North Eastern Maintenance Alliance (NEMA)
The Story
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NEMA – The Story

- The background
- The framework
  - Objectives
  - Scope
  - KRA’s
  - KPI’s
- The selection process
- Achievements
- Challenges
Alliance – What is it?

- Partnership contract
- Common goals, common interests
- Shared risks and rewards
- Commercial interests achieved by meeting or exceeding agreed objectives
- Selection of partners based on non-cost criteria
Maintenance Alliance model – Why?

- Pressures on funding and other resources
- Non-fulfillment by contractors of requirements of the Road Management Act
- Price pressure on Industry
- Industry signalled willingness to change delivery method
- Victorian Auditor-General’s recommendation to improve routine maintenance delivery
- Deterioration of road network
- Quest for innovation
Maintenance Alliance model – Options

- Joint VicRoads - Industry discussion regarding the future of maintenance
- Investigation of different models:
  - Schedule of Rates
  - Partnering model
  - Routine Maintenance Only Alliance (financially not viable for proponent)
  - Road Network Maintenance Alliance (Co-operative all-in alliance)
Maintenance Alliance – Area

[Map showing different regions including Western, Northern, North Eastern, Metro North West, Metro South East, Eastern, South Western, South Eastern. The North Eastern region is highlighted.]
Alliance

- The three phases in an Alliance Contract
  - Establishment of Alliance – preparation of framework, selection of partners
  - Development of the Maintenance Alliance Agreement – in conjunction with non-owner participant
  - Implementation – integration of teams, change management process
Alliance Objectives

- Improve the efficiency of delivering road maintenance activities.
- Implement a needs based asset management planning and decision-making process.
- Provide an outcome-focused ‘best for network’ approach to maintenance.
- Enhance VicRoads’ reputation with the community and stakeholders.
- Ensure that the maintenance industry in Victoria is viable and provides VicRoads and contract staff with an environment of learning and continuous improvement.
Key Result Areas

- Safety
- Asset Management
- Delivery
- Road Users and Stakeholders
- People and team development
- Innovation and Improvement
- Sustainability
- Value for Money
Minimum Condition of Satisfaction

- Minimum Performance Requirements
  - Commitment to exceeding MCoS
  - Focus on exceptional outcomes
- KRAs were developed during the Alignment Workshops
- Selected KRAs were linked to the Gainshare Regime and specific KPIs developed
Alliance – Model Framework

- Five year contract with five one year extension options
- All routine and periodic maintenance activities (road, roadside and bridge)
- Surfacing treatments to be tendered
- All minor improvement projects under $500k
- All rehabilitation works under $500k
- Development of periodic and rehabilitation programs
- Emergency response
- Estimated budget $25 – 30M pa
VicRoads Supplied Resources

- Office Staff
  - 45% will be provided by VicRoads
- Field Staff
  - 20 field staff

- NEMA located with in VicRoads Regional Office
- 5 Maintenance depots
- 3 Snow depots
- Minor plant and equipment
Alliance Delivery Strategy

Alliance Structure

- Alliance Leadership Team (ALT)
  - NON-OWNER PARTICIPANT/S (NOP)
    - 2 Members
  - Alliance Management Team (AMT)
    - VicRoads Chief Executive
    - VicRoads Executive Director-Regional Services
    - Regional Director – NER
    - Director – NER
      - Agree AWP
      - Receive monthly operations report from Alliance
    - Community and Stakeholders
      - Alliance Management Team (AMT)
        - (At least one position from VicRoads sourced personnel)
      - Delivery Team
        - (Comprising VicRoads and Non-Owner Participant sourced personnel)
Alliance - Selection Process

- Seven proposals received
- Four proponents shortlisted based on desktop assessment of proposal
- Two day Foundation workshop to assess proponents
  - Real life scenarios workshopped
  - Scored based on KRA’s and ‘soft’ criteria such as behavior and relationship building
- Commercial alignment workshop with two preferred proponents – negotiated margins and commercial framework
Alliance – Benefits

- Introduction of Zero Harm
- Asset Management
- Purchasing process
- End-to-end project management
- Shared risk
- ‘Open book policy’
- Emergency response
- Reinvestment of savings
Benefits – Zero Harm

- Introduction of Zero Harm
- Change in culture regarding safety
- Regular tool box topic
- Introduction of changes to equipment, processes etc within VicRoads and across most subcontractors

Results:
- Exceptional safety record to date
- Analysis of ‘Near miss’ incidents to drive improvements
- Introduction of Contractor Zero Harm Forums
- Improved safety outcomes for VicRoads employees
- Sharing learnings and behavioural changes to other parts of VicRoads
Benefits – Asset Management System

- Asset Management: Planned approach to routine maintenance activities – efficiencies in programming work
- Development of Asset Management system
  - Funding scenario and outcome analysis
- Asset Inventory & Condition
Benefits - Purchasing

- Ease of purchasing process
- Ability to deliver emergency works promptly to provide recovery from natural disasters
- Efficiencies gained in changes to contract management
- Access to broader range of resources and expertise from partner
Benefits – Project Management

- End-to-end project management
- Omeo Hwy sealing and Darbyshire Hill overtaking lane
  - Dedicated team from conception, design to construction
    - Enables flexibility in scoping and delivery without contractual issues
    - Obtaining required permits part of the project
  - Minimising the pre-construction period, by removing the need for a formal tender process
  - Joint preliminary site inspections which enable early and accurate scoping and costing
Benefits – Shared Risk

- Shared risk
- Reduction in costs
- Equal share of costs, accountability
Benefits – Open book policy

- The Alliance providing for an ‘open book policy’ with agreed margins and overheads established
- Reduction of costs
- Independence of market trends/costs
Benefits – Emergency response

- Improved emergency response
- Ability to deliver promptly emergency works to provide recovery from natural disasters
- Reduced set up time
- Crews ready to be deployed
- Ease of purchasing enables quick acquisition of materials and equipment as needed – improved buying power
Emergency response – Slip on Great Alpine Road
Emergency response – Slip on GAR
Benefits - Reinvestment

- Reinvestment of program savings into un-programmed work
- Reinvestment of $590,000 in year 2 and $1 million in year 3 from savings in pain/gain share and performance gain share
- Projects can be stage delivery and not dependant on full design or clearance prior to start
Alliance – Challenges

- Difficulty in the integration of financial systems
- Accountability of tasks (Alliance or Region)
- Development of Asset management system
  - Taken longer than anticipated
- Hard to determine effective KPI’s to
  - Drive innovation in the Alliance
  - Compare against other forms of contract
- Reporting
  - Assessment of KPI’s
  - Measuring success
- Culture
Conclusion

- Overall excellent outcomes to date
- Looking to extend similar arrangements in other parts of the State
- We get what we pay for and we pay for what we get