by Contractor
Changes in legislative requirements	Additional costs over \$5,000 and not for temporary works	Takes risk for temporary works or where the change results in additional costs of less than \$5,000
Bonus for early completion	N/A	N/A
Cost of testing	Takes the risk where the test was not required by the contract and the test indicates the works were compliant	Takes the risk where the test is required by the contract or the test indicates the works were non-compliant.
Events that can adjust the date for practical completion		
Inclement weather	Takes the risk	
Industrial action		Takes the risk
Latent conditions	Takes the risk	
Adjoining owners		Takes the risk
Changes in legislative requirements	Takes the risk – where relief available under the legislative changes clause is available	Takes the risk – where relief is not available under the legislative changes clause
Variations	Takes the risk	
Delays caused by the principal/superintendent or principal's consultants	Takes the risk	
Authority delays	Takes the risk to the extent not caused or contributed to by the builder	
Security		
<p>Security should be by way of unconditional bank guarantees from recognised financial institution where the contract value exceeds \$1,500,000 or as determined by NGRHC.</p> <p>Where contract value is less than \$1,500,000, retention monies will be acceptable.</p> <p>Returnable upon the latter of:</p> <ul style="list-style-type: none"> • any post practical completion documentation being provided; • deed of release being provided; and 		

<ul style="list-style-type: none">• satisfaction of any payment schedule issued in favour of NGRHC
No payment for unfixed plant and materials, other than lifts where security for the full payment sought is provided and the goods are insured
Practical Completion Requirement
These should be far tighter than the standard form and reflect the use of the premises by older and/or frail citizens. The nature of defects should also be a cause to deny practical completion. Any appropriate training required by staff should also be a condition of practical completion.
Other requirements
Contract shall not include the contractor's tender, any tender correspondence (other than 'Tender Addendum's' issued by the Project Manager) or geotechnical reports.

ATTACHMENT C: STANDARD SCOPE OF SERVICES TO BE PERFORMED BY THE PROJECT MANAGER

The Services provided by the Project Manager comprise those roles, responsibilities, actions and services set out in this Attachment, or which may reasonably be inferred from or considered necessary or appropriate in respect to those roles, responsibilities, actions and/or services.

The Project Manager has overall responsibility for the successful planning, design, execution, monitoring, controlling and closure of the Project and reports to the PCG.

Roles and Responsibilities

In conjunction with the PCG, the role of the Project Manager encompasses activities that include making recommendations in relation to:

- Activity planning and sequencing
- Resource planning
- Developing schedules
- Time estimating
- Cost estimating
- Developing a budget
- Documentation
- Creating schedules
- Risk analysis
- Managing risks and issues
- Monitoring and reporting progress
- Leadership of the Project Team
- Controlling quality

Scope of Services

The Project Manager shall undertake but not be limited to the following services, responsibilities and duties.

Master plan review/concept design/schematic design:

The Project Manager will:

1. Provide advice for the scope and content of work to be undertaken by consultants, consultant selection, negotiations and engagements.
2. Review the proposed master plan against NGRHC's service delivery principles, development of a project brief and challenge service models to confirm and inform the design.

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3. Subject the design to a rigorous cost review.

Authorities/town planning endorsements:

The Project Manager will:

4. Manage and secure all information required for endorsement of the planning documents, in accordance with the Planning Permit.
5. Oversight and management the implementation of all Conditions of the Planning Permit by the relevant consultants, by the Contractor or by the Project Manager as appropriate to the respective conditions.

Design and Construction Documentation

The Project Manager will:

6. Participate in and manage the preparation of the Project Brief in liaison with the architect and the CoM, and oversight the preparation by consultants of the engineering reverse briefs.
7. Provide commercial management of the agreements with project consultants in such matters as performance by the consultants, assessment of and recommendations for payments to consultants and addressing any matters arising in respect to the consultants' agreements.
8. Review alternative structural systems and options, alternative air conditioning systems, operating features for the development, alternative materials and finishes and make recommendations to the CoM in respect to the best value options in the respective circumstances.
9. Monitor the quality and completion of the design and construction documents prepared by the consultants.
10. Closely review all documents and thoroughly critique the designs, the choices and durability of materials, the "buildability" of the details and the ergonomics and functionality of the designs in respect to both intended and incidental users of the relevant Community Housing spaces.
11. Review and recommend in respect to co-ordination of documents for all architectural and engineering work on the Project.
12. Monitor and review with the CoM the conformance of the designs with the Project Brief and approved reverse briefs.
13. Ensure clear understanding between the CoM and the project consultants (in particular the project cost planner) of the division of furniture fixtures and equipment (FF&E) components of the Project between those supplied and installed under the Contract, those supplied by the CoM but installed by the Contractor, and those wholly supplied and installed by the CoM. Prepare schedules for each group of FF&E items for inclusion in the tender documents for the Contract.

Authorities/Building Permit Approval

The Project Manager will:

14. Oversee the preparation of consultant documentation for the proposed works and apply for a Building Permit. All queries in relation to the Permit documentation shall be reviewed and answered by the Project Manager in conjunction with the consultants at each stage of the process.

Management

Ensure that no design consultant undertakes works on the project in the absence of a contract executed by NGRHC.

During the design, documentation, construction, and commissioning stages, the Project Manager will be responsible for the overall management and coordination of consultants appointed for the Project.

This will include an overseeing and review role to ensure the relevant data is provided to the PCG including;

- Functional briefing
- Monthly reports with fortnightly updates to the PCG, including in respect of financial reporting;
- Design reviews
- Forecast Cost to Complete

The Project Manager will:

15. Be responsible for co-ordination and preparation of all materials required in reports, inspections and studies, in accordance with NGRHC's requirements.
16. Set out and maintain lines of communications, the frequency of meetings required for completion of the design and construction stages of the Project and establish a reporting system.
17. Develop the nominated management structure including procedures for administration, accounting, purchasing, approvals, reporting and document circulation, review and when approved, implement those procedures over the period of the Project.
18. Liaising with the Manager to prepare a budget and cashflow for the Project and reporting against that budget on at least a monthly basis but otherwise as required.
19. Review and approve all design, documentation, construction and commissioning variations to the project to confirm that they are all within the terms of the brief, the agreed design and budget limitations. Reject or negotiate acceptable variations where initial submissions of variations cannot be shown to be fair and reasonable.
20. Review and update budget reports to reflect actual and forecast cost variations, reconciling to the original approved budget, with positive or negative variances identified.
21. Commission all tertiary and specialist consultants such as the consultants, roof safety, disability access, acoustics, etc, including seeking proposals where not previously commissioned for the Project, through to consulting agreements and/or letters of commission executed by the respective consultants and by the CoM.

Liaison

The Project Manager will:

22. Attend all client meetings as required, prepare and circulate detailed monthly reports to be provided by no later than 7th of the month, recommend and advise on all matters relating to the Project and follow up as required.

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23. Arrange meetings as necessary for the satisfactory co-ordination of the work with user groups, consultants, Contractor, sub-contractors and suppliers etc.
24. Forward updated cost and budget reports to the Manager, when available, to ensure NGRHC reporting and analysis is correct and relevant.
25. PCG meetings will be held as frequently as circumstances dictate and no less than fortnightly throughout the Project and will be chaired by the nominated Chairperson and minuted by the Manager. Minutes of the meetings will be issued within 3 business days of the respective meeting.
26. Report, recommend and advise on matters relating to the construction aspects of the Project.
27. Use all best endeavours to ensure statutory requirements are complied with and approvals are obtained as necessary from local government and other authorities and bodies having jurisdiction over the Project within the required time frame. The Project Manager will obtain modifications to the building permit when required.
28. Ensure that the consultants attend the site and prepare components of reports every month in which work is performed by contractors and/or sub-contractors in respect to their relevant design disciplines. These reports will focus primarily on the quality of workmanship, compliance with the design and specifications, issues arising that require resolution by another party and issues arising that may have a cost impact or negative outcome for NGRHC.

Reporting

The Project Manager will:

29. Report to the PCG at Monthly intervals or as required on:
 - Expenditure against budget and estimated cost to completion
 - Actual progress compared with original program and work still to be completed
 - Design and scope changes and change proposals and variations to the contract sum for the Contract
 - Other issues impacting on the outcome of the Project.
30. Make recommendations on activities to be expedited to meet predetermined completions dates.

Budget

The Project Manager will:

31. Manage the budget preparation for the Project in conjunction with the quantity surveyor and NGRHC Manager, including cash flow projections, and will continue to examine and revise as necessary for cost control purposes.
32. Establish procedures from the outset regarding the issuing of variations against the approved cost budget position and produce cost-to-completion information as support for submissions as required. The Project Manager will prepare any submissions to the PCG for approval of variations.
33. Assess all payment claims according to the Contract conditions until all claims are settled.

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Program

The Project Manager will:

34. Develop the master program for the Project from engagement to final completion identifying all critical target dates and milestones to meet the established completion dates.
35. Monitor and share design information flow to ensure program requirements are being achieved.
36. Endeavour to identify and/or anticipate problems with contractors and take such measures as are necessary to resolve these equitably.

Tendering

The Project Manager will:

37. Advise on the alternative methods of tendering and/or contract negotiation available for the construction of buildings and the various types of construction contracts that could be utilised.
38. In association with the architect and quantity surveyor, assist in recommending to the PCG the briefing, selection and appointment process for the Contractor. This may involve a call for expressions of interest, recommended list of contractors, interviews and site visits prior to approval of the tender list.
39. Manage the calling and evaluation of tenders in conjunction with the quantity surveyor, using all best endeavours to make sure compliance requirements are addressed, and prepare a report with recommendations regarding suitable contractors, noting however that no invitation to tender shall be put out in the absence of the form of proposed contract and that each tender shall be asked to identify as part of any tender response any deviations from the proposed contract.
40. Review documents provided to determine if the contractor, sub-contractors and suppliers have complied with statutory, insurance and National Code of Practice for the Construction Industry requirements and are fully aware of security requirements necessary during the construction phase.
41. With respect to tendering of the construction work, establish with the PCG the evaluation criteria by which the preferred contractor will be selected.
42. Liaise with NGRHC and its lawyers in establishing amendments to the General Conditions of Contract for the construction agreement that will clarify and/or simplify the procedures in respect to some aspects of the project.

Construction

The Project Manager will:

43. Execute the role of Superintendent as defined and specified in the Contract.
44. Ensure that the Contractor performs the Work under the Contract in accordance with provisions of all contract documents to a high standard of workmanship and in accordance with the contract durations.
45. Confirm over the duration of the construction program that the Contractor complies fully with its responsibility to ensure that all employees of the Contractor and its sub-contractors have acceptable police checks in respect to working at NGRHC facilities prior to commencement of their work on the development site.
46. Ensure that the Contractor provides and maintains on the development site for the duration of

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the Contract the site accommodation for the exclusive use of NGRHC that will be nominated in the Contract documents.

47. Liaise closely with the PCG and the Contractor in respect to the planning, co-ordination and implementation of the full functionality of construction and any interfacing of construction with the occupied premises in such a manner as to ensure minimal loss of amenity and/or disturbance to residents and staff during the works.
48. Ensure that all design and specialist consultants engaged for the Project attend the site at all key times and milestone events and meet their obligations and responsibilities under their respective consulting agreements.
49. Ensure that the Contractor complies fully with the requirements for recording accurately and regularly through the course of construction the true locations and details for all building works and building services and that these details are incorporated into truly representative as-built construction documentation.

Contractual

The Project Manager will:

50. As Superintendent under the Contract ensure the issuing of all certificates required under the conditions of contract including without limitation Payment Schedules, Certificates of Practical and Final Completion at the appropriate time and ratify any payments required and perform all duties within prescribed times and limits set out in the contract.
51. Ensure that consultants and contractors are "Registered Building Practitioners" or suitable equivalent under the Building Act and carry appropriate insurances.
52. Advise when the Project or part of the Project is fit for use or occupation and Certificates of Practical Completion and Final Certificates are to be issued.
53. Attend site meetings to review progress of the Project construction and discuss technical and financial matters arising from the Project. The Project Manager will arrange issue of minutes of these meetings, accurately recording all matters discussed and resolved and these shall be tabled for formal acceptance at subsequent meetings.

Quality Assurance

The Project Manager will:

54. Review the Works during the defects liability period and inspect with the architect at the expiration of this time. Recommend the release of retentions or other form of bank guarantee at the expiration of the defect's liability period.
55. Co-ordinate and undertake design review processes as required by the PCG.
56. Use all reasonable endeavours to have quality control and testing requirements clearly established and documented and establish the project requirements on such matters as professional accountability, liquidated damages, insurance requirements and compliance with regulations in relation to quality assurance and tendering.
57. Conduct an audit of the Quality Assurance Program specified in the contract documents and managed by the Contractor. Provide a report on all non-conformances and required corrective actions and follow up to ensure that all non-conformances are rectified.

Compliance, Post Occupancy Evaluation (POE) and Defects

The Project Manager will:

58. Co-ordinate the issuing of “plain English” operating manuals and as-built drawings, including plans, elevations and details, in hard copy and electronic format.
59. Review the operating and maintenance manuals from the perspective of a maintenance manager of NGRHC to determine whether the manuals give complete information in clear language about the operation of plant and equipment and the care and maintenance of the building fabric, fittings and fixtures, plant and equipment. This must include details of the local and/or most appropriate persons to be contacted in respect to both routine and emergency maintenance and operation, and the scheduling of routine maintenance.
60. Arrange for training, additional commissioning, testing and implementation phasing to the requirement of NGRHC.
61. Schedule all maintenance actions that are specified in the Contract documents and that are to be performed by the Contractor over the defect’s liability period. Ensure that these actions are undertaken at the correct time and ensure that the maintenance actions effected by the Contractor are reported to the Manager, NGRHC.
62. Review and develop procedures for monitoring defects liabilities.
63. Plan, co-ordinate and arrange a post occupancy evaluation (Lessons Learned Workshop) of the completed works approximately 6 months after Practical Completion.

Resourcing

The Project Manager will:

64. Ensure that a Director of the Project Manager and adequate support staff are available for all Stages of the Project for the duration of the Project.
65. Ensure that consultants and contractors make adequate personnel available for the fully professional execution of their obligations within both the design and implementation phases.

RELATED DOCUMENTS

Committee of Management Policy
Asset Management Policy
Maintenance Policy
Occupational Health and Safety

Transparency and accessibility

This policy will be available on the NGRHC website www.ngrhc.org.au/policy