THE USE OF FORMAL PROJECT MANAGEMENT PROCESSES IN THE PROCUREMENT OF QUEENSLAND AGED CARE FACILITIES

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Abstract
The Queensland Aged Care (AC) industry is currently suffering a significant capital shortfall while the level of construction activity required to meet the demand for aged care is increasing. In many cases, large construction cost overruns occur and, as a result, owners have been investigating approaches such as Project Management (PM) as a more effective means of managing the process. In addition to the management of costs, it is obvious that PM also has the potential to contribute to the organisation and management of other vital aspects of the procurement of AC facilities. Of particular relevance are communications and risk management - both of which are said to be key critical factors in successful projects.

The research reported in this paper aimed to examine this potential and the extent to which it has been realised to date. This was done by an interview survey of eleven managers, comprising eight from the AC sector, with two from the hospital sector and one from the retail sector for comparison. The AC interviewees represent 62% of residential AC operations in Queensland.

The results suggest that although the AC sector is currently considered to manage its procurement costs adequately, there may be higher cost variations during construction than the health and retail sectors. Insofar as risks and communication are concerned, although there is desire for their proactive management through PM, little is being done to ensure this occurs in practice. Only one of the AC sector reported the use of separate PM specialists. The reasons suggested for this concern the size of AC projects, ignorance/lack of knowledge of PM, less onerous corporate governance requirements for the sector and a general reluctance to depart from its traditional processes.

Key Words
Project management, aged care facilities, procurement, Queensland, cost management, risk management, communications management

INTRODUCTION

In 1985, 10% of Australians were aged 65 years or older - a figure expected to rise to 20% by 2030. For people aged 80 or older, the proportion is expected to rise from 2% to 7% by 2050. These increases will produce radical changes in the population structure and needs of Australia, particularly in Queensland, where population growth is particularly high (McCallum and Kobayashi, 2000). One effect of this is an increasing need for Aged Care (AC) for older people unable to function and care for themselves independently.

Currently, AC providers charge accommodation payments (known as bonds) and receive government subsidies. A resident defined as the highest care classification (RCS1), for example, generates a funding subsidy of $120.20 per day (Bridges, 2004). Subsidies are only available, however, if the service providers have certification, and this can only be obtained providing...