

Practice Note

Early works packaging

EXPLANATORY NOTE:



This Practice Note is a product of the Construction Industry Leadership Forum. It provides a principle-based strategy with options that are available to procuring agencies in response to the identified challenge. Implementation of options may necessitate change to existing government policy or procurement rules to give them broader application.

PRINCIPLE:

An assessment should be undertaken early in the planning phase on all major infrastructure construction projects, of the potential to de-risk the main works contract by mitigating time, cost and scope risk, through the delivery of early / enabling works packages prior to commencing the main works contract.

CURRENT CHALLENGE:

Key risks to successfully delivering major infrastructure projects are commonly defined as managing the program, the budget and the scope. These risks can be mitigated by increasing certainty around project deliverables and construction methodology and allocating peripheral or specialist tasks to other contractors to enable the main contractor to focus on the delivery of the core scope. One way of achieving this is through the delivery of early works packages which are tendered and commenced earlier than the main project works.

The nature of major projects with significant scope may also limit the participation of smaller contractors. Smaller discrete packages of works, including early works, may create opportunities for a broad range of contractors to be involved in major projects.

The opportunity to de-risk projects through early works are equally applicable to linear infrastructure and single site building projects, however the greatest impact may be for linear infrastructure projects, due to the volume of utility works and interfaces on these types of projects.

OPTIONS:

This practice note encourages a staged assessment of the potential benefits from delivery of an early works packaging strategy to be undertaken early in the planning phase on all major infrastructure construction projects.

Stage

- 1** An assessment is undertaken as part of the project or program procurement options analysis based on established evaluation and decision-making criteria which considers:
- » benefits to the overall project program, including capacity to leverage the early work package for the benefit of the main works contract and project (if awarded to the early works contractor);
 - » planning requirements to commence early works which may be obtained in advance of the overall project planning approval (e.g. utilising approval powers of utility owners or under applicable local or state planning policies);
 - » client capability to mobilise and manage delivery of early works and associated interfaces;
 - » market capacity and competition;
 - » how the interfaces (scope, design and time) can be effectively managed, including whether early works packages would reduce any interface risk;
 - » whether site contamination, utilities risk and remediation challenges can be addressed;
 - » community and stakeholder issues, in particular potential additional construction impacts created by early works followed by main works contracts; and
 - » control, coordination and influence over each of the work packages.

If an early works packaging strategy is deemed viable following this initial assessment, the assessment moves to a more detailed Stage 2 review.

- 2** Detailed due diligence is carried out during project development to inform the early works strategy. Decisions regarding the adoption of early works packages should account for the following key challenges which will need to be addressed and resolved by delivery agencies:
- » market capacity and opportunity to improve depth through packaging at a size that creates interest to a broader section of the market;
 - » the breaking up of project scope into early works and main works creates an interface risk that must be carefully managed, particularly where there are separate contractors that may need to coordinate design requirements, site access or assume responsibility for preceding works;
 - » the potential for early works to create delays to performance under subsequent contracts;
 - » the risk of reducing potential competition associated with the main works contract through the early works contractor(s) having advanced exposure to the project that may provide an advantage when tendering for the main works contract;
 - » whether there has been sufficient engagement with stakeholders such as utilities, operators, local councils and other affected third parties to implement;
 - > a consistent overall strategic approach to the early works and main works scope delivery; and
 - > aligned commercial or technical interests in carrying out the early works;
 - » the potential for stakeholders and the community to be impacted by more than one construction contract within the project or program.