

## **Brisbane Metro Queensland Major Contractors Association (QMCA) Recommendations to Brisbane City Council (BCC)**

### **Introduction**

Following a meeting between Peter Anusas (QMCA Chair), Iain Ward (QMCA Immediate Past President), Gregg Buyers (Brisbane City Council) and Steve Hammer (Brisbane City Council), the QMCA is in a position to provide recommendations to BCC on a proposed approach to deliver the Brisbane Metro Project.

### **Key Challenges and Complexity of the Project**

The Brisbane Metro Project has multiple complexities generating extreme risk challenges. Effective solutions would need to be addressed and executed collaboratively with industry to achieve successful project outcomes.

Key challenges/risk include (yet are not limited to):

- Working in a highly-trafficked, operational environment with key stakeholder interface challenges at the Cultural Centre, Adelaide Street and King George Square (public and commercial)
- Additional interface challenges at Roma Street with operating rail, buses and Cross River Rail
- Traffic management across the CBD road network
- PUP diversions and protective measures
- Queensland Rail network and possession/shutdown windows

Due to these extreme risks, QMCA believes if BCC was to implement a risk transfer D&C Model for delivery, it would reduce the attractiveness and appetite for the project in today's market, particularly when competing with current, more favourable risk/reward ratio projects for consortia to bid and deliver in Brisbane CBD and across South East Queensland.

QMCA also believes a risk transfer model would significantly increase the propensity for dispute both at head contract and supply chain level. This could lead to extremely undesirable outcomes for all parties, given the high public profile of Brisbane Metro.

QMCA understand that BCC is considering a "Modified CPA" contract, but are concerned about this approach on a number of fronts namely:

- The CPA is inherently a risk transfer model
- Although the CPA is open book in execution, it has unbalanced sharing of project gain/pain which does not create a collaborative environment
- Modification of the CPA is likely to create grounds for extreme confusion, especially if there is an attempt to transfer some risks and share others
- Industry would align quicker to a known/proven collaborative model (ref Competitive Alliance)

## **Procurement Recommendation**

QMCA recommends the project be delivered through a **Competitive Alliance Contract**, similar to the PAA recently brought to market for Cross River Rail's Rail Integration Systems Alliance.

The Alliance delivery model provides significant benefits to a complex brownfield construction program in an operational environment such as Brisbane Metro. An Alliance model will drive a culture that is open and collaborative, and will generate innovative delivery outcomes to help minimise risk and ultimately deliver on cost, time, quality, safety and environmental objectives. The integrated approach will enable BCC and key stakeholders to remain engaged during all project delivery phases, ensuring expectations are met.

The bid costs for Brisbane Metro are likely to exceed 1.5% of the Contract Value (\$500m approx), with the most significant expense being design. QMCA recommends BCC limit the number of proponents selected for the final tender process to two, with the losing tenderer reimbursed 1.2% of the budgeted construction value of the project. QMCA is willing to provide further contemporary data to substantiate this percentage if required.

Melbourne Metro Rail Systems Alliance (RSA) is a good recent project example of how a Competitive Alliance model has been implemented. On this project, the Alliance model is ensuring delivery of a system that meets operational requirements, integrates seamlessly with existing infrastructure and improves overall network performance: similar project requirements and performance objectives as Brisbane Metro.

Industry is willing to continue working with BCC to develop a delivery model that is suitable to all stakeholders.

## **Timing**

QMCA understands the procurement phase will commence with an EOI coming to market in quarter 3, 2018. Cross River Rail will not be awarded at this stage and current market indicators show ARTC's Inland Rail PPP procurement will not have commenced. This provides a window of opportunity for BCC to come to market and subsequently limit impact on the delivery program.

Regardless, QMCA strongly suggests the market can accommodate all abovementioned projects. Industry is very eager for major infrastructure to materialise locally after many lean years. Market competitiveness, current capability and available resources (local industry are vocal in wanting to stay and work in Queensland) also inform us that 'now' is the perfect time to commence procurement.

## **Conclusion**

QMCA understands the benefits of the project as critical 'Turn Up & Go' infrastructure to overcome current constraints (specifically at the Cultural Centre), and to lead the way with future extensions and connectivity with other transport modes to improve the network across the entire South East Queensland region.

This is a transformational project in the way BCC provide bus services on the public transport network and will be instrumental in addressing future growth challenges to help tackle congestion. QMCA believes a transformational project requires a transformational procurement process, contract model and project administration.

Coming to market as early as possible in 2018, under a collaborative delivery model (a **Competitive Alliance**), will ensure that all project objectives are met. Council should shortlist to two bidders for the final procurement phase and reimburse the losing bidder 1.2% of contract value.

**ENDS**