

Introduction to P4S

Partnering for Success: Project 13 Alignment



Sydney
WATER

OVERVIEW P4S: SWC's future for infrastructure planning, delivery and maintenance

“Sydney Water has set an exciting and ambitious vision for the future of its business. Through Partnering for Success (P4S) and establishing long term partnerships, Sydney Water is looking to not just change the way it procures services, but to transform the way that it does business.”

- An enhanced and integrated enterprise approach to:
 - Portfolio, Program and Project Management
 - Strategic and system planning
 - Capital Infrastructure Delivery:
 - Design
 - Construction
 - Maintenance
 - Facilities Management
- Simplified supply chain & processes
- Simplified contracts & contract management

The Journey: Sydney Water has driven overall transformation focused on the Strategic success measures & having customer at the heart of the business

Customer trust

Customer experience

Customers and community see results and perceive value

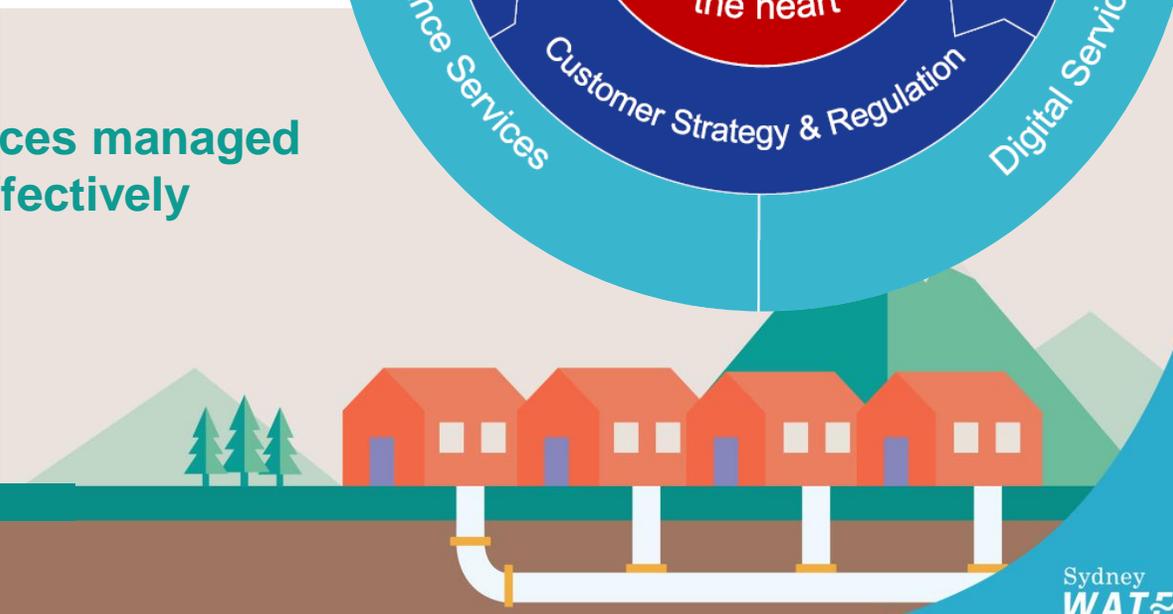
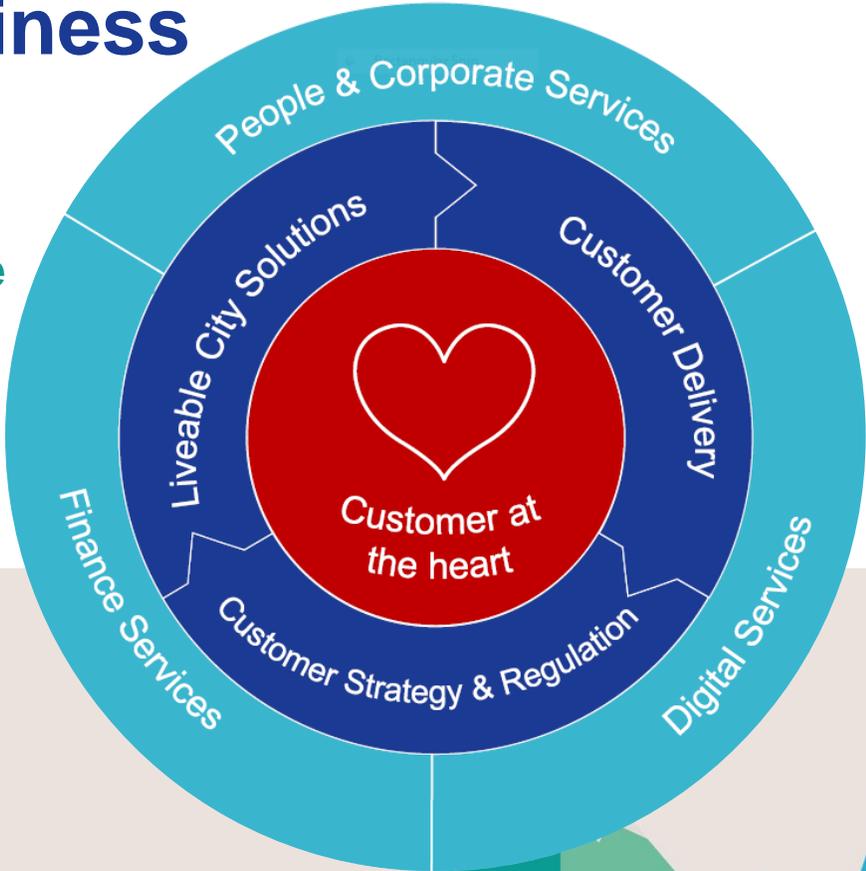
Business sustainability

Organisational culture and capability

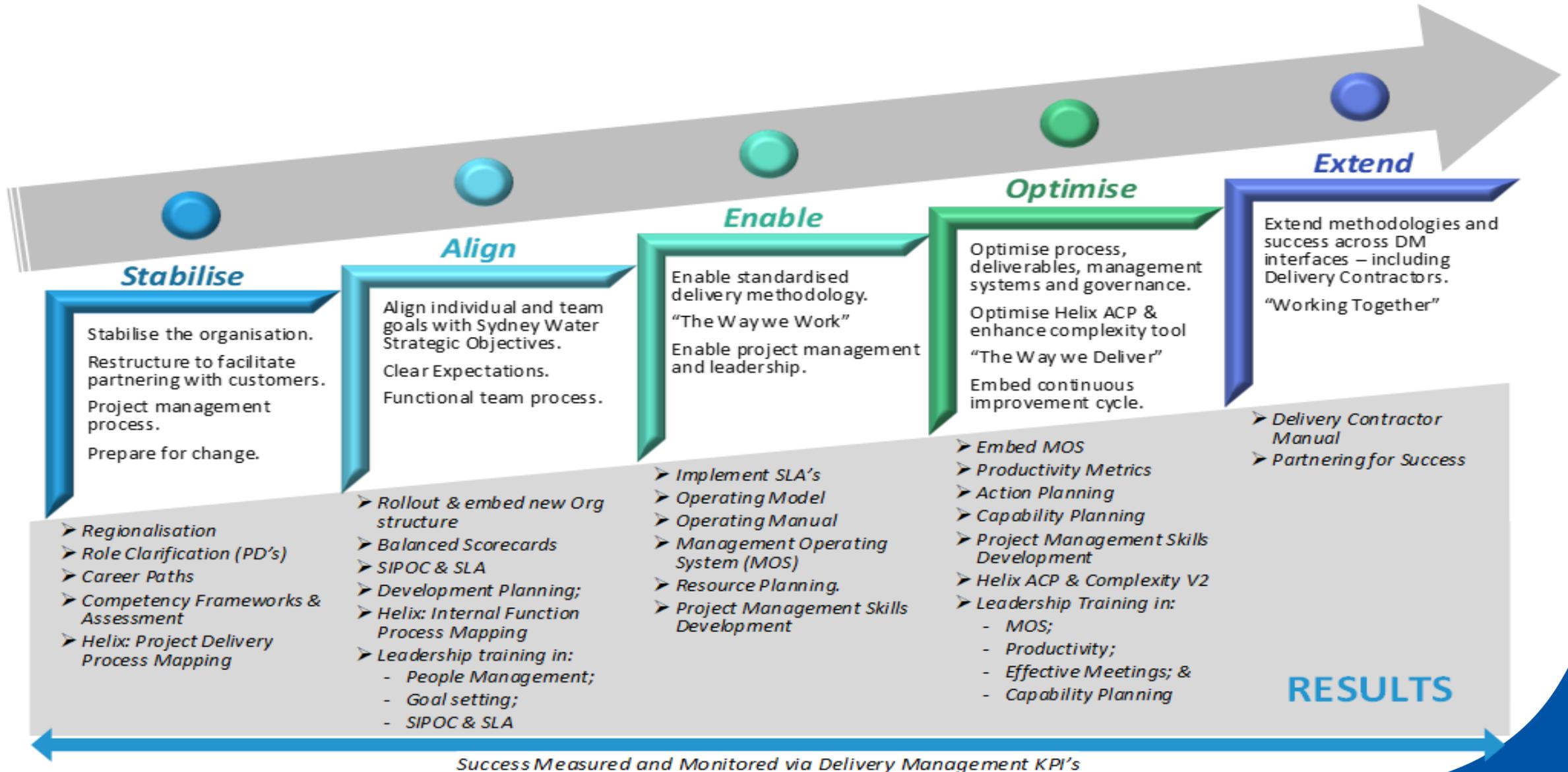
Staff and shareholder value is created and measured

Organisational infrastructure

Business resources managed efficiently and effectively



Across the Asset lifecycle, Sydney Water Infrastructure Delivery has been following a strategy of moving towards organisational excellence as a structured approach to reform:



P4S Primary Objectives



Improve collaboration and integration across the value chain



Enhance management of lifecycle costs across all stages of asset lifecycles



Effective management of safety



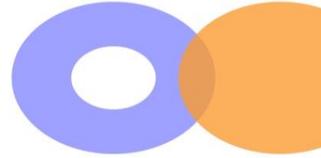
Outcomes that customers value



Promote innovation for new and improved solutions

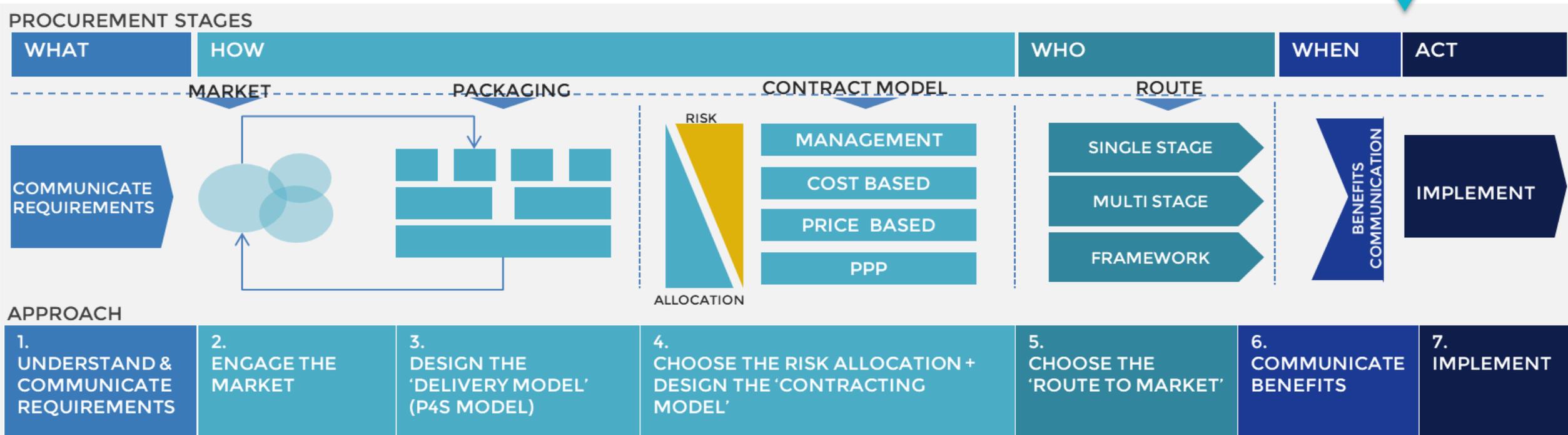


Develop flexible model providing long term stability and promoting partnerships



Sydney
WATER

Procurement planning of P4S has taken a 6 pillar approach to develop the next evolution of Sydney Water's Infrastructure planning, delivery and maintenance framework



Along with the procurement approach, further key considerations were taken into account in forming the preferred contracting model: Partnering for Success (P4S)

Form of contract

Collaborative
Straightforward to administer
Scalable and flexible
Ability to drive best value for Sydney Water (over the long term)
Applicable to Design, Construct and Maintenance activities
Ability to integrate with the Shared Purchasing Function
Ability to re-allocate activities between regions based on performance
Ability to drive competition between Regions
Share knowledge across Regions
Drive consistency across Regions
Applicable to work carried out as TOC, SOR, emerging scope
Proven
Relatively straightforward to establish and not require excessive tailoring
Of interest to the market
Form of contract understood by market
Is contract industry standard
Measurable performance parameters
Will incentivisation encourage the right behaviours
Suitable for contract term
Has swc used before? Lessons?
Level of effort to develop
Optimum risk allocation
Contracting strategy complements packaging strategy
Does contract cover all interfaces
Client capability to administer contract
Plain Language
Flexibility/re-use ability without re-work
Contract Management requirement
Attractiveness to international players
Internal Cost to implement (excluding training)
Cost per contract to draft
Post procurement training

SWC drivers

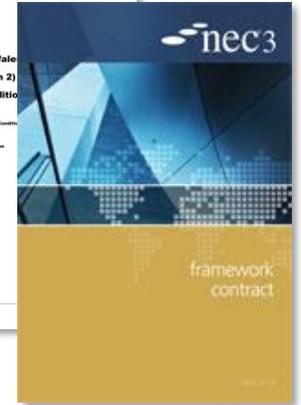


Key Government Commitments

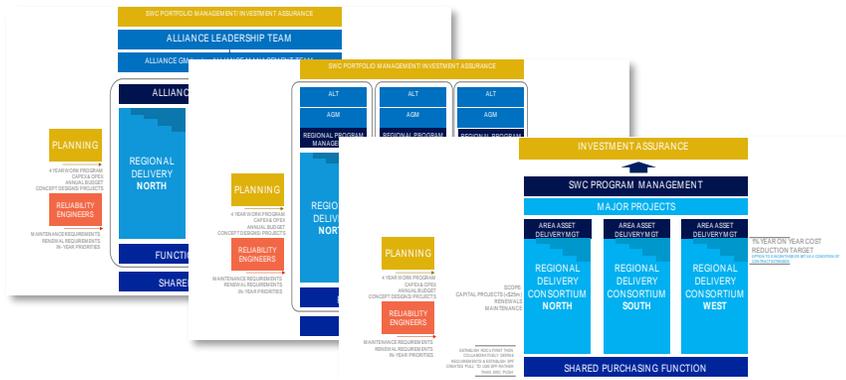
1. "PROCURE & MANAGE IN A MORE COLLABORATIVE WAY"
2. "ADOPT A PARTNERSHIP-BASED APPROACH TO RISK ALLOCATION"
3. "STANDARDISE CONTRACTS & PROCUREMENT METHODS"



Consultation with best practice, P13 & comparator organisations



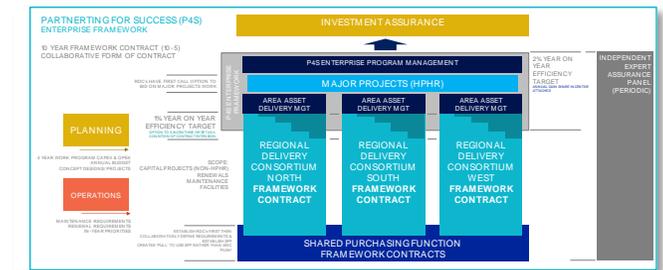
Review of available Standard forms of contract



Shortlisting of contracting options

	Baseline	Baseline	GC21 or NEC	NEC 3/12
Collaborative				
Straightforward to administer				
Scalable and flexible				
Ability to drive best value for Sydney Water (over the long term)				
Applicable to Design, Construct and Maintenance activities				
Ability to integrate with the Shared Purchasing Function				
Ability to re-allocate activities between Regions based on performance				
Ability to drive competition between Regions				
Share knowledge across Regions				
Drive consistency across Regions				
Applicable to work carried out as TOC, SOR, emerging scope				
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Flexibility/re-use ability without re-work				
Contract Management requirement				
Attractiveness to international players				
Internal Cost to implement (excluding training)				
Cost per contract to draft				
Post procurement training				
TOTAL				

Evaluation of contracting options

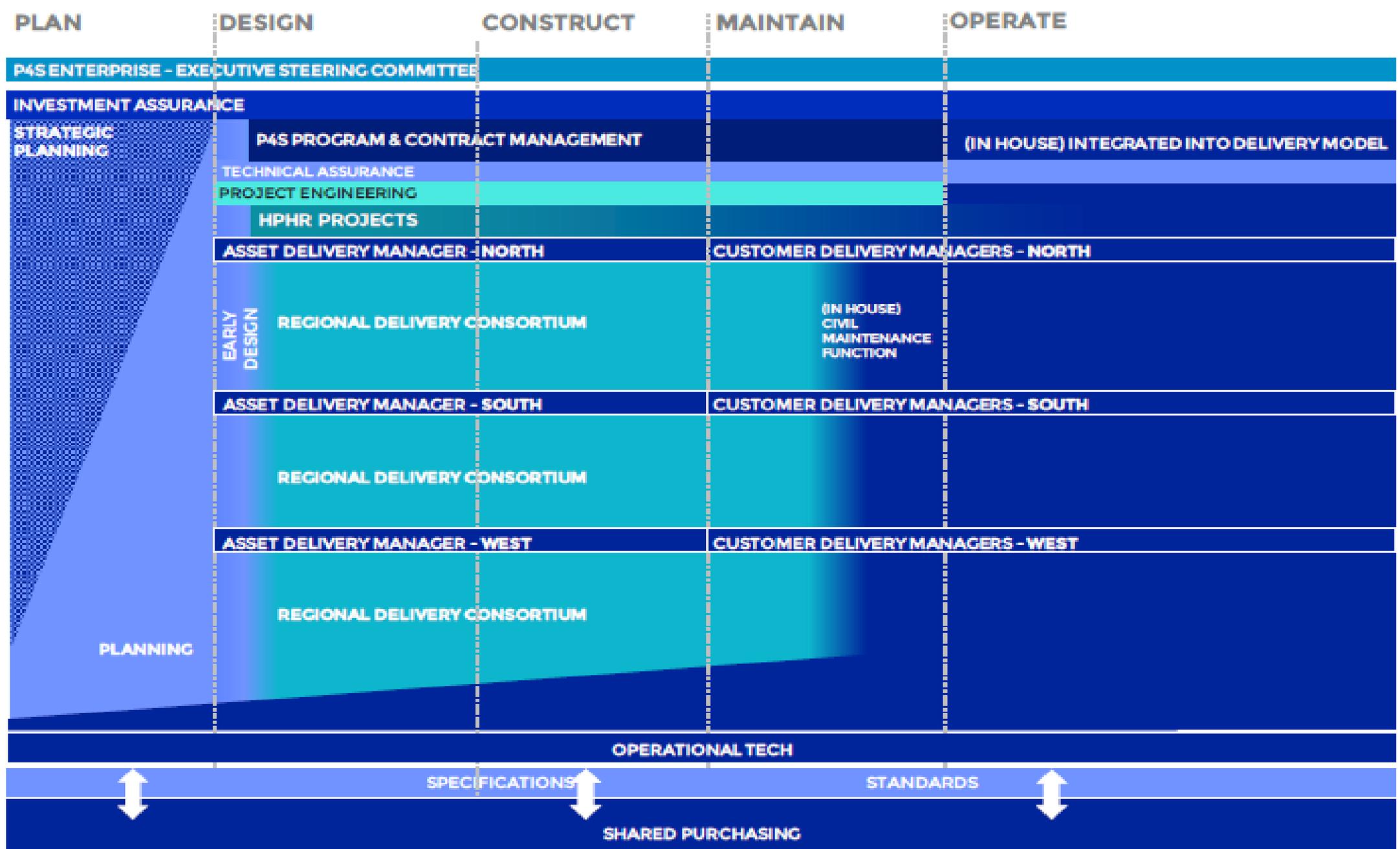


Preferred contracting model

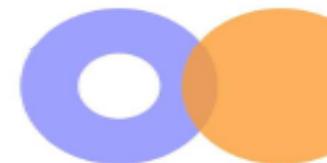
So how did alignment with Project 13 in 2018 as an Early Adopter help Sydney Water develop the model: Partnering for Success (P4S)?

- There was a strikingly clear alignment of goals between P13 principals and Sydney Water's aspirations for Infrastructure Delivery
- P13 offered an enterprise blueprint for an integrated business model supporting closer collaborative working between owner and supply chain
- Concepts of owner, integrator, supplier chain, shareholders are clear, simple and easy to understand.....**not always so easy to convince the owner business to adopt**
- The community is multi-dimensional.....a wide variety of industries are involved
- Openness and sharing are a core of the movement/ community
- All members share in open forum what works, doesn't work, lessons learned, new ideas, successes and challenges
- Joining allowed Sydney Water to test ideas, evaluate options and build a framework for P4S that could be shared with our supply chain: **AND THE FEEDBACK IS AMAZINGLY POSITIVE**

P4S Model



- SYDNEY WATER CORE FUNCTION
- PLANNING PARTNER TO DELIVER FUNCTION WITH SYDNEY WATER
- REGIONAL DELIVERY CONSORTIUM ROLE/SPECIAL PURPOSE VEHICLE
- WITH ALL PARTNER(S)



P4S Contract Structure

An Overview



Contract & Delivery Model Development

Forms of Contract

“Why standardise contracts?”

IMPROVE VALUE

- Increase Market Appetite
- Internal Consistency
- External Consistency – allocation of risk, forms, processes etc
- Reduce or refocus cost and energy from contract form to outcomes and relationships
- Reputational benefits and branding around a consistent approach

DELIVER INNOVATION

- Consistent Collaborative Framework
- Create an alignment of interests
- Draw in new market entrants – pipeline and investment clarity



1. "PROCURE & MANAGE IN A MORE COLLABORATIVE WAY"
2. "ADOPT A PARTNERSHIP-BASED APPROACH TO RISK ALLOCATION"
3. "STANDARDISE CONTRACTS & PROCUREMENT METHODS"

Contract & Delivery Model Development

Forms of Contract Evaluation

NEC = Opportunity

EVOLUTION NOT REVOLUTION	NEC is similar in philosophy to SWC's current approach. NEC represents a further level of maturation and evolution to 'best practice'
LOW COST	Minimal legal costs associated with development of contract Minimal training required in it's use
CAPABILITY ALREADY DEVELOPED	Will need some capability development and awareness training, but DM resources are already on the journey
APPLY TO SPF AS WELL AS RDC	NEC contains a full suite of contracts that apply to the full range of services/products procured by SWC. Opportunity to have a standard suite of contracts across the supply chain including for all suppliers in the Shared Purchasing Function.
BACK-TO-BACK	Standard form of contract makes it easier for organisations to go 'back-to-back' in contracts, thereby driving business efficiency for all parties
INNOVATOR IN THE MARKET	Opportunity for SWC to be the 'first mover' in introducing NEC to Australia. Opportunity to collaborate with other major infrastructure providers, e.g. Sydney Metro to pioneer new practice in the market
FOMO	Given the RDC is a 10-year contract, there is a potential reputational risk that if SWC does not adopt NEC, the rest of the market will 'overtake' SWC in adopting 'best practice'
MINIMISE RISK OF DISPUTE	NEC is built on a fundamental philosophy of collaboration and dispute avoidance. The level of successful delivery has increased under NEC whilst the number and scale of disputes has minimised significantly.

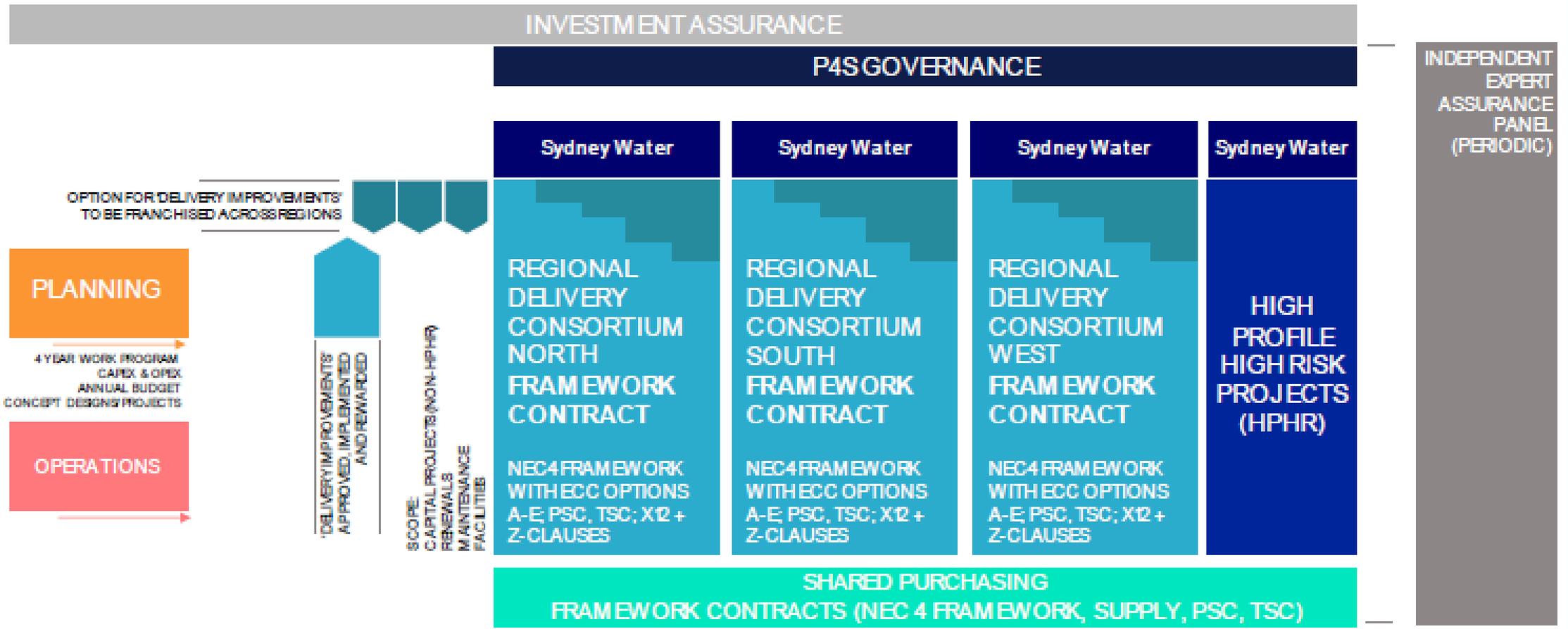
NEC4 Contracting Philosophy

- CFA and Work Order forms based on **NEC4 suite of contracts**;
- NEC philosophy promotes / requires **proactive project management** - distinct from "set and forget" contract terms common in traditional government contracts;
- Parties agree to act in a "**spirit of mutual trust and cooperation**";
- Core clauses incentivise **early identification and resolution** of issues which may affect time and cost outcomes of project;
- Drafted in the **present tense**.

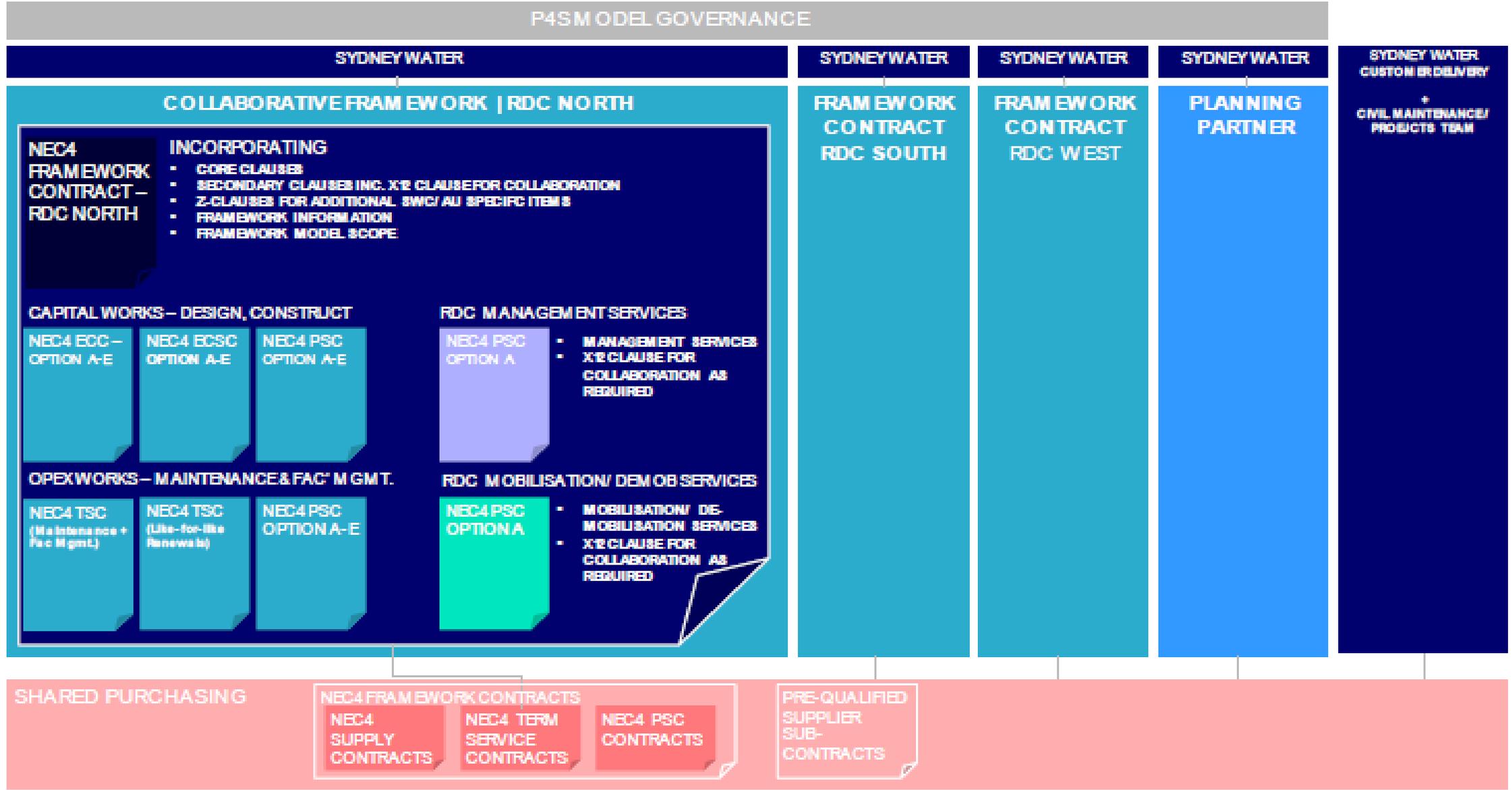
P4S ENTERPRISE COMMERCIAL FRAMEWORK

PARTNERING FOR SUCCESS (P4S)
ENTERPRISE FRAMEWORK

10.5 YEAR FRAMEWORK CONTRACT (10-5 YEAR)
FORM OF CONTRACT – NEC4



P4S CONTRACT STRUCTURE



CFA / Work Order - Summary

CFA

- Framework only;
- No work or services performed under CFA;
- CFA enables the creation of "Work Orders".



Work Orders

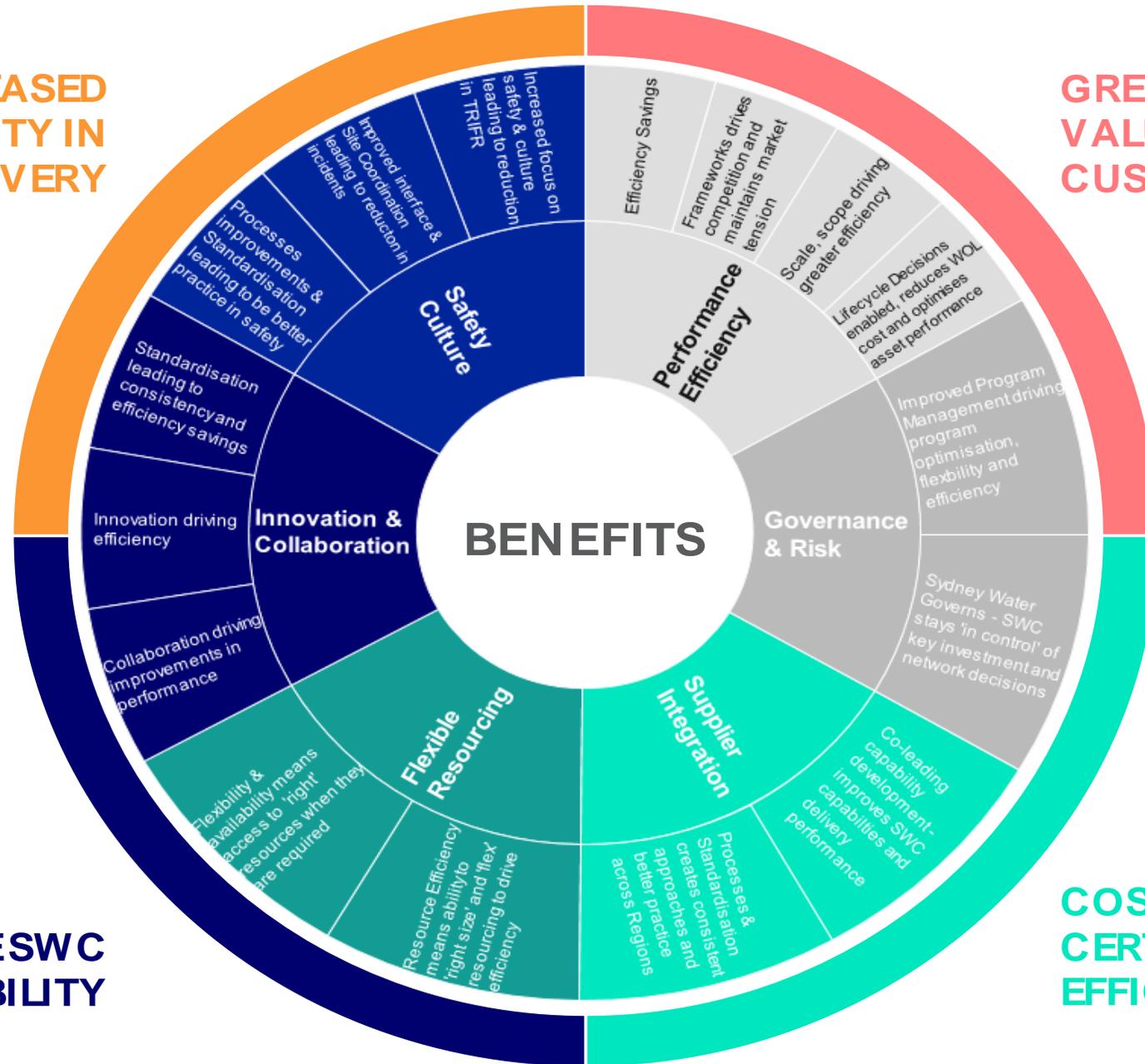
- Work Orders comprise separate contracts;
- All work/services are delivered under Work Orders;
- All payments are made pursuant to Work Orders



INCREASED CERTAINTY IN DELIVERY



GREATER VALUE FOR CUSTOMERS

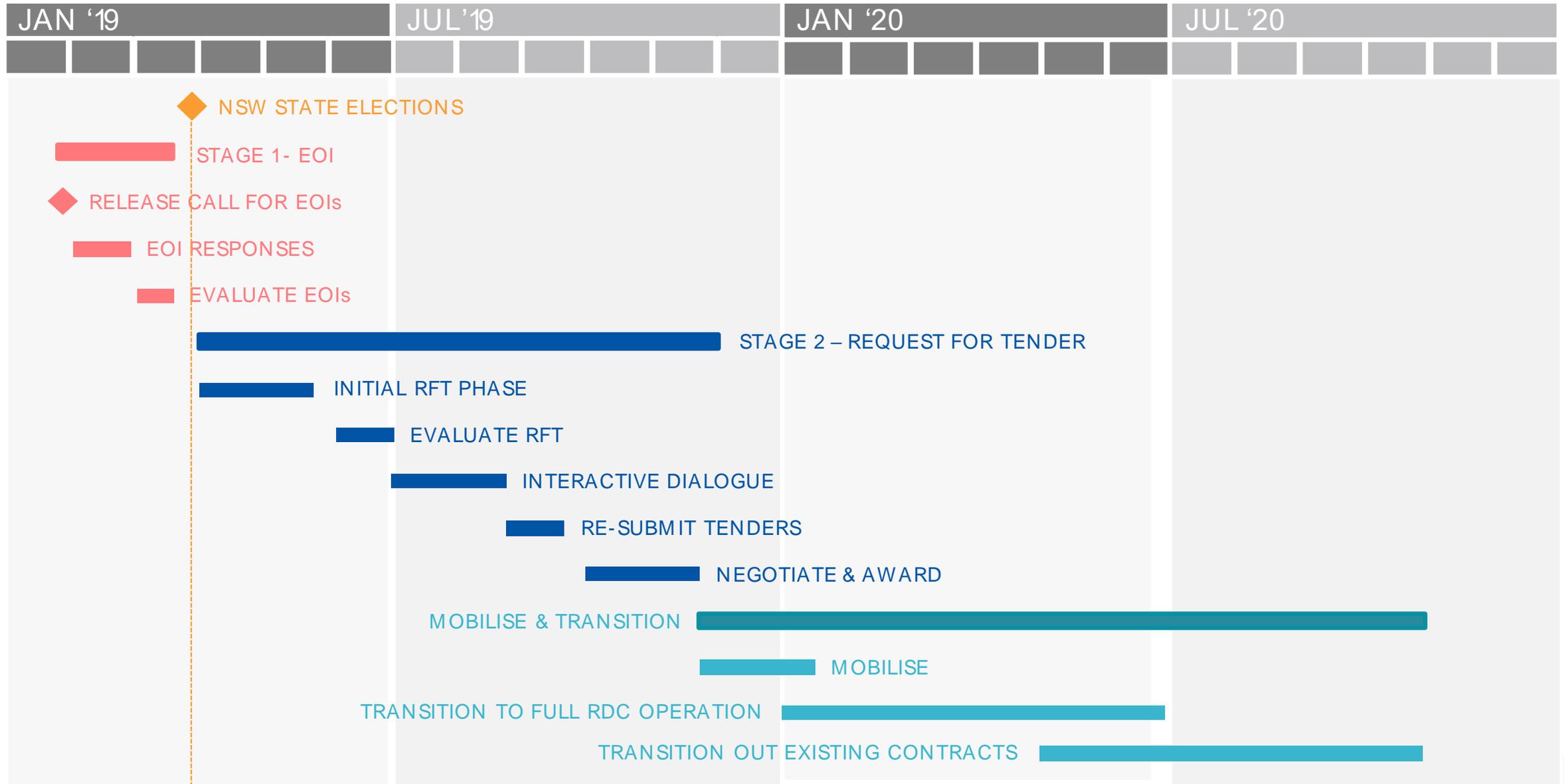


ENHANCESWC CAPABILITY



COST CERTAINTY & EFFICIENCY

High Level Timeline (Indicative)



NOTE: All dates and milestones are indicative and may be subject to change