

Alliance Contracting

A Business Model to Support Sustainability and
Facilitate Innovation and Action on
Climate Change?

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Infrastructure Development

The old approach

- Problems with conventional contracting in infrastructure development

Alliancing

- Alliance contracting (in Australia)

Case Study

- Access Alliance (Western Australia)



Increasingly
complex
infrastructure
projects



Sustainability
Climate
Change

New
approach
needed

Alliance Contracting

A commercial/legal framework between a department, agency or government-backed enterprise or a private client as

Owner Participants (OPs)

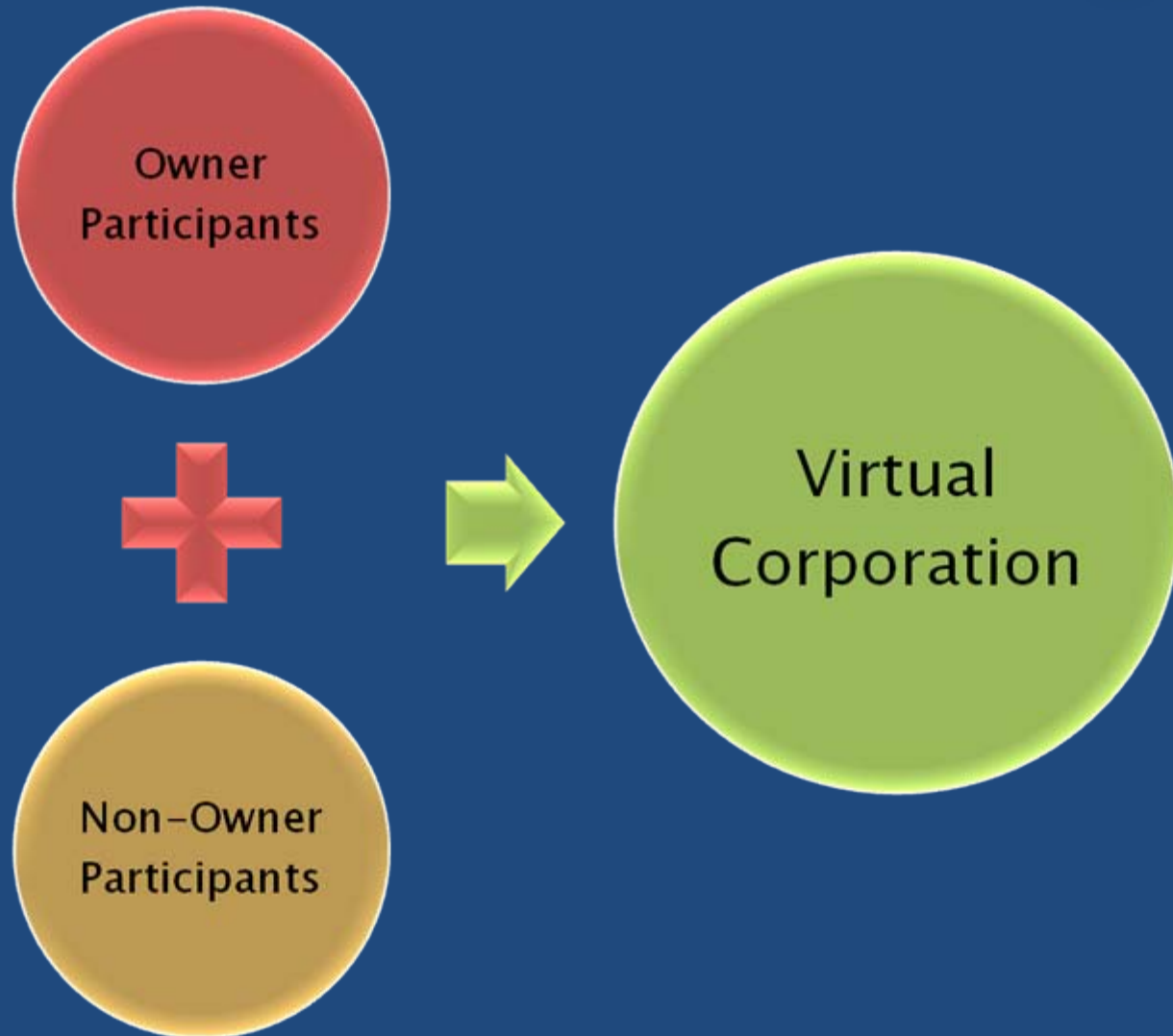
and one or more private sector parties as 'service providers' or

Non-Owner Participants (NOPs)

for delivering capital works projects.

(Victorian Government ,2006)

Alliance Contracting



Alliance Contracting Elements

Hard

Contractual

Legal

Soft

Cooperation

Equity

Communication

Trust

Common goals

Unlike Partnering

Alliance Contracting Elements

Collective sharing of project risks

No fault/blame, no dispute

Three limb compensation model

Unanimous principle based decision making

Pain/gain share

Alliance Contracting Elements

NOP's payment



'Pure' Alliance

Alliance Contracting



(Zeibots et al, 2008)

Alliance Contracting in Australia

- Used since the early 1990s
- Last 10 years:
 - 217 project alliances
 - AU \$65 billion

Access Alliance

- Main Roads Western Australia

'...the management and expansion of the State road asset is done most effectively in co-operation with our industry partners'

- AECOM

- Brierty

- 2007 – Great Northern Highway

Access Alliance

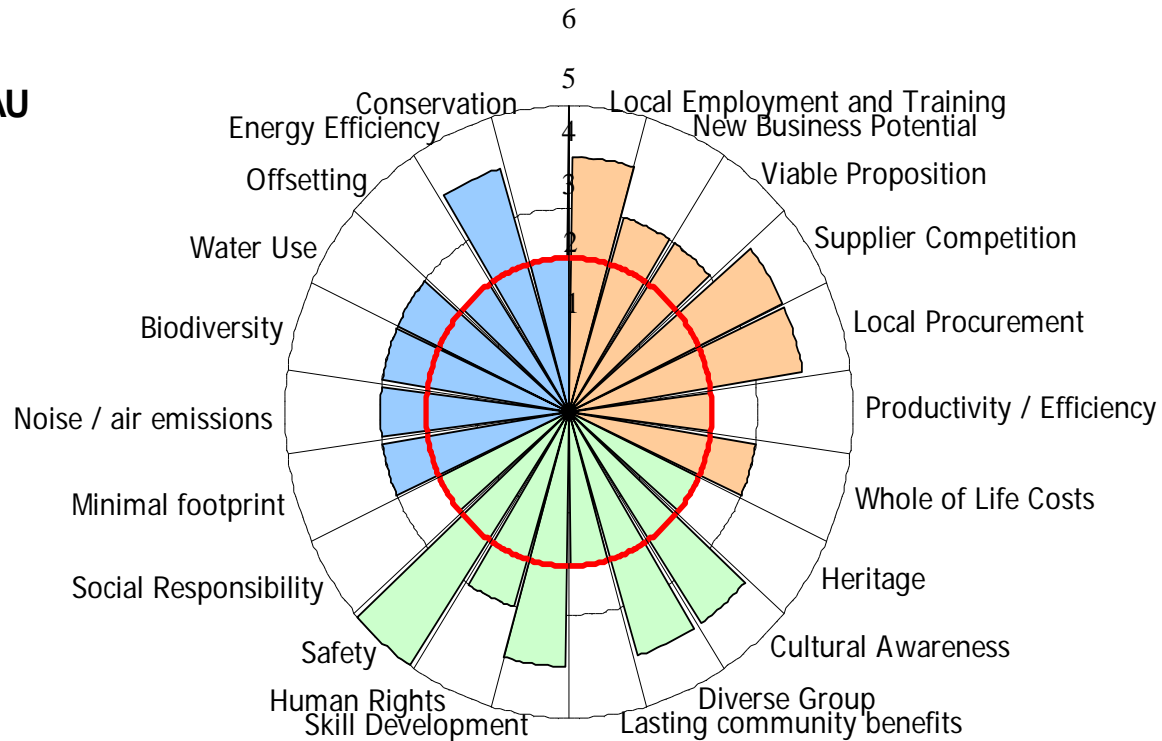
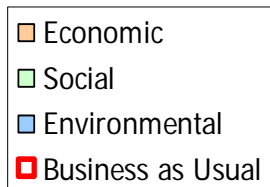
Performance payment linked KPIs:

1. Water Index – type of water source, distance
2. Legacy – financial value of community legacies (beyond minimal requirements)
3. Construction Environmental Management Plan compliance

AECOM

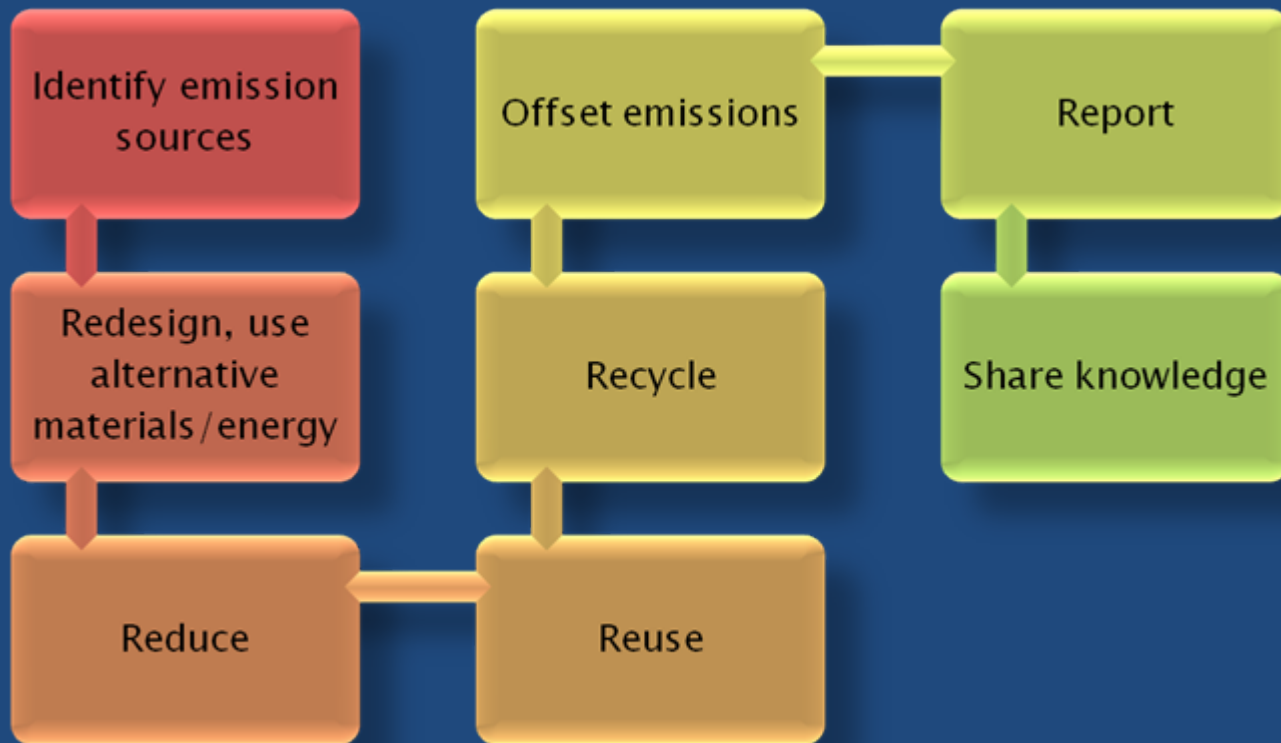
Sustainability Measurement and Reporting Tool

Idea Performance vs BAU



Access Alliance

Carbon Response Plan



Access Alliance

Carbon Research Projects

Carbon
sequestration via
biochar from
cleared biomass

Review of low
carbon alternatives
for pavement
construction

Potential for carbon
savings through
use of recyclates in
sub-base

Reflections

...accommodates 'learning by doing'...where the intricacies of a problem may not be fully understood until the responsible agents are trying to implement a solution

(Ziebots et al, 2008)

Because a relationship-based contract rewards cooperation, rather than cost minimization, it makes introducing new concepts and strategies much easier...it spreads the risk. They also seem to foster an attitude that is more focused on high profile positive outcomes

(Jamie Shaw, AECOM)

Reflections

It is not a traditional model of compliance (or even cooperation) that has usually focused on the elements of cost, time and safety – it still includes these elements but under a broader framework that also seeks quality, environment and social elements. The pattern over time has been a movement...to take in a wider set under a sustainability definition.

(Mike Kapitola, Main Roads)

Early contractor involvement provides a planning period where designers, environmental consultants, social planners and constructors can get together and develop solutions to project issues. This means you get an extended period where new concepts can be introduced, tested, digested and accepted

(Jamie Shaw, AECOM)