Roads and Maritime Services (RMS) uses a variety of procurement strategies to deliver road infrastructure projects across NSW. The typical contractual arrangements undertaken by RMS to deliver road infrastructure include:

· **Construction only contracts** – RMS provides the design to a construction company to build the road project (for a contracted price).

· **Design and construct** – RMS contracts out the design and construction component of a road infrastructure project (for a contracted price).

· **Design, construct and maintain** – RMS contracts out the design, construction and ongoing maintenance components for up to 10 years after completion of a road infrastructure project (for a contracted price).

· **Public - private partnerships** – these road infrastructure projects are financed, built and operated by the private sector and returned to RMS at the conclusion of the contract.

Another strategy that RMS is using to deliver road infrastructure projects is called an ‘alliance’. Under this commercial arrangement, RMS forms business relationships with one or a team of partners (contractors, designers, technical specialists) to deliver a road infrastructure project. This fact sheet provides information about alliances.
What is an RMS project alliance?

An RMS project alliance is a commercial agreement between RMS and one or more contractors to plan and/or deliver a road infrastructure project. Contractor partners in an RMS project alliance can be involved in the community consultation, planning, design and construction phases of a project and be drawn from the public and private sectors.

Features of an alliance include:

- RMS establishes a high performance team with the alliance partners. This team is selected to ensure it has the required capability and capacity to deliver the project.
- Key RMS staff are appointed to the alliance and RMS controls the overall project direction and scope.
- Team members then take off their respective company hats and operate as a single organisation.
- Ensuring ‘value for money’ for the project. Once established the alliance is audited to ensure actual costs only for all participants are compensated. All costs and charges are then closely controlled throughout the course of the project.
- The alliance partners then share the financial risks and rewards of developing and implementing the project.
- All parties within an alliance operate on a “no blame, no fault and no dispute” basis. This ensures problems are shared and resolved as quickly as possible.

What are the differences between an RMS project alliance and other major road infrastructure contracts?

Alliances are generally used to construct major road projects that are generally valued in excess of $100 million and require a high level of innovation.

Unlike other contracts, where risk is transferred from RMS to the contractor, in an alliance all parties (including RMS) have shared responsibility for the planning and implementation of the project.

Under an RMS project alliance, the targets for costs; timetable to construct and other key targets are developed jointly by the alliance partners. Given that scope and fees are not set at the beginning of the project:

- Project timeframes and costs are progressively refined in response to the size and demands of a project and are then audited throughout the project.
- Design and investigations can often commence prior to a final contract cost and scope being settled.
- Contractor costs and margins are known by RMS through an open-book arrangement which allows costs to be carefully controlled.
What are the benefits of RMS project alliances?

For complex major road infrastructure projects, the clear benefits of alliances include:

- **Greater flexibility in modifying the design** of a project and greater capacity for on-going changes to be incorporated during construction.

- **Additional opportunities for innovation** during design and construction to improve results.

- **A performance-based contract** that rewards alliance partners for outstanding performance where it is ascertained that the project’s targets have been exceeded. However, if a project fails to meet its target, the alliance partners are financially penalised.

- **A shared responsibility** for managing the project’s risks and ensuring that the project is implemented to meet RMS and the community’s requirements.

What projects have recently been delivered by RMS using alliances?

- Sea Cliff Bridge on Lawrence Hargrave Drive, north of Wollongong.
- The upgrade of Windsor Road to four lanes in north west Sydney.
- Ballina bypass (part of the Pacific Highway upgrade).
- Coopernook to Herons Creek (part of the Pacific Highway upgrade).
- Woomargama to Table Top (part of the Hume Highway duplication).
- Sturt Highway to Holbrook (part of the Hume Highway duplication).
- Victoria Road upgrade, Sydney (Drummoyne to Rozelle).
- Sydney Harbour Bridge upgrade.
- Great Western Highway upgrade at Lawson.

An alliance project: Coopernook to Herons Creek, part of the upgrade of the Pacific Highway (completed 2010)
What other organisations use alliancing as a contract method?

Alliances are an internationally recognised method of delivering a project. Alliances have been formed by other governmental agencies and private sector organisations to successfully deliver a variety of projects throughout NSW, Australia as a whole and the world.

What guidelines provide more information on how RMS manages alliances?

Information and guidelines on RMS' method to procure projects, including alliances, is available from the following:

- The NSW Department of Commerce website: www.commerce.nsw.gov.au/Home.htm
- The NSW Treasury website: www.treasury.nsw.gov.au
- RMS website: www.rms.nsw.gov.au

RMS' procurement strategy for road works is consistent with the NSW Government Procurement Methodology Selection Guidelines for Construction (this can be viewed or downloaded from this website: http://www.managingprocurement.commerce.nsw.gov.au).

Do I still contact RMS if I have an inquiry in relation to an RMS project that is an alliance?

Yes, you can still contact RMS if you have an inquiry or concern relating to a major road project that is an alliance. Your inquiry or concern will be forwarded onto the appropriate staff member. If the alliance has a community contact number don't hesitate to contact that – it is still RMS and its consultants.