



Development of a
Maintenance Alliance Model

Industry Consultation Workshop

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Present Situation

- Important go away today understanding
Three models currently employed:
 - Traditional
 - Hybrid
 - PSMC
- Transit is prepared to trial models that offer ways to enhance value for money and the best outcomes for road users
- Some industry members have suggested that a Maintenance Alliance may offer advantages over existing models



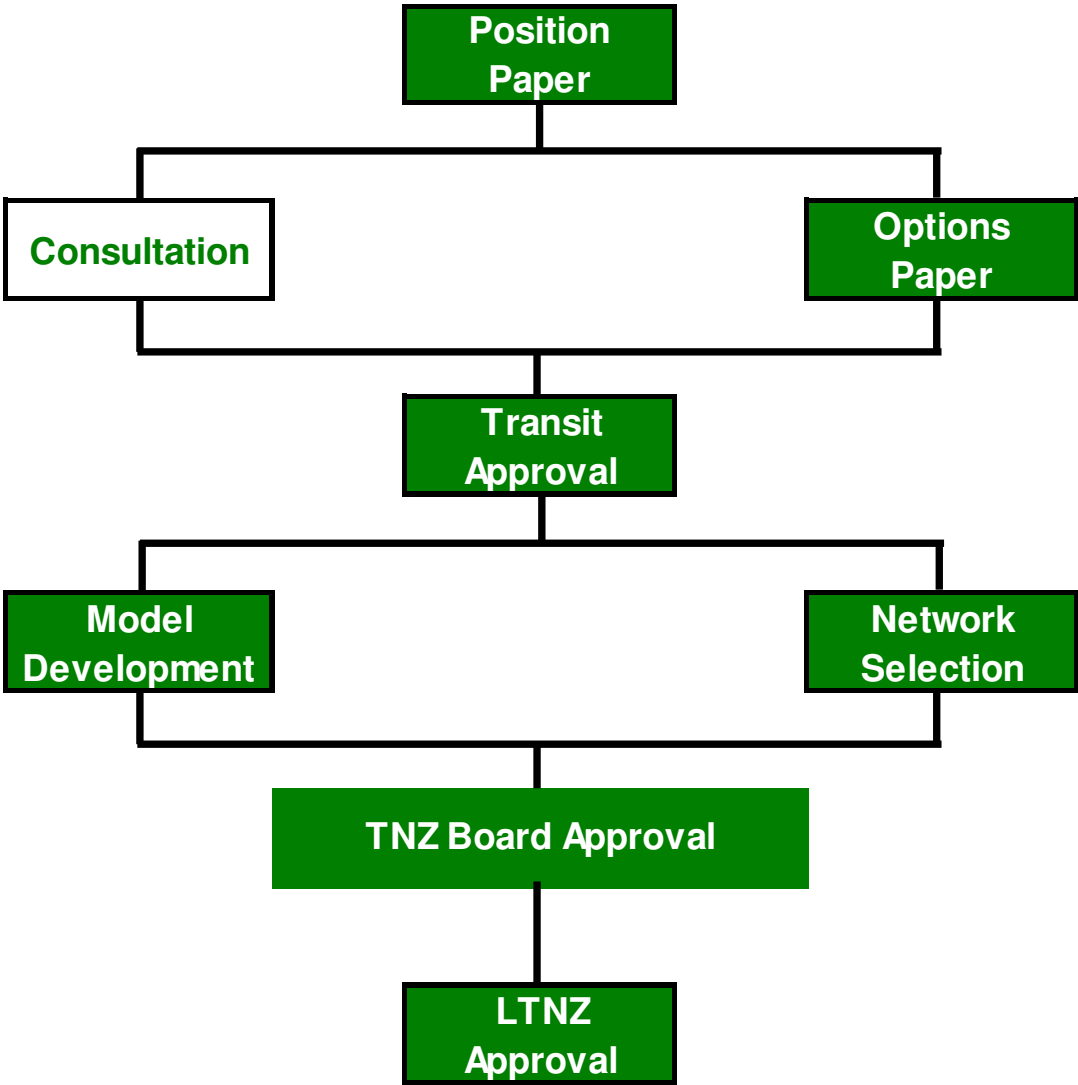
Transit's Requirements

- For Transit to continue with the development of the Maintenance Alliance model, certain key criteria must be met. These are:
 - value for money must be demonstrated
 - industry must support the development and implementation of the model
 - benefits over existing models must be demonstrated





Development Process





Position Paper

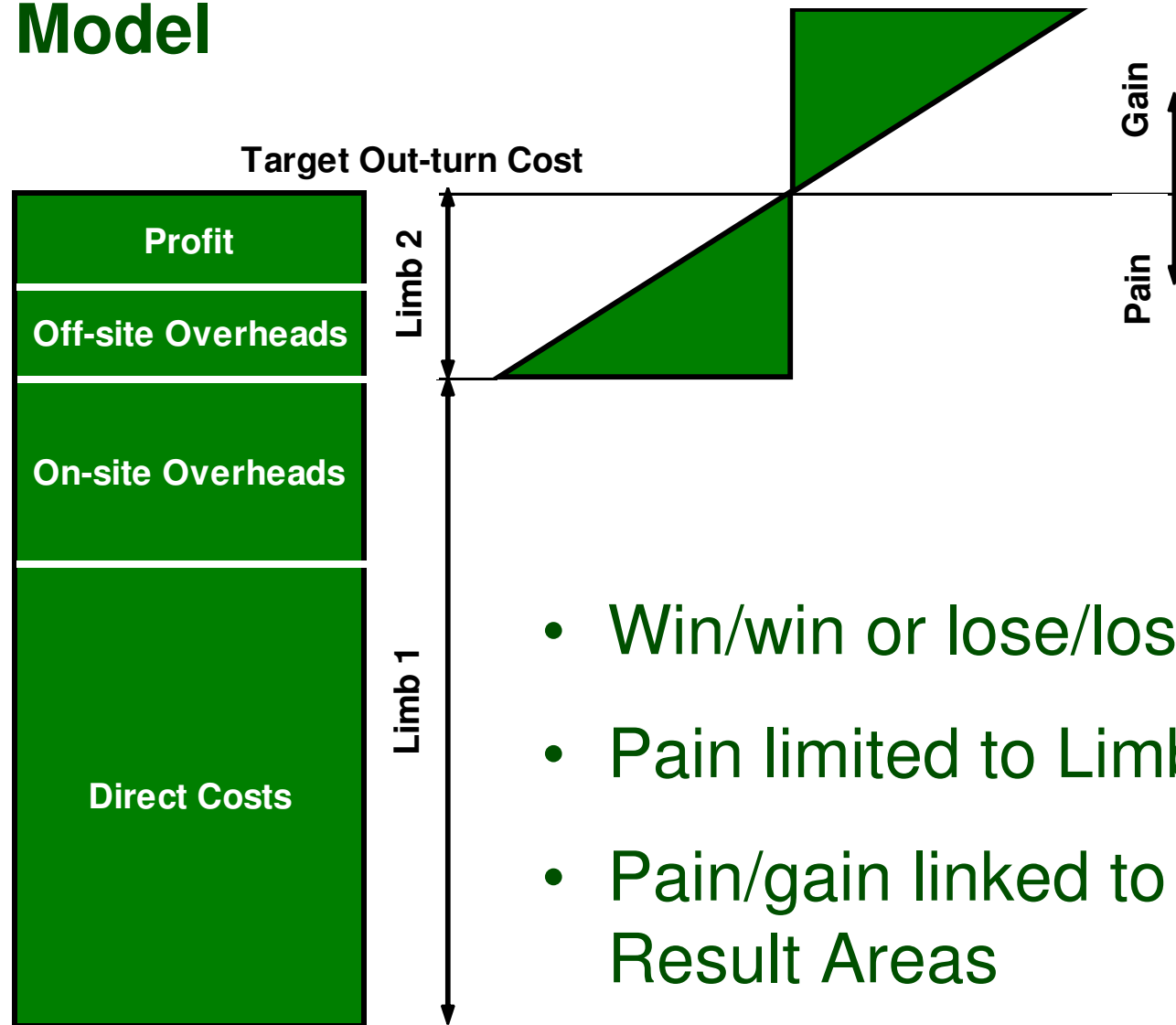
- Aimed at providing a balanced and objective assessment
- Researched international examples across a range of industries
- Investigated how the Maintenance Alliance model might:
 - fit within Transit’s existing model suite
 - integrate with Transit’s policy and business practices
- Identified risks and opportunities arising from the Maintenance Alliance model

Alliance Concept

- The concept of an Alliance model is to change the basis of a contractual arrangement from a “master servant” relationship into a relationship between equals.
- As a result, the Alliance team is able to focus on the outcomes from the project.
- Incentives are built into the remuneration structure to encourage innovation, increased efficiency and key non-cost outcomes



Example of Alliance Remuneration Model



- Win/win or lose/lose
- Pain limited to Limb 2
- Pain/gain linked to Key Result Areas





International Experience

- Maintenance Alliances have been adopted in a range of industries
 - rail
 - water treatment
 - power
 - gas
 - steelworks
 - mining
- Concept is still relatively new in the roading maintenance industry

International Experience: Examples

Asset Owner	Sector	Commenced	Term	Annual Value
Australia				
Main Roads Western Australia (2 Alliances)	Roading	Jul-06	4 – 5 yrs	AU\$20M
Roads and Traffic Authority (8 Alliances)	Roading	Jul-05	Not fixed	AU\$500M
South East Water (1 Alliance)	Water	Jul-05	7 + 5 yrs	AU\$50M
Australian Rail Track Corporation (2 Alliances)	Rail	Jul-99	10 yrs	AU\$64M
England				
East Riding of Yorkshire Council (1 Alliance)	Roading	Apr-07	5 + 3 + 2 yrs	£3M – £5M



Procurement Process

- Conventional Process
 - Transit selects preferred proponent (quality)
 - Transit negotiates margins with preferred proponent
 - Transit enters IPAA with preferred proponent
 - Alliance develops budget and KRAs
 - Transit pays direct costs during IPAA phase
 - Alliance reconciles budget with independent estimator
 - Transit enters PAA with preferred proponent
 - Transit pays margins on IPAA phase direct costs



Procurement Process

- **Competitive Process**
 - Transit shortlists proponents (quality)
 - Proponents cost IPAA phase and advise margins
 - Transit advises lump sum contribution for IPAA phase
 - Transit selects two proponents (quality/price)
 - Transit enters separate IPAA with two proponents
 - Both IPAA teams develop budgets and KRAs
 - Transit pays lump sum contribution to two proponents to secure intellectual property created during IPAA phase
 - Transit selects preferred proponent (quality/ price)
 - Transit enters PAA with preferred proponent





Procurement Process

- **Contractor**
 - Transit enters Alliance with Contractor only
 - Alliance Leadership Team decides how to procure professional services
- **Contractor and Consultant**
 - Transit selects Contractor
 - Transit selects Consultant under separate process
 - Contractor has input to selection of Consultant
- **Consortia**
 - Transit selects consortia of Contractor and Consultant