2021 Greater Sydney Network Maintenance Contracts

14 June 2019
Agenda

1. Session Outline

2. Safety Moment

3. Current Contract Arrangements

4. JWS Research Findings

5. Future contract and governance arrangements

6. Industry Engagement:
   - Contract Duration
   - Combining ITS and Road Maintenance
   - Contract Boundaries
   - Research Findings
   - Future Areas of Discussion
Questions
All questions must be asked through Sli.do.

Sli.do is available for you to use to raise any questions you might have.

1. Go to slido.com on your mobile phone/ iPad or download the Sli.do App.
2. Enter the event code #N741
3. Be sure you are in ‘Questions’ not ‘Polls'
4. Type your question or ‘like’ questions already listed (this will move the question to the top).

Limit your question to 160 characters or less (approx. 30 words).

• Questions will not be attributed to individuals or organisations.
• A copy of the questions will be delivered to all parties.
• Sli.do can be used until COB Monday 17 June 2019.
1. Session Outline

John Hardwick, Executive Director Sydney Division
Welcome
Progress update

Jun-Jul 2018
Research & industry liaison

Aug 2018
Industry roundtable

Jan 2019
Project office establishment

Mar 2019
Director Project Implementation appointed

April 2019
Establishment of Executive Steering Committee

May 2019
Business Case development contract awarded

May 2019
Probity Services contract awarded

The contract is being developed. Today's presentations represent current thinking. RMS are not committing to the ideas and are under no obligation to adopt suggested changes.
2. Probity

Gordon Eastwood, Probity Manager

Procure Group

geastwood@procuregroup.com.au

M: 0435 472 352
2. Safety Moment

Amanda Tarbotton, Director WHS Sydney Division
Asphalt Engulfment

Incident detail:

- A Sole Trader truck driver engaged by Boral Asphalt has attempted to discharge part of a load (250kg) asphalt through the grain chute at the back of the truck.
- He raised the hoist, which most likely caused the asphalt to push against the tailgate and the mechanical locks (teeth).
- The tailgate opened causing asphalt to pour out the back of the truck. The driver was standing at the back of the truck in close proximity to the tailgate when this occurred.
- The asphalt (approximately 170 degrees Celsius) covered his legs from the thigh down.

Injury:

- Burns to legs, arms and hands
Immediate Response
The first 24 hours

Emergency Response

- LLH & Boral employees led an effort to rescue the employee from the asphalt and then provided immediate first aid until emergency services arrived.
- Notification to RMS as per escalation protocol
- Immediate ceasing of work activities for Boral & LLH
- Immediate briefings between RMS, LLJ & Boral
- ICAM investigations begin
- LPP claimed by Boral, not LLH
- Briefings delivered to staff

Independent Review of the first 24 hours

WHSB performed an independent review of the immediate response to this incident. The response overall was highly professional and mete RMS expectations excepting:

1. notifications to Roads and Maritime ‘Client’
2. the de-escalation factor
Key Learnings

**Fit for purpose plant & Equipment**

Tailgates on tipper bodies may not be designed to withstand loads during tipping. Therefore, if the tipper body is raised while the tailgate is closed, there is a risk of the tailgate suddenly and unexpectedly opening.

**Exclusions**

Workers working with the tippers must not approach, or work in close proximity to, the rear tailgate while the tipper body is inclined. This includes when undertaking cleaning and maintenance activities.

**HVCoR – overloading procedures**

Ensuring there are designated safe areas and systems to support unloading of overloaded materials.
Actions and Learnings

Actions to date

• Grain chutes – prohibit the use of grain chutes where fitted to tip trucks, if fitted they are to be mechanically locked to prevent access

• Overloading procedures changed – a must plan for and discharge entire load if overweight

• Silo discharge re calibrated to better ensure underweight loads

Issues to reflect

• LPP impact on the disclosure of information

• Excellent demonstration from LLH for ‘restart’ and ‘challenge’ sessions prior to work recommencing

• Roads and Maritime role in the welfare of the patient/family/workers
3. Current Contract Arrangements

David Fishburn, Director Sydney Maintenance
Contestability of Road Maintenance

Timeline

October 2011
Budget commitment to contest road maintenance

May 2012
Commission of Audit recommended that RMS competitively tender road maintenance.

October 2012
Road Maintenance Reform Announced

March 2014
Road Maintenance SMC Mobilisation Date

May 2014
ITS SMC Mobilisation
Stewardship Principals

Stewardship Principals in current SMC’s to be carried forward.

- Putting Roads and Maritime customers first and being responsive to them.
- Performing the services in the best interests of Roads and Maritime and users.
- Being responsible and accountable for the outcomes
- Managing the assets effectively with little direction from Roads and Maritime.
- Working collaboratively with Roads and Maritime to deliver services
- Acting with integrity and transparency in the performance of the services and all other contractual obligations
Current Road Maintenance Contracts

Three zones delivered by three providers

**SMC**
- **West Zone**
  - DM Roads
  - *Specific Works*
  - North Zone
  - 1,248 km of roads

**SMC**
- **South Zone**
  - Ventia Boral
  - Amey – VBA
  - 658 km of roads

**PSMC**
- **North Zone**
  - Downer EDI Works
  - 699 km of roads
Current ITS SMC Contracts

Two zones delivered by two providers

Metro West
DM Roads

Metro East
Lendlease
Tyco JV (LT JV)
NSW Auditor General reported in 2017 that Roads and Maritime had adopted an innovative contract.

The audit report recommended that Roads and Maritime:

- Consider stronger sanctions in the next commercial reset and future contracts.
- Better define accountabilities of RMS contract managers.
- Improve management of benefits realisation.

These recommendations have been addressed (and re-audited) for the remaining contract duration and will carry forward into the new contracting arrangement.
Stewardship Maintenance Contract Successes

- Achieved transition of maintenance services from Roads and Maritime to industry
- Significant improvement in road worker health and safety
- Continued to deliver reliable services through various Roads and Maritime reforms
- Effective incident responses and crisis management provided
- Moved to more customer focus in the life of contract
- Upskilled industry to become a procurement route for maintenance improvement programs
- Transfer of commercial risk allocation to Stewardship Partners over time

Premiers Award for strengthening the economy and making NSW a better place to do business
## Current Contract Durations

All five contracts expire simultaneously in June 2021

<table>
<thead>
<tr>
<th>Year</th>
<th>SMC West Zone</th>
<th>SMC South Zone</th>
<th>PSMC North Zone</th>
<th>ITS SMC Metro West</th>
<th>ITS SMC Metro East</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td>Contract extended until 2021</td>
<td>Option for 1 further year</td>
<td>Option for 1 further year</td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **SMC West Zone**: Option for further extension
- **SMC South Zone**: Option for further extension
- **PSMC North Zone**: Contract extended until 2021
  - No Further Extension Option
- **ITS SMC Metro West**: 1 Year Extension, Option for 1 further year
  - No Further Extension Option
- **ITS SMC Metro East**: 1 Year Extension, Option for 1 further year
  - No Further Extension Option
4. JWS Research and industry liaison

Kelly Allert, Business Manager, Office of the Executive Director Sydney
Research and Industry Liaison

A three staged approach was undertaken

Direct feedback

Industry roundtable

Deep dives
## Key Recommendations from JWS Research

<table>
<thead>
<tr>
<th>Recommendation Area</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contract Model</strong></td>
<td>Refine and evolve the stewardship model to function to its full potential</td>
</tr>
<tr>
<td><strong>Contract Size</strong></td>
<td>Maintain a small number of large contracts (by service area and value)</td>
</tr>
<tr>
<td><strong>Contract Term</strong></td>
<td>Maintain the current contract duration or consider a slightly longer base period</td>
</tr>
<tr>
<td><strong>Synergies</strong></td>
<td>Consider reframing to a corridor approach for synergies across more asset / service types and state versus local government works</td>
</tr>
<tr>
<td><strong>Innovation</strong></td>
<td>Facilitate contractor innovation through more flexible contract and work specifications, formal vehicles or processes, and sharing costs and risks</td>
</tr>
<tr>
<td><strong>Client-Contractor Relationship</strong></td>
<td>Cultivate desired Roads and Maritime/contractor behaviours and relationships from procurement, and leverage contractor expertise to benefit wider Roads and Maritime</td>
</tr>
<tr>
<td><strong>Asset Data</strong></td>
<td>Consider asset data needs and analysis capabilities and leverage the volume of contractor data collected to benefit wider the Roads and Maritime and its assets.</td>
</tr>
</tbody>
</table>
Recommendations

Contract Model, size, Term and Synergies

**Contract Model**
- Output focused
- Channel innovation and continuous improvement

**Size**
- Three zones
- Preserves competition and retains efficiencies of consolidating areas

**Term**
- 10-15 years
- Annual funding cycles are at odds with multi-year contracts

**Synergies**
- Re-frame “corridors” rather than road assets
- Service ‘bundling’ allows for a more coordinated approach and streamlined supply chain
Recommendations
Innovation, Relationships and Asset Data

**Innovation**
- Client to share cost and risk
- Provide contractors direction to identify opportunities to innovate

**Relationships**
- Client-contractor relationship is the key to success
- Senior management to drive desired behaviours and relationships

**Asset Data**
- Access asset data
- Client to leverage contractor data to benefit the wider organisation
- Asset data requirements specified upfront
5. Future Contracts
Matt Sweeting, Director Project Implementation
Greater Sydney Network Maintenance Contracts

Executive Steering Committee and Governance Model

**Members:**
- Executive Director Sydney (Chair)
- Director Transport, NSW Treasury
- Executive Director, Asset Management NSW, Infrastructure NSW
- Executive Director Group Finance, TfNSW
- Director Sydney Maintenance, RMS
- Head of Sydney Planning, RMS
- General Counsel, RMS
- Director Project Implementation, RMS

**Invitees:**
- Deputy Secretary Urban, TfNSW
- Associate Director Assurance, TfNSW
<table>
<thead>
<tr>
<th>Category</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Model</td>
<td>Refine and evolve the stewardship model to function to its full potential</td>
</tr>
<tr>
<td>Contract Size</td>
<td>Maintain a small number of large contracts (by service area and value)</td>
</tr>
<tr>
<td>Contract Term</td>
<td>Maintain the current contract duration or consider a slightly longer base period</td>
</tr>
<tr>
<td>Synergies</td>
<td>Consider reframing to a corridor approach for synergies across more asset / service types and state versus local government works</td>
</tr>
<tr>
<td>Innovation</td>
<td>Facilitate contractor innovation through more flexible contract and work specifications, formal vehicles or processes, and sharing costs and risks</td>
</tr>
<tr>
<td>Client-Contractor Relationship</td>
<td>Cultivate desired RMS / contractor behaviours and relationships from procurement, and leverage contractor expertise to benefit wider RMS</td>
</tr>
<tr>
<td>Asset Data</td>
<td>Consider asset data needs and analysis capabilities and leverage the volume of contractor data collected to benefit wider the RMS and its assets.</td>
</tr>
<tr>
<td>Sustainability</td>
<td>Implement sustainable development goals to meet Government objectives</td>
</tr>
</tbody>
</table>
Evolution of the Maintenance Contracts

Roads and Maritime is moving to an outcomes based contract model
Contract Duration

FWP = Forward Works Program

Decision on taking Optional FWP4 made in year 7.
Decision on taking Optional FWP5 made in year 10.
# Contract Boundaries

Alignment to Greater Sydney Commission’s Sydney Region Plan, a metropolis of three cities

<table>
<thead>
<tr>
<th></th>
<th>West Zone</th>
<th>River Zone</th>
<th>East Zone</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital Investment 2020 - 2030</strong></td>
<td>70%</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td><strong>State Road Length (KM)</strong></td>
<td>849</td>
<td>783</td>
<td>971</td>
</tr>
<tr>
<td><strong>Traffic Signal Signals</strong></td>
<td>387</td>
<td>941</td>
<td>1863</td>
</tr>
<tr>
<td><strong>Bridges</strong></td>
<td>284</td>
<td>263</td>
<td>378</td>
</tr>
</tbody>
</table>

* The above data is being validated through a separate exercise. The Capital investment value is based on projects that have undergone Gateway 3 approval.*
Competition Rules
Maintaining Competition and Resilience

• A competition rule will be adopted to allow any entity to hold only one contract zone

• Tenderers will be allowed to submit one non-compliant bid with a compliant bid that it submits
6. Industry engagement

- Contract Duration
- Combining ITS and Road Maintenance
- Contract Boundaries
- Research Findings
- Future Areas of Discussion
Timeline for the new Greater Sydney Network Maintenance Contracts

2020
- Expressions of Interest

2021
- Tender Documents Returned
- Contract Award

Contract Development
- Industry Liaison

Procurement
- Tender Documents Issued

Mobilisation
Copy of Questions taken from RMS Industry Liaison meeting – 14 June 2019 (63 Questions)

Anonymous  Jun 14, 2019
Will the slides from today be issued to all attendees?
14 likes

Anonymous  Jun 14, 2019
Will the SMC still be used to deliver Pinch Point or similar type upgrade projects?
8 likes

Anonymous  Jun 14, 2019
What is the likely level of capital works included? Relationship with ESC?
7 likes

Anonymous  Jun 14, 2019
What could be the indicative budget range for each zone per year?
7 likes

Anonymous  Jun 14, 2019
Is the JWS Research publicly available?
6 likes

Anonymous  Jun 14, 2019
Will SHB remain outside the maintenance contracts?
6 likes

Anonymous  Jun 14, 2019
Does the West Zone 70% capex spend include for major projects such as the current Northern Road projects or does it relate to more maintenance related capex?
6 likes

Anonymous  Jun 14, 2019
This appears to be more than a simple roads maintenance contract. Do you expect contractors to deliver alone or in Joint Venture with an engineering consultant?
6 likes

Anonymous  Jun 14, 2019
Will there be a PPP?
5 likes

Anonymous  Jun 14, 2019
Do bids need to be targeted to specific zones? Thus requiring separate bids for each zone?
5 likes

Anonymous  Jun 14, 2019
Is there a view of the maximum size of individual capital works projects in the West?
5 likes

Anonymous  Jun 14, 2019
How does RMS and stewards balance best for network vs customers first when it comes to investments?
4 likes

Anonymous  Jun 14, 2019
Likely prequalification requirements?
4 likes

Anonymous  Jun 14, 2019
Will Easing Sydney Congestion capital works likely be delivered through SCM2 in long term?
4 likes
Copy of Questions taken from RMS Industry Liaison meeting – 14 June 2019

Anonymous  Jun 14, 2019
Will the SMC contracts be used to implement Road Network Plans and Road Action Plans?
4 likes

Anonymous  Jun 14, 2019
What is the relationship between the management of ITS assets and the network operation of the network?
4 likes

Anonymous  Jun 14, 2019
What work has been undertaken so far in the development of Benefits Realisation measurement?
3 likes

Anonymous  Jun 14, 2019
Does the FWP cover all activities or only improvement (project) works?
3 likes

Anonymous  Jun 14, 2019
The NEC contract framework aligns with a lot of the values and goals discussed this morning, have this suite on contracts been considered?
3 likes

Anonymous  Jun 14, 2019
Will Street Lighting be in scope?
3 likes

Anonymous  Jun 14, 2019
Please provide more detail about the decision to combine ITS and Roads?
3 likes

Anonymous  Jun 14, 2019
RMS has been moving towards corridor based planning. How will this be reflected in the new contracts?
3 likes

Anonymous  Jun 14, 2019
If the contracts are outcome based do RMS understand the Customer Levels of Service required?
3 likes

Anonymous  Jun 14, 2019
Will you favour self-performance capability in your assessment of offers from proponents?
3 likes

Anonymous  Jun 14, 2019
Has the Victorian experience in Arterial Road PPP’s influenced the procurement method? What are the possibilities of any of these zones being procured as PPP?
3 likes

Anonymous  Jun 14, 2019
Balance between cost and quality in the consideration of future arrangements?
2 likes

Anonymous  Jun 14, 2019
How do you define innovation - taking David’s point - isn’t continuous improvement a better moniker?
2 likes

Anonymous  Jun 14, 2019
How will the service provider input into FWP1?
2 likes
Anonymous  Jun 14, 2019  
It would be interesting to develop the transition plan from existing contracts: staff currently involved, data, etc.?  
2 likes

Anonymous  Jun 14, 2019  
Are RMS proceeding with assuming control is regional roads and which ones? How large are the regional road components in each zone?  
2 likes

Anonymous  Jun 14, 2019  
What is view of RMS regarding the digital transformation and application of new technologies in the new contracts?  
2 likes

Anonymous  Jun 14, 2019  
How will the contractor be expected to contribute to Movement and Place?  
2 likes

Anonymous  Jun 14, 2019  
Will RMS share asset condition data in the pre-tender phase?  
2 likes

Anonymous  Jun 14, 2019  
Are bridge assets / maintenance included in the contract?  
2 likes

Anonymous  Jun 14, 2019  
RMS specifications - would these change as well with outcomes?  
2 likes

Anonymous  Jun 14, 2019  
Is there any third party contract (like software...) that will need to be carried over?  
2 likes

Anonymous  Jun 14, 2019  
Will the SMC contracts be used to address the customer outcome deficiencies determined in network planning?  
2 likes

Anonymous  Jun 14, 2019  
How will RMS manage the potential for a cost based assessment to skew tender outcomes and undervalue the importance of Signals and ITS?  
2 likes

Anonymous  Jun 14, 2019  
Will the west include the areas like Bega for ITS  
1 like

Anonymous  Jun 14, 2019  
How will RMS link output to customer outcomes?  
1 like

Anonymous  Jun 14, 2019  
We got advice earlier that the probity wall has come down. How will we engage with RMS from now until the tender process formally starts?  
1 like

Anonymous  Jun 14, 2019  
What was definition of Asset Data in the research?  
1 like
Copy of Questions taken from RMS Industry Liaison meeting – 14 June 2019

Anonymous  Jun 14, 2019
Will the work currently delivered by the ESC office be included in the FWP?
1 like

Anonymous  Jun 14, 2019
How will the contract boundaries link to the corridor planning work currently underway, and will the corridor approach continue in the future?
1 like

Anonymous  Jun 14, 2019
Will the full extent of existing asset condition data be made available to all parties?
1 like

Anonymous  Jun 14, 2019
How do you determine what benefits are realised through the SMC when major project implementation can considerably impact these?
1 like

Anonymous  Jun 14, 2019
Will the SMC contractors be expected to understand and optimise urban traffic control systems to deliver customer outcomes?
1 like

Anonymous  Jun 14, 2019
In Matt’s presentation there was reference to an evaluation period for a possible PPP procurement. Will RFT be delayed if a PPP model is selected?
1 like

Anonymous  Jun 14, 2019
Is the ITS geographic area the full extent of NSW?
1 like

Anonymous  Jun 15, 2019
The overall message seems that the new contracts will only expand the services slightly (adding ITS). Is RMS saying white collar input will be small?
1 like

Anonymous  Jun 15, 2019
The post briefing networking suggests few contractors understood terms used such as “concept of operations”, “Road Network Plans”. When will these be explained?
1 like

Anonymous  Jun 15, 2019
What roles will the new SMC contractors have in delivering the Road Network concept of operations? What capabilities will be required for this?
1 like

Anonymous  Jun 14, 2019
What assets are being considered for next contracts?
0 likes

Anonymous  Jun 14, 2019
Who are the members of the RMS Asset Management Committee?
0 likes

Anonymous  Jun 14, 2019
What is the definition of the ‘entity’?
0 likes
Anonymous  Jun 14, 2019
Will the current service providers develop works ready for delivery by the successful new providers in the first FWP
0 likes

Anonymous  Jun 14, 2019
As this is outcome focused how will you balance price and outcome in contract evaluation?
0 likes

Anonymous  Jun 14, 2019
3 month RFP for PPPs seems quite challenging. Will this time frame be revisit should PPPs is the final procurement model?
0 likes

Anonymous  Jun 14, 2019
The combination of road civil & ITS, and large capex e.g. in the west zone lends itself to a PPP. Are different models being considered for different zones?
0 likes

Anonymous  Jun 14, 2019
How do you envisage new technologies integration to occur i.e. CAVs?
0 likes

Anonymous  Jun 14, 2019
Will the contract contain pain/gain and abatements?
0 likes

Anonymous  Jun 17, 2019
Really informative session and looking forward to the next phase of dialogue.
0 likes

Anonymous  Jun 17, 2019
Considering that the contract will run for potentially 15 years, you should reconsider using an industry standard contract so that advances in technology can be captured.
0 likes