

Procurement & Risk Sharing

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Historical Benefits of Alliance Contracting

- Collective share of pain/gain
- Collective control of construction costs
- Non-litigious

Psychology of the Alliance

- Best-for-project behaviour
- Trust and accountability
- Captive personnel

Alliance Drivers

- Traditionally
 - Time
 - Quality
 - Budget and savings
- Emerging drivers
 - Balancing unequal bargaining position
 - Dampening cultural diversity
 - Building confidence in KPIs which are difficult to measure
 - Communication
 - Understanding priorities from diverse backgrounds

The Project

- Construction of the Nowranie Creek Section, Barkly Highway, Mount Isa to Camooweal, Queensland
- Participants
 - State of Queensland (Main Roads Department)
 - Leighton Contractors
 - Myuna Pty Ltd (Indjilandji and Dithanoo peoples)
- Work
 - Construction of highway upgrade, including several new bridges

Barkly Highway



Indigenous People of the Area



Why Alliance?

- In construction works in remote places, particularly in North Queensland, there are inherent difficulties of actual and potential native title claims to the land the subject of the works and the possibility of excavation of archaeological material
- Problems with adopting a hard money contract
 - Unequal bargaining powers
 - Potential for no profit and/or significant cost overruns
 - Significant liabilities, which would not be shared with the other project partners

Why Alliance? (cont)

- Main Roads as principal of the project, made a philosophical decision to enhance the opportunities of the indigenous people of the region
- The Dugalunji people saw the project as having many benefits
 - Provision of work for a large labour force
 - Injection of funds into the local economy
 - Training and skills for the people
 - Enhanced prospects for the people

Examples of Provisions

- Cultural recognition provisions
- Community liaison
- Environmental management
- Consultation provisions
- Training requirements
- Indigenous Traditional Owner (ITO) group employment management plan
- Specially created vehicle to perform as alliance partner

Myuna Pty Ltd

- Specially designed vehicle. Represents combined interests of ITO groups
- The Department entered into an agreement with the Indjilandji and Dithanoo peoples, to enhance the employment and training opportunities for ITO groups from the region and to provide opportunities for ITO groups to tender for the supply of products (particularly locally produced products) and provision of labour and services required for the project

Summary

- The alliance agreement was the most appropriate method for project delivery, not only for the usual benefits of risk sharing, technical and financial output generally, but because it bridged the parallel between the private sector focus on commercial delivery on the one hand, and cultural, environmental and social considerations on the other
- The alliance agreement is a practical and legally binding method of bringing the two opposing interest bases together, to achieve set standards and outcomes effectively and efficiently

Questions and answers

