



**ROAD MAINTENANCE COUNCIL CONTRACT  
(RMCC)**

**GUIDELINES**

**Edition 3 Revision 0 dated 17 November 2009**

## REVISION REGISTER

<b>Ed / Rev Number</b>	<b>Clause Number</b>	<b>Description of Revision</b>	<b>Authorised By</b>	<b>Date (Y-M-D)</b>
Ed 1 / Rev 0		New document.	John Statton (GM, IM)	2008-08-14
Ed 1 / Rev 1	7.3 (a); 8.5 (c & d), 15.1, Attachment 3	Insurance related amendments.	John Statton (GM, IM)	2008-09-24
	7.4	Description		
Ed 1 / Rev 2	Attachment 5	Insurance related attachment containing forms and reports, added	John Statton (GM, IM)	2008-10-30
Ed 2 / Rev 0	11, 12, & 13	Original clauses deleted. Replaced by other clauses.	John Statton (GM, IM)	2009-05-21
Ed 2 / Rev 0	Various	Words Benchmark Guideline replaced by Performance Guideline	John Statton (GM, IM)	2009-05-21
Ed 3 / Rev 0	11, 12 & 13	Deleted and transferred to Performance Guideline	John Statton (GM, IAM)	2009-11-17

# Contents

<b>1.</b>	<b>INTRODUCTION</b>	<b>1</b>
1.1	Purpose of this document	1
1.2	Philosophy behind the RMCC	1
1.3	Scope of the RMCC	2
1.4	Preferred provider	2
1.5	RMCC outcomes	3
1.6	GST	4
<b>2.</b>	<b>RMCC STEERING COMMITTEE</b>	<b>4</b>
2.1	General	4
2.2	Terms of reference	4
2.3	Meetings	5
<b>3.</b>	<b>CONTRACT TERM</b>	<b>5</b>
3.1	General	5
3.2	Maintenance Period	5
3.3	Transition Period	5
<b>4.</b>	<b>REPRESENTATIVES</b>	<b>6</b>
4.1	General	6
<b>5.</b>	<b>ROAD MAINTENANCE ANNUAL PLAN (RMAP)</b>	<b>6</b>
5.1	General	6
5.2	RMAP form	7
5.3	RMAP process	7
<b>6.</b>	<b>ROUTINE SERVICES</b>	<b>8</b>
6.1	General	8
6.2	Carrying out Routine Services	8
6.3	Network Inspection and Defect Management System	9
6.4	Mandatory Activities	9
6.5	Supplementary Activities	10
<b>7.</b>	<b>FUNDING OF AND PAYMENT FOR ROUTINE SERVICES</b>	<b>11</b>
7.1	The Fixed Upper Limit	11
7.2	Adjustments to the Fixed Upper Limit	11
7.3	Routine Services costs	12
7.4	Routine Services Fee	12
7.5	Adjusting the Routine Services Fee	12
7.6	End of contract adjustment	13
<b>8.</b>	<b>ORDERED WORK</b>	<b>14</b>
8.1	Generally	14
8.2	RTA Work Requests	14
8.3	RTA Request for Proposal	14
8.4	Council Work Proposals	15
8.5	Pricing Ordered Work	15

8.6	Work Order process	16
8.7	Reaching agreement on price	16
8.8	Agreement on matters other than Price	17
8.9	Ordered Work Price	17
8.10	Updating Council's RMAP	17
8.11	Wet weather costs	18
<b>9.</b>	<b>INCIDENT RESPONSE WORK</b>	<b>18</b>
<b>10.</b>	<b>REPORTING AND CONTRACT MANAGEMENT</b>	<b>18</b>
10.1	Meetings	18
10.2	Reports	19
10.3	Records	19
<b>11.</b>	<b>PEER EXCHANGE GROUPS</b>	<b>19</b>
<b>12.</b>	<b>PERFORMANCE MONITORING</b>	<b>20</b>
<b>13.</b>	<b>PERFORMANCE MANAGEMENT</b>	<b>20</b>
<b>14.</b>	<b>VARIATIONS TO THE SERVICES</b>	<b>20</b>
14.1	Variations	20
<b>15.</b>	<b>INSURANCE</b>	<b>20</b>
15.1	Insurance	20
<b>16.</b>	<b>ISSUE RESOLUTION</b>	<b>21</b>
16.1	Issue Resolution	21
<b>Attachments</b>		
<b>1</b>	<b>KEY RMCC CONCEPTS AND DEFINITIONS</b>	<b>22</b>
<b>2</b>	<b>CONTRACT STRUCTURE</b>	<b>24</b>
<b>3</b>	<b>KEY PERFORMANCE MEASURES AND TARGETS (SEE THE PERFORMANCE GUIDELINE)</b>	<b>25</b>
<b>4</b>	<b>MAJOR CHANGES FROM SIMC</b>	<b>28</b>
<b>5</b>	<b>PAI CLAIMS MANAGEMENT WORKFLOW, SCHEDULES, FORMS; REPORTS AND DECLARATION FORM</b>	<b>30</b>

# Road Maintenance Council Contract (RMCC) Guidelines

## 1. INTRODUCTION

---

### 1.1 Purpose of this document

- (a) The purpose of these Guidelines is to:
  - (i) provide details and update the documentation for the Road Maintenance Council Contract (**RMCC**) that commenced on 1 October 2008;
  - (ii) give information on the key RMCC concepts and definitions (see *Attachment 1*);
  - (iii) provide a general overview of the contract documents and contract structure (see *Attachment 2*);
  - (iv) describe the key features of the contract;
  - (v) clearly outline RTA's:
    - (A) approach to the administration of the RMCC; and
    - (B) expectations of both itself and Council in carrying out their respective obligations under the RMCC.
- (b) Provides a flowchart to explain the PAI insurance claims management process including the required forms (see *Attachment 5*)
- (c) The Guidelines will be available for use by both RTA and Council's authorised persons under the RMCC, as well as RTA's Authorised Delegates.
- (d) In these Guidelines "Council" refers to an individual council engaged by RTA under a contract.
- (e) The major changes from the Single Invitation Maintenance Contract (**SIMC**) to the RMCC are also set out in these Guidelines (see *Attachment 4*).

### 1.2 Philosophy behind the RMCC

- (a) RTA has a key responsibility to ensure cost effective use of State funds in the maintenance of the State Road network.
- (b) The SIMC utilised by RTA between July 2000 and September 2008 to undertake road maintenance works on State Roads has been replaced by the RMCC.
- (c) The State Road network is a highly valued physical asset, both in financial and community terms. Effective stewardship and asset management is crucially important, both to users and the community. The core objective of the RMCC is to deliver a serviceable and sustainable State Road network allowing for the safe and convenient movement of people and goods.
- (d) The RMCC establishes a collaborative contractual relationship between RTA and Council, with both parties committed to shared values and trust.

- (e) The RMCC is an improvement on the SIMC as it:
  - (i) gives greater emphasis to Asset management and risk management;
  - (ii) provides councils with the opportunity to pursue a regime of rational planning and priority setting;
  - (iii) provides flexibility to incorporate emerging and innovative work practices; and
  - (iv) reduces RTA's and Council's administrative costs by removing the detailed processes for agreeing Work Orders under the SIMC and facilitating the forward planning of works.
- (f) The concept of continuous improvement is central to the RMCC. Councils are being invited to participate in a process which aims to lift the standard of road maintenance across NSW by fostering the exchange of ideas, work practices and planning methodologies, not only between councils and RTA but also between councils themselves.
- (g) By engaging in a programme of continuous improvement RTA is seeking for each council to adopt best practice road maintenance, with the ultimate benefit of improved performance and increased value for money for the State of NSW.
- (h) RTA will consider Council is providing value for money under the RMCC if it is:
  - (i) discharging its stewardship role in a professional and systematic manner;
  - (ii) delivering quality work within budget and on time;
  - (iii) satisfying road user expectation and need;
  - (iv) reducing the incidence of rework;
  - (v) undertaking forecast Supplementary Activities; and
  - (vi) working with the Peer Exchange Group (**PEG**) to improve practice where applicable (see RMCC Performance Guidelines for details).

### 1.3 Scope of the RMCC

- (a) The RMCC deals with the maintenance of State Roads and State Road infrastructure assets.
- (b) The road maintenance services (**Services**) to be carried out under the RMCC consist of:
  - (i) Routine Services (see sections 6 and 7);
  - (ii) Ordered Work (see section 8); and,
  - (iii) Incident Response Work (see section 9).
- (c) The RMCC is divided into contract areas based on State Roads that have been historically maintained by a particular council in that council's Local Government Area (**LGA**).

### 1.4 Preferred provider

- (a) Council is the roads authority for all roads subject to the RMCC, excluding freeways.

- (b) Under the 1993 *Arrangements with Councils for Road Management*, RTA manages State Roads and accepts responsibility for funding priorities and outcomes.
- (c) Under the RMCC, RTA exercises the functions of the roads authority with respect to the Assets covered by the RMCC and engages Council as an independent contractor to carry out road works.
- (d) RTA intends to retain Council as the preferred provider of road maintenance on Council's Road Network because:
  - (i) Council as owner and roads authority has immediate accountability to its ratepayers; and
  - (ii) RTA is committed to developing and supporting the local economy.
- (e) However, RTA has an obligation to ensure value for money and must be able to demonstrate that prices are competitive, management costs are reasonable and work processes are effective. Consequently, Council will remain the preferred provider if Council meets the performance requirements under the RMCC.
- (f) Council should achieve these standards through:
  - (i) focusing on the needs of users and the community;
  - (ii) encouraging Council's employees to take on a sense of ownership of the Road Network;
  - (iii) being open, honest, ethical and fair in all dealings with the public and RTA;
  - (iv) displaying flexibility, efficiency and continuous improvement;
  - (v) adopting best practice by actively contributing to and responding to the **PEG** process;
  - (vi) adopting a systematic approach to its monitoring of, and response to, network defects; and
  - (vii) improving its business through developing the technical and professional capabilities of its staff.

## 1.5 RMCC outcomes

RTA seeks the following outcomes from RTA's relationship with Council under the RMCC:

- (a) ensuring RTA fulfils its statutory obligations;
- (b) a safe, serviceable and sustainable Road Network;
- (c) demonstrated value for money (efficiency and effectiveness);
- (d) a fair and equitable apportionment of risk between RTA and Council that reduces the likelihood of risk averse pricing;
- (e) the creation of a viable and sustainable contract that supports efficient service delivery;
- (f) reduced contract administration and management overheads;
- (g) improved performance in time, cost and quality standards;

- (h) improved risk management and long-term asset management;
- (i) a more collaborative approach to contract management;
- (j) greater flexibility and empowerment for Council to act in the best interests of the road and road users;
- (k) effective information management and reporting to assist both RTA and Council in more efficient management of the State Road network; and
- (l) effective workplace safety and environmental management.

## **1.6 GST**

All monetary amounts under the Contract, unless otherwise specified, are GST exclusive.

## **2. RMCC STEERING COMMITTEE**

---

### **2.1 General**

- (a) A Steering Committee will be formed to oversee the operation of the RMCC and provide advice to RTA.
- (b) Membership of the Steering Committee will be constituted with representatives from the following:
  - (i) the United Services Union (**USU**);
  - (ii) the Local Government and Shires Association (**LGSA**);
  - (iii) the Institute of Public Works Engineering Australia (**IPWEA**);
  - (iv) RTA; and
  - (v) individual councils, by invitation.
- (c) The constitution of the Steering Committee will be reviewed after the first 12 months of operation of the RMCC.

### **2.2 Terms of reference**

The terms of reference of the Steering Committee include:

- (a) reviewing KPMs and assessing whether KPM targets provide an appropriate level of service to the community or are achievable;
- (b) reviewing the RMCC Performance Guidelines;
- (c) developing ways of recognising excellent performance of councils under the RMCC (other than those in the RMCC Performance Guidelines);
- (d) performing a consultative role in relation to performance improvement processes under the RMCC;
- (e) providing advice on how to resolve disputes (if any) between councils and RTA;
- (f) reviewing RTA decisions to require a council to show cause (see RMCC Performance Guideline, Clause 3.7); and
- (g) reviewing and generally overseeing the operation of the RMCC.



## 2.3 Meetings

The Steering Committee will meet as required, but generally at least once a year.

## 3. CONTRACT TERM

---

### 3.1 General

- (a) The RMCC commenced on the 1 October 2008 with an initial term of three years and nine months. It will continue on a year by year basis (from 1 July 2012), unless and until terminated.
- (b) RTA may terminate the RMCC:
  - (i) on 6 months notice. It is likely RTA would only do so if there is a change of government policy in relation to the delivery of road maintenance services on State Roads, or if RTA determines that a new model is required to improve the delivery of Services by Council; or
  - (ii) for Council insolvency; or
  - (iii) for a significant default by Council under the contract, or a failure by Council to rectify poor performance under, or to comply with, the performance management mechanisms of the RMCC (see RMCC Performance Guidelines).
- (c) RTA will only exercise its right to terminate for a failure to rectify poor performance under the performance management mechanisms after the Transition Period has expired (see section 3.3 following).
- (d) Council may by written notice to RTA terminate the RMCC.
- (e) Council must give notice under paragraph (d) no later than 6 months prior to the commencement of the next Maintenance Period.

### 3.2 Maintenance Period

Council will undertake the Services based on a 12 month cycle commencing on 1 July each year of the Contract Term (**Maintenance Period**). The first Maintenance Period is for a nine month period commencing 1 October 2008.

### 3.3 Transition Period

- (a) In recognition of the new arrangements under the RMCC, RTA intends to allow a transition period of 21 months (**Transition Period**) for Council to become familiar with the new system.
- (b) Specifically, RTA intends during the Transition Period to:
  - (i) guarantee Routine Services to Council;
  - (ii) give Council the first opportunity to price the Ordered Work in Council's contract area that Council currently undertakes under the SIMC arrangements (provided Council remains pre-qualified to the appropriate level); and
  - (iii) not exercise any performance based termination rights except for a significant default.

- (c) The Transition Period will give Council an opportunity to contribute to and learn from the improvement processes inherent in the RMCC and provide it with the opportunity to confirm itself as RTA's long term preferred provider of State Road maintenance services in its contract area.

#### **4. REPRESENTATIVES**

---

##### **4.1 General**

- (a) The RMCC establishes a single point of contact for both RTA and Council. Each party will appoint an authorised person who will be responsible for managing the contract and is capable of binding their respective organisations.
- (b) RTA's authorised person and Council's authorised person may delegate to other persons who are required to perform roles under the RMCC, such as contract managers and project engineers.

#### **5. ROAD MAINTENANCE ANNUAL PLAN (RMAP)**

---

##### **5.1 General**

- (a) Council must develop an annual RMAP detailing:
  - (i) planned Routine Services activities and their intended order of priority; and
  - (ii) indicative Ordered Works, taking into account:
    - (A) RTA's advice as to the indicative funds available for Ordered Work;
    - (B) any planning discussions with RTA on Ordered Work required to improve the performance of the Road Network; and
    - (C) Council's assessment of the Ordered Work required, based on its own inspections and forward planning.
- (b) The RMAP is intended primarily as a planning tool and is to reflect Council's anticipated (and achievable) work program for the relevant Maintenance Period.
- (c) The RMAP must reflect the particular needs of the Road Network taking into account the existing condition of the Assets.
- (d) Council's RMAP will be developed in consultation with RTA. Council is being asked through the RMAP process to plan yearly maintenance activities with as much precision as possible.
- (e) RTA expects that engaging in the planning process will enable Council to target opportunities where Supplementary Activities may be increased or coordinated with Mandatory Activities and/or Ordered Work, to increase efficiencies.
- (f) RTA may recommend ways in which the RMAP may be improved by reprogramming certain activities, improving work methodologies, or by increasing or decreasing Supplementary Activities.
- (g) Council must constantly review the RMAP taking into account the Ordered Work Council has actually been directed to undertake.

- (h) Council is to:
  - (i) provide an updated RMAP with each Accomplishment Report; and
  - (ii) inform RTA of any significant changes to its RMAP when issuing its monthly progress claim for Ordered Work.

## 5.2 RMAP form

The RMAP is to be in the form set out in RTA M2. At the commencement of each Maintenance Period the RMAP will show:

- (a) for Routine Services - planned accomplishments for each quarter;
- (b) for Ordered Work - indicative funding allocations, indicative accomplishments and the timing of proposed Ordered Works.

## 5.3 RMAP process

- (a) The process for agreeing the RMAP is summarised as follows:
  - (i) RTA will provide to Council, during February each year:
    - (A) RTA's indicative allocation of funds for Ordered Works; and
    - (B) an indicative Fixed Upper Limit for Routine Services;
  - (ii) RTA's advice of funds available for Ordered Work is indicative only because the funds available:
    - (A) are subject to the State or Federal budget process;
    - (B) may change as the needs of the Road Network become clearer to the parties throughout the planning process; or
    - (C) may only be available to Council following a pseudo-competitive tender process (see 'request for proposal' in section 8.3)
  - (iii) Council will, in the period preceding the Maintenance Period:
    - (A) undertake its own investigation / assessment of the needs of the Road Network;
    - (B) participate in the annual Joint Planning Assessment (**JPA**) with RTA; and
    - (C) submit the RMAP by the deadline (31 May, after the first Maintenance Period), taking into account:
      - (I) RTA's indicative funding for proposed Ordered Work; and
      - (II) the actual Fixed Upper Limit (set by RTA by 30 April each year);
  - (iv) on receipt of Council's draft RMAP RTA will determine whether the RMAP complies with the contract requirements and represents value for money. In making a determination RTA may review:
    - (A) the validity and appropriateness of Council's charge out rates (particularly if the RMAP shows a high percentage of Mandatory Activities);

- (B) Council's forecast expenditure against the Fixed Upper Limit;
  - (C) Council's underlying assumptions (production rates, resource usage, construction methods etc);
  - (D) Council's forecast expenditure against Actual Cost incurred in previous Maintenance Periods; and
  - (E) Council's estimated Indirect and Direct Costs; and
- (v) RTA will either agree or reject the amended RMAP after having made its determination in paragraph (iv) previous. If the RMAP is rejected, Council must redraft its RMAP, taking into account RTA's comments and then resubmit it to RTA. RTA will then reconsider Council's revised RMAP and either accept or reject it, providing further comments if necessary.
- (b) Council should commence preparing its RMAP well in advance of each Maintenance Period. RTA expects to receive a number of iterations of the proposed RMAP from Council ahead of the deadline for submission so that it can provide feedback to Council.
- (c) RTA envisages a constant dialogue between Council and RTA before Council formally submits its RMAP, giving RTA and Council ample opportunity to resolve any issues. On that basis, RTA considers it unlikely it will reject Council's RMAP.

## 6. ROUTINE SERVICES

---

### 6.1 General

- (a) Routine Services are those maintenance activities carried out:
- (i) to rectify defects in accordance with the Maintenance Intervention and Investigatory Levels; and
  - (ii) provide regular preventative maintenance on the Road Network.
- (b) Routine Services are divided into two categories: Mandatory Activities and Supplementary Activities.
- (c) Routine Services under the RMCC are broader than SIMC's 'Routine Services', and include many activities that were Ordered work under the SIMC.

### 6.2 Carrying out Routine Services

- (a) Council must carry out Routine Services in accordance with the following specifications:
- (i) the general requirements for maintenance of the Road Network:
    - (A) RTA QA Specification M1 General Network Management Requirements (**RTA M1**); and
    - (B) RTA QA Specification M2 Annexures (**RTA M2**);
  - (ii) the Maintenance Intervention and Investigatory Levels set out in RTA Specifications M20 to M60. Intervention Levels relate to Mandatory Activities and specify when rectification of defects is required. Investigatory Levels are guidelines as to when Supplementary Activities (or Ordered Work) may be required;

- (iii) the Rectification Requirements in RTA QA Specifications M200 to M620, which set out the standard for rectification of a defect; and
  - (iv) any other documents and guidelines Council may be required to follow in performing Routine Services from time to time.
- (b) Council must commence the carrying out of Routine Services on 1 July of each Maintenance Period (1 October for the first Maintenance Period), irrespective of whether an RMAP is in place.

### **6.3 Network Inspection and Defect Management System**

- (a) Councils will need to implement an auditable inspection and defect management system in accordance with RTA M1 that:
- (i) is reasonable;
  - (ii) comprehensively identifies risk on the Road Network;
  - (iii) includes reports from the public;
  - (iv) includes available reports produced on accidents by third parties (e.g. from police and insurance companies);
  - (v) records claims;
  - (vi) provides robust evidence for use in court; and
  - (vii) presents management information in a form that can be used.
- (b) Council must record and/or track defects on its Road Network, for the purpose of:
- (i) identifying those required to be actioned as part of Mandatory Activities;
  - (ii) actioning safety related defects or those that may become hazards; and
  - (iii) identifying Supplementary Activities required (taking account of the available funding).
- (c) Council is to develop in the RMAP a program for rectification of defects taking into account the Maintenance Intervention and Investigatory Levels. The process for responding to or taking action with respect to defects is further detailed in RTA M1.
- (d) Council should monitor on a regular basis the effectiveness of its inspection, information systems and response arrangements. Council should either introduce or recommend changes where necessary to ensure effective management of the technical, personal and financial risks to users, Council and RTA.

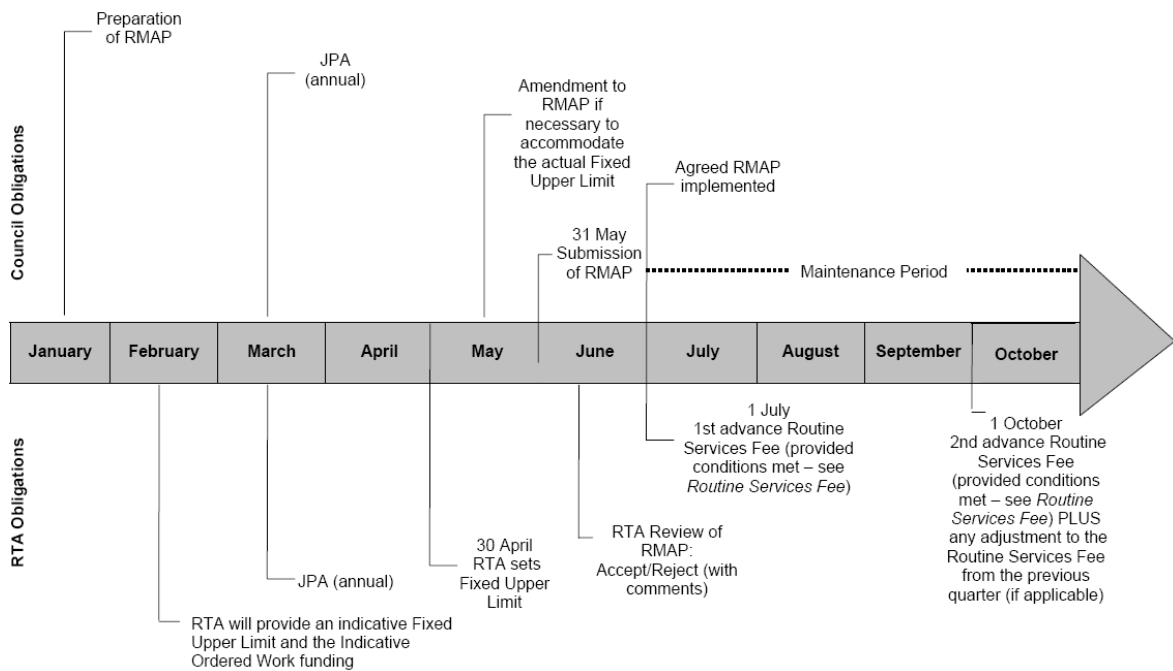
### **6.4 Mandatory Activities**

- (a) Mandatory Activities generally include rectification of safety related defects and other activities that aim to provide a minimum level of service expected by the community such as graffiti removal, litter collection and rest area maintenance. A comprehensive list of the Mandatory Activities Council is obliged to undertake during a Maintenance Period (and which must be included in Council's annual RMAP) is set out in RTA M2.
- (b) RTA may change the Mandatory Activities from Maintenance Period to Maintenance Period depending on the needs of the relevant Road Network.

## 6.5 Supplementary Activities

- (a) Supplementary Activities are less critical than Mandatory Activities. Council has some discretion in programming Supplementary Activities to determine if or when rectification work is required. Supplementary Activities are defined in more detail in RTA M2.
- (b) One of the aims of the RMCC is to incorporate into Routine Services many of the activities that were considered to be Ordered work under the SIMC.
- (c) Council is to develop a schedule of Supplementary Activities and incorporate this into its draft RMAP:
  - (i) following inspections of the Road Network; and
  - (ii) taking on board RTA's recommendations after the JPA.
- (d) If Council's funding allocation is not sufficient to undertake all maintenance activities specified in the RMAP, Council will need to reschedule or postpone Supplementary Activities to ensure Council has sufficient funding to undertake Mandatory Activities.

**Figure 1: Routine Services Process**



## **7. FUNDING OF AND PAYMENT FOR ROUTINE SERVICES**

---

### **7.1 The Fixed Upper Limit**

- (a) RTA will:
  - (i) set an indicative Fixed Upper Limit (FUL) for planning purposes, in February of each year; and
  - (ii) set the actual Fixed Upper Limit by 30 April each year.
- (b) For the first Maintenance Period RTA will set the Fixed Upper Limit prior to contract commencement – the RMAP requirements will be relaxed for the first Maintenance Period.
- (c) RTA will determine the Fixed Upper Limit by:
  - (i) assessing the level of service needed to achieve appropriate Road Network serviceability, availability, reliability and integrity;
  - (ii) reviewing the individual risks and needs of the Road Network;
  - (iii) assessing historical price data for Council undertaking Routine Services; and
  - (iv) benchmarking Council with other like councils, in accordance with the RMCC Performance Guidelines.
- (d) Council must take the Fixed Upper Limit into account in preparing its RMAP.
- (e) As transparency in Council's pricing increases, RTA will be in a position to better assess the amounts RTA allocates for Mandatory Activities in a Maintenance Period.

### **7.2 Adjustments to the Fixed Upper Limit**

- (a) The RMCC removes Council's pricing risk for Routine Services by departing from the SIMC lump sum arrangement. RTA will reimburse Council's actual costs incurred in delivering Routine Services (see section 7.3 following).
- (b) If the Fixed Upper Limit (and consequently the Routine Services Fee) is not sufficient to cover the cost of delivering Mandatory Activities, RTA will either increase the Fixed Upper Limit directly, or adjust the Routine Services Fee through the RMCC reconciliation process (see section 7.5 following), as appropriate.
- (c) Council may approach RTA and request a funding adjustment, or RTA may in its discretion decide to increase the funding.
- (d) However before RTA adjusts the Routine Services Fee it is expected Council would have:
  - (i) looked ahead and provided ample notice to RTA that a deviation to the funding is likely for the Maintenance Period; and
  - (ii) re-programmed its RMAP, prioritising Mandatory Activities over Supplementary Activities, in order to keep its costs within the Fixed Upper Limit.

- (e) RTA accepts that there are a number of reasons beyond Council's control which would require an increase in the Routine Services Fee (such as the occurrence of natural disasters). These will be taken into account in determining whether Council has met the KPM of delivering the Routine Services within the Fixed Upper Limit set at the commencement of the relevant Maintenance Period.

### 7.3 Routine Services costs

- (a) Council is to account to RTA for Direct Costs and Indirect Costs incurred in undertaking Routine Services, as follows:
  - (i) **Direct Costs:** those costs directly expended in performing the Routine Services such as plant, material and labour (up to and including the level of work supervisor), any insurance excess payable in relation to a claim made by Council under the PAI scheme related to the Services, and third party claims made with respect to the Services which would otherwise be covered by PAI, except the amount of the claim is less than the excess under PAI; and
  - (ii) **Indirect Costs:** those costs indirectly expended in performing Routine Services, such as site supervision, depot costs, management costs, insurance premiums (excluding premiums for contract works and public and products liability insurance).
- (b) Council is not undertaking Routine Services in a competitive market. Furthermore, as RTA is paying Actual Cost, Council is not bearing the financial risks associated with undertaking Routine Services. Consequently, there is no justification for Council to charge RTA an additional mark-up for estimating risk or rework or by way of a corporate contribution in the nature of a profit margin.

### 7.4 Routine Services Fee

- (a) The Routine Services Fee is based on the forecast expenditure indicated in the agreed RMAP for Routine Services payments. It is paid quarterly in advance (within 20 Business Days of RTA's receipt of the Council's required report), providing the following requirements are satisfied:
  - (i) Council's RMAP has been agreed with RTA;
  - (ii) Council has discharged its reporting obligations under the contract, in accordance with RTA M2 (including updating its RMAP);
  - (iii) Council has implemented the requirements of a Performance Improvement Plan (**PIP**) (if so required) (see RMCC Performance Guidelines);
  - (iv) RTA has made the reconciliation (if any) referred to in section 7.5; and
  - (v) the 1st day of the relevant quarter has passed.
- (b) The preconditions under paragraph (a) do not apply to the first Routine Services Fee instalment under the RMCC.

### 7.5 Adjusting the Routine Services Fee

- (a) RTA may adjust a Routine Services Fee instalment based on a reconciliation of the Routine Services Fee instalment paid, against Council's Actual Cost incurred, in the quarter preceding the previous quarter (**relevant quarter**).



- (b) Following a reconciliation, RTA will adjust the next quarterly Routine Services Fee instalment as follows:
  - (i) if the relevant quarter's Actual Cost is less than the relevant quarter's Routine Services Fee instalment, reduce the next quarter's Routine Services Fee instalment by an amount equal to the difference; or
  - (ii) if the relevant quarter's Actual Cost is greater than the relevant quarter's Routine Services Fee instalment, and the Service Provider's Accumulated Forecast is greater than the Service Provider's Actual Cost at the relevant date, increase the next quarter's Routine Services Fee instalment in accordance with paragraph (c).
- (c) RTA will adjust a Routine Services Fee instalment under paragraph (b)(ii) by the lesser of:
  - (i) the difference between the Actual Cost incurred by the Service Provider in the relevant quarter and the Routine Services Fee instalment paid in the relevant quarter; and
  - (ii) the difference between the Accumulated Forecast and the Service Provider's Actual Cost up to the relevant date.
- (d) RTA will pay the Routine Services Fee instalment only after receipt of full details of Council's actual expenditure undertaken in the relevant quarter.
- (e) Significant over expenditure by Council will either:
  - (i) trigger an adjustment to the Fixed Upper Limit (see section 7.2 previous); or
  - (ii) require Council to significantly decrease the level of Supplementary Activities carried out on the Road Network.
- (f) Significant under expenditure may also trigger an adjustment to the Fixed Upper Limit. However, if the under expenditure is due to Council more efficiently carrying out Mandatory Activities, Council should increase the level of Supplementary Activities to utilise the additional funds available, thereby improving the overall network condition.

## **7.6 End of contract adjustment**

- (a) At the end of the Contract Term, and on receipt of Council's final reports, RTA will reconcile Council's total Actual Cost incurred in carrying out Routine Services under the Contract against the total Routine Services Fee paid to Council over the Contract Term.
- (b) Following a reconciliation under paragraph (a), if:
  - (i) Council's total Actual Cost exceeds the total Routine Services Fee paid by RTA, RTA will pay the difference to Council; or
  - (ii) Council's total Actual Cost is less than the total Routine Services Fee paid by RTA, Council must pay the difference to RTA.

## 8. ORDERED WORK

---

### 8.1 Generally

- (a) Ordered Work consists of specific maintenance activities which are not Routine Services activities but may nonetheless be required on the Road Network from time to time. Council may not undertake Ordered Work without RTA instruction.
- (b) A list of maintenance activities which may comprise Ordered Work is set out in RTA M2.
- (c) RTA may initiate Ordered Work itself through a Work Request (or Request for Proposal, RFP, see section 8.3), or following a recommendation from Council.
- (d) The RMAP will assist Council and RTA in planning and managing the resources required for Ordered Work.

### 8.2 RTA Work Requests

- (a) Generally RTA will identify the need for Ordered Work itself, fully scope the work and issue a Work Request to Council. Work Requests will be based on the indicative funding allocations notified to Council and as set out in the Agreed RMAP.
- (b) RTA will determine priorities and programs against a clear and comprehensive understanding and assessment of the risks and consequences involved. Risks affecting the Road Network that RTA will generally assess include, but are not limited to:
  - (i) the safety of the Road Network;
  - (ii) Asset loss or damage;
  - (iii) service failure or reduction in service levels;
  - (iv) operational;
  - (v) financial; or
  - (vi) reputational.
- (c) Council must notify RTA immediately should it not wish to undertake the work or service proposed in a Work Request.
- (d) Council must otherwise price the Work Request in the time allowed and must be ready to provide any additional information that RTA requires.

### 8.3 RTA Request for Proposal

- (a) Where additional funding becomes available to an RTA region during a Maintenance Period to be applied to a specific activity, RTA may simultaneously issue a Request for Proposal (**RFP**) to a number of or all councils in the region to determine the most effective location(s) to apply the funding.
- (b) Accordingly RTA may issue a RFP inviting Council to submit a Work Proposal to RTA, in accordance with the terms of the RFP and the specified funding allocation. Generally speaking, RTA will ask Council to propose how much of a specified category of maintenance work it can undertake for the funding allocation notified by RTA.

- (c) Council should notify RTA as soon as possible if it does not wish to respond to an RFP.
- (d) Council must otherwise submit a Work Proposal in the time allowed and must be ready to provide any additional information that RTA requires.
- (e) RTA may, on receipt of a Work Proposal following an RFP, in its absolute discretion:
  - (i) follow the processes set out in this section 8 below for agreeing to a Work Order;
  - (ii) negotiate with another council which responded to an RFP (which will generally occur if that council's proposal represents greater value for money to RTA); or
  - (iii) take no further action with respect to the RFP.

#### **8.4 Council Work Proposals**

- (a) Council may initiate Work Proposals and submit them to RTA at any time.
- (b) RTA may:
  - (i) decline the Work Proposal;
  - (ii) issue a Work Request based on the Work Proposal; or
  - (iii) (subject to agreement on price), issue a Work Order in accordance with the Work Proposal.
- (c) Generally RTA will (subject to agreement on price) issue a Work Order in response to a Council Work Proposal, if the Work Proposal:
  - (i) represents value for money;
  - (ii) is based on sound engineering and asset management principles;
  - (iii) complies with any specific requirements of RTA made known to Council;
  - (iv) shows a rational, co-ordinated program of work which meets the overall asset management needs of the Road Network; and
  - (v) aligns with the forecast expenditure set out in the RMAP.
- (d) Council should consult with RTA before submission of a Work Proposal, to reduce the risk of RTA declining the Work Proposal.

#### **8.5 Pricing Ordered Work**

- (a) The parties may price Work Orders on any basis agreed as suitable having regard to the nature of the work.
- (b) The Proposed Work Price may be formulated in several ways. Typically it is based on three different payment approaches, namely lump sum price, schedule of rates or reimbursement of Actual Cost.
- (c) Regardless of the basis of payment, Council's Proposed Work Price must separately identify the estimated Direct Costs, Indirect Costs and Council's Ordered Work Margin as follows:

- (i) **Direct Costs:** are those costs directly expended in performing the Ordered Work such as plant, material and labour (up to and including the level of work supervisor), any insurance excess payable in relation to a claim made by Council under the PAI scheme related to the Services, and third party claims made with respect to the Services which would otherwise be covered by PAI, except the amount of the claim is less than the excess under PAI.
  - (ii) **Indirect Costs:** those costs indirectly expended in performing Ordered Work, such as site supervision, depot costs, management costs, insurance premiums (excluding premiums for contract works and public and products liability insurance); and
  - (iii) **Ordered Work Margin:** An additional mark-up for estimating risk or rework.
- (d) The Proposed Work Price is to be based on the assumption of dry weather (see section 8.11) and that RTA would reimburse any excess payable in relation to a claim made by Council under the PAI scheme, and certain third party claims related to the Services (see section 15.1).

## 8.6 Work Order process

- (a) On receipt of Council's Proposed Work Price RTA will:
  - (i) issue a Work Order if the Proposed Work Price is reasonable and represents value for money; or
  - (ii) seek to amend Council's Proposed Work Price through discussion/negotiation with Council (see section 8.7 following, Reaching agreement on price); or
  - (iii) if following discussion/negotiation with Council RTA considers that the Council's Proposed Work Price is still unacceptable, RTA may:
    - (A) invite RTA internal providers, a private contractor or neighbouring council to provide a price for the Work Request (and subsequently engage that party should its Proposed Work Price be acceptable); or
    - (B) unless the work is "high priority" (as defined by RTA), withdraw the proposed Work Request from Council's Road Network. In those circumstances, RTA may seek to undertake work of a similar importance in a different area.
- (b) If RTA issues a Work Order to Council, the Work Order will incorporate the Proposed Work Price as the Ordered Work Price. The Ordered Works will be governed by the Work Order Terms, which will be based on the Work Order Terms set out in Exhibit 1 to the RMCC contract document and will include:
  - (i) the month/s for commencement and completion of the Ordered Work;
  - (ii) the risk allocation in relation to latent conditions, etc; and
  - (iii) RTA's right to terminate Council's engagement to undertake the Ordered Work.

## 8.7 Reaching agreement on price

- (a) RTA will not issue a Work Order in response to a Work Proposal until the parties have agreed on the price for the work.

- (b) RTA may either accept the price submitted by Council or seek to amend the price through discussion/negotiation.
- (c) RTA may consider the following matters during any negotiation on price and Council must provide appropriate information where requested by RTA:
  - (i) comparison of Council's estimate with an estimate prepared by RTA;
  - (ii) review of Council's estimate and underlying assumptions (production rates, resource usage, plant hire rates, construction methods etc);
  - (iii) review of indicative prices obtained where it is assessed that items of work may be best performed by subcontract;
  - (iv) comparison of rates from similar jobs;
  - (v) consideration of Council's estimated Indirect Costs and Direct Costs such as subcontracts and materials; and
  - (vi) overall considerations of value for money in respect of Work Proposals.
- (d) If the breakdown of the Proposed Work Price shows that the work is primarily subcontracted work, then RTA may amend the basis of payment to reimbursement of Actual Cost. In this case RTA will agree to pay the value of the subcontracted work plus an agreed amount for Council to manage and surveil the subcontractor.
- (e) RTA will be seeking the best value for money in undertaking Ordered Work. Through market testing exercises, RTA will be looking to access any competitive advantage held by Council, RTA internal providers, a private contractor or a neighbouring council in the delivery of the Ordered Work.

### **8.8 Agreement on matters other than Price**

Price will be a major consideration in reaching agreement for any Work Order. However, it is important that, prior to any negotiation and in the preparation of any Work Proposal, Council consider other matters that may better meet value for money objectives. These considerations may include all or any of the following:

- (a) Council's capacity to actually undertake the works;
- (b) changes in time for completion or timing of the work;
- (c) use of different materials or procedures;
- (d) alternative treatment types; and
- (e) whether Council is aware of any condition or circumstance that would hinder the successful undertaking of the proposed Ordered Work.

### **8.9 Ordered Work Price**

The Ordered Work Price determined by RTA, is payable progressively on the value of work completed. Council may claim monthly payment for Ordered Work.

### **8.10 Updating Council's RMAP**

Council must incorporate into its RMAP all Ordered Work activities for which it has received a Work Order and show the agreed Proposed Work Price.

### **8.11 Wet weather costs**

- (a) RTA will compensate Council for increased Actual Cost incurred in performing Ordered Work due to wet weather, including reinstatement costs. In keeping with the price transparency theme of the RMCC, RTA will pay the Actual Cost incurred by Council rather than provide contingencies in advance.
- (b) Before RTA will pay additional Actual Cost, Council must:
  - (i) notify RTA of the wet weather occurrence so that RTA may monitor its impact and duration;
  - (ii) demonstrate that Council's Ordered Work Margin as agreed in the Work Order has been reduced due to an increase in Council's Actual Cost (or subcontractor costs) incurred in performing the Ordered Work as a result of the wet weather event; and
  - (iii) demonstrate that it has implemented appropriate measures to reduce exposure to damage from wet weather such as minimising the length of road opened up at any one time.
- (c) Council must retain the necessary records to support any claim.

## **9. INCIDENT RESPONSE WORK**

---

- (a) RTA acknowledges that at times it is not practicable for Council to seek a formal instruction from RTA before undertaking Incident Response Works on the Road Network.
- (b) In keeping with the stewardship role Council has of the Road Network, RTA encourages Council to take an active role with respect to Incident Response Works.
- (c) Incident Response Works are responses to incidents such as: abandoned vehicles, vandalism, traffic accidents or natural disasters. In particular, Incident Response Works involve those activities necessary to make the site safe. Permanent rectification works to be undertaken stemming from an incident or declared natural disaster will be subject to a separate Work Order.
- (d) In order to be paid for work undertaken Council may be asked to demonstrate that the Incident Response Works claimed are not in fact Routine Services.

## **10. REPORTING AND CONTRACT MANAGEMENT**

---

### **10.1 Meetings**

- (a) RTA's authorised person (or delegate) will convene regular meetings in accordance with RTA M2. Council's authorised person must attend those meetings.
- (b) The meetings will:
  - (i) provide an opportunity for RTA to give feedback to Council on its RMAP and general performance under the RMCC; and
  - (ii) an opportunity for both parties to discuss the RMCC relationship.

## 10.2 Reports

- (a) Council's main reporting obligation is the Accomplishment Report, which will include up to date information about the amount of Routine Services and Ordered Work completed on the Road Network.
- (b) Council will also be required to report quarterly on:
  - (i) its performance against the KPMs (including commentary on how it is tracking against annual KPMs); and
  - (ii) its progress against any PIP that may be in place,

If Council has failed to meet a KPM target despite having implemented the requirements of a PIP (or can foresee it may be about to), Council must provide reasons why its performance is failing to improve.
- (c) Council's key reporting obligations under the contract are as follows:
  - (i) monthly: claims for payment of Ordered Work amounts and/or Incident Response Work amounts;
  - (ii) quarterly:
    - (A) claims for payment of the Routine Services Fee;
    - (B) a summary of Council's Accomplishment Report with accompanying updated RMAP;
    - (C) Council's quarterly KPM report; and
    - (D) (if relevant) a PIP progress report; and
  - (iii) annually: amongst others, Council's annual environmental and OH&S reports and annual detailed Accomplishment Report.
- (d) The agreed format of these reports is set out in RTA M2.

## 10.3 Records

Council must keep all records of the Actual Cost of carrying out the Services under the RMCC. RTA may request that Council 'open its books' and provide all relevant documentation with respect to:

- (a) Routine Services;
- (b) Incident Response Works;
- (c) Ordered Works for which a wet weather claim has been made, or where an Ordered Work KPM falls into the red threshold,

at any time during a Maintenance Period.

## 11. PEER EXCHANGE GROUPS

---

(Deleted and transferred to RMCC Performance Guidelines)

## **12. PERFORMANCE MONITORING**

---

(Deleted and transferred to RMCC Performance Guidelines)

## **13. PERFORMANCE MANAGEMENT**

---

(Deleted and transferred to RMCC Performance Guidelines)

## **14. VARIATIONS TO THE SERVICES**

---

### **14.1 Variations**

- (a) The RMCC allows Variations to all works under the contract. It is envisaged, however, that any changes to Routine Services during a Maintenance Period will be minor.
- (b) The need for scope changes to Routine Services due to material changes to the Road Network are relatively infrequent. However, RTA will take its authorised person's (or Authorised Delegate's) advice on whether changes may be required from time to time in the carrying out of Routine Services.
- (c) It is anticipated the process for agreeing Ordered Work will result in few variations being required to Ordered Work.

## **15. INSURANCE**

---

### **15.1 Insurance**

- (a) The RTA has a Principal Arranged Insurance (**PAI**) Scheme. Council and all subcontractors of any tier engaged in the performance of any part of the Services will be named as an insured under the RTA's contract works and third party liability insurance. Accordingly Council will not be able to recover the costs associated with effecting contract works or third party liability insurance. Council must effect other relevant insurances such as motor vehicle, workers compensation, and professional indemnity insurance.
- (b) Benefits to Council under a PAI regime include:
  - (i) low excesses;
  - (ii) Council will not be charged PAI premiums;
  - (iii) coverage under a policy targeted specifically at activities on the Road Network; and
  - (iv) no requirement for activities under the RMCC to be covered under Council's other policies.



- (c) Excess – Council must pay the excess under the PAI on a per event basis (with the amount to be advised by RTA from time to time) to the extent Council's act or omission caused the insurable event. RTA will reimburse Council for any excess paid by Council.
- (d) Third party claims – Council must pay third party claims made with respect to the Services which would otherwise be covered by PAI, except the amount of the claim is less than the excess under PAI. RTA will reimburse Council for such third party claims.
- (e) RTA does not intend by the reimbursement of excess or third party claims to negate Council's accountability and responsibility under the contract. Two insurance related KPMs are included in *Attachment 3* to monitor and measure performance in this respect.
- (f) Council must ensure adequate resources and systems are put in place to effectively manage claims and meet expectations. In particular, Council must:
  - (i) notify RTA within 24 hours of becoming aware of any events which may result in claims under the PAI insurance scheme; and
  - (ii) work cooperatively with the independent claims management company engaged to assess the claims, including providing prompt responses to requests for information or documentation.
- (g) Reference is made to *Attachment 5*, which provides a PAI claims workflow chart and also includes the schedules, forms, reports and declaration form that are to be used for RMCC insurance matters.

## **16. ISSUE RESOLUTION**

---

### **16.1 Issue Resolution**

- (a) Where possible it is expected that Council's authorised person and RTA's authorised person will resolve issues speedily through informal processes.
- (b) However, should the resolution of an issue lend itself to more structured and higher level negotiation, the following process is prescribed under the RMCC must be followed:
  - (i) Step 1: a formal meeting between RTA's authorised person and Council's authorised person must be held;
  - (ii) Step 2: if after 1 week the issue has not been resolved by the authorised persons, the issue must be referred to: for RTA - RTA's Senior Contract Manager; and for Council - Council's Director of Engineering;
  - (iii) Step 3: if after 2 weeks the issue is still not resolved, it is to be referred to: for RTA - RTA's Regional Manager; and for Council - the Council's General Manager.

# Attachment 1

## KEY RMCC CONCEPTS AND DEFINITIONS

**Accumulated Forecast** means the aggregate of all relevant Agreed RMAP Routine Services forecasts at the date of adjustment of the Routine Services Fee instalment.

**Exceptional Circumstances** means events beyond Council's control such as:

- (a) excessive or prolonged wet weather;
- (b) RTA delaying pavement waterproofing treatments, heavy patching, rehabilitation or reconstruction works, which the RMAP assumed RTA would undertake;
- (c) poor quality work done by third parties (other than those engaged by Council);
- (d) changes in law;
- (e) increased pavement deterioration arising from growth in traffic volumes or increases in permitted axle loads in excess of those assumed by RTA and Council at the time the RMAP was prepared;
- (f) changes to the periods that Council can access or occupy the Road Network; or
- (g) a declared natural disaster requiring Council to undertake restoration works.

**Fixed Upper Limit** means an upper limit on the annual Routine Services budget for a Maintenance Period, set by RTA by 30 April each year.

**Incident Response Work** means activities required in response to incidents (as described in the specifications), but excluding more permanent rectification works.

**KPM** means an RMCC Key Performance Measure as set out in the RMCC Performance Guidelines and in part of RTA M2 (extracted at **Attachment 3** to these Guidelines).

**Maintenance Period** means a 12 month maintenance cycle commencing on 1 July of each year as described more fully in section 3.2 of these Guidelines.

**Mandatory Activities** means those maintenance activities Council must undertake in a Maintenance Period as described more fully in RTA M2 and section 6.4 of these Guidelines.

**Ordered Work** means all maintenance activities that are not Routine Services, as described more fully in section 8 of these Guidelines.

**Ordered Work Price** means the Proposed Work Price agreed between RTA and Council, or otherwise determined by RTA, as shown in a Work Order.

**PEG** means the Peer Exchange Group.

**PIP** or **Performance Improvement Plan** means a program setting out the proposed remedial measures and actions Council intends to undertake to remedy its performance under the RMCC.

**RMAP** means a Road Maintenance Annual Plan setting out the planned maintenance activities for a Maintenance Period. An RMAP is a plan rather than an exact program.

**RMCC Performance Guideline** means the policy and methodologies developed and adopted by RTA for undertaking performance monitoring and benchmarking of councils under the RMCC.

**Road Network** means the network of State Roads in Council's Local Government Area.

**Routine Services** means Mandatory Activities and Supplementary Activities, as described more fully in section 6 of these Guidelines.

**Routine Services Fee** means the forecast expenditure for Routine Services set out in the Agreed RMAP and paid in quarterly instalments to Council.

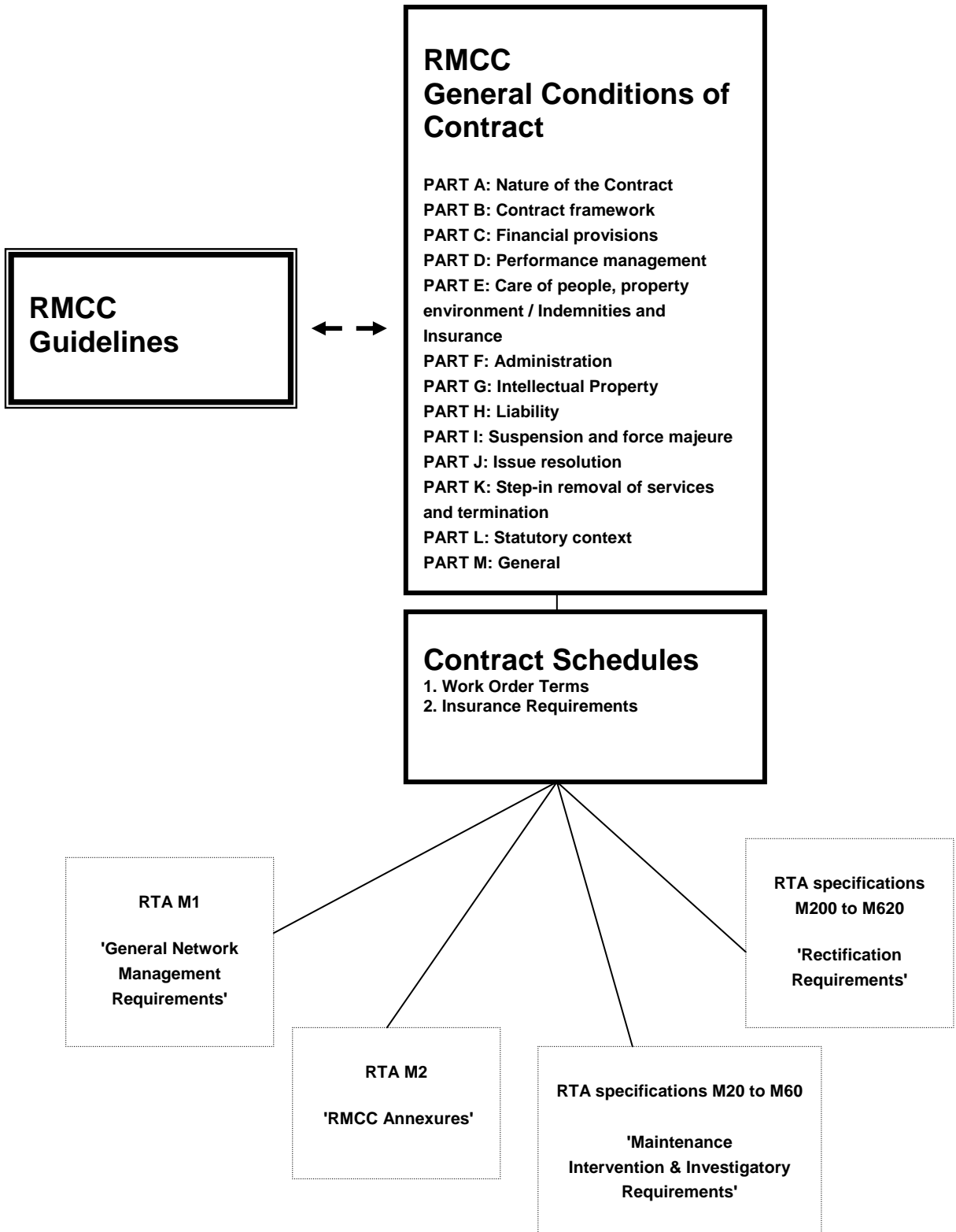
**Steering Committee** means the body formed to oversee the operation of the RMCC, its membership and terms of reference are described more fully in section 2 of these Guidelines.

**Supplementary Activities** means those routine maintenance activities that are less critical than Mandatory Activities and provide Council some discretion in determining if or when rectification is required. Supplementary Activities are described in more detail in RTA M2 and section 6.5 of these Guidelines.

**Transition Period** means the initial transition period of 21 months, affording Council time to familiarise itself with the new contractual arrangements, as described more fully in section 3.3 of these Guidelines.

# Attachment 2

## CONTRACT STRUCTURE



# Attachment 3

## KEY PERFORMANCE MEASURES AND TARGETS (SEE THE PERFORMANCE GUIDELINE)

KPM No.	KPM	Reporting frequency	Amber Threshold	Red Threshold	Possible continuous improvement actions	Notes
	Routine Services KPMs					
RA1	<b>Routine Services expenditure</b> – Percentage actual Routine Services expenditure exceeds the benchmark price.	Annually	> 5%	> 15%	<b>Council:</b> Council should review work practices and implement efficiency improvements where necessary. <b>RTA:</b> As transparency in Council's pricing and accuracy of accomplishment reporting improves, RTA will be in a better position to assess the appropriateness of the Fixed Upper Limit and hence the expected level of Mandatory Activities. RTA may also need to increase periodic or rehabilitation works to improve overall Road Network condition.	
RA2	<b>Indirect Costs</b> – Indirect costs as a proportion of overall Routine Services	Annually	Ranked in bottom 25% of State	Ranked in bottom 10% of State	<b>Council:</b> Councils that spend more than their peers may wish to consider whether there is scope for efficiency savings. In most circumstances Council should aim to reduce their Indirect Costs.	
RA3	<b>Maximising Supplementary Activities</b> – Expenditure on the nominated Supplementary Activities as a proportion of Routine Services expenditure.	Annually	Ranked in bottom 25% of State	Ranked in bottom 10% of State	<b>Council:</b> Council should review work scheduling and work practices and implement improvements where necessary. <b>RTA:</b> Review appropriateness of Fixed Upper Limit.	
RA4	<b>Financial control</b> – Percentage or amount by which actual annual expenditure on Routine Services varies from the Fixed Upper Limit.	Annually	> ±2% or > ±\$20k	> ±5% or > ±\$50k	<b>Council:</b> Where relevant Council needs to notify RTA of potential over or under expenditure in a timely fashion. Council may need to improve work scheduling and financial management. <b>RTA:</b> May need to adjust Fixed Upper Limit.	See note 1 below
RQ1	<b>Forecasting accuracy</b> – Percentage or amount by which actual expenditure on Routine Services varies from agreed quarterly forecast.	Quarterly	> ±10% or > ±\$40k	> ±20% or > ±\$80k	<b>Council:</b> As above.	See note 1 below
RQ2	<b>Defect management</b> – Percentage of segments that are non-compliant in regard to Mandatory Activities.	If previous result "Green": Annually  If "Amber": 6 monthly  If "Red": Quarterly	> 5% to 10%	> 10%	<b>Council:</b> High level of non-compliance may indicate need for refresher training for inspectors or need to improve defect tracking and scheduling processes. <b>RTA:</b> High level of non-compliance may indicate unrealistic intervention levels. May also indicate a need to increase the level of periodic or rehabilitation works.	See note 2 below

KPM No.	KPM	Reporting frequency	Amber Threshold	Red Threshold	Possible continuous improvement actions	Notes
	Ordered Work KPMs					
OO1	<b>Value for money</b> – Percentage that payment for Ordered Works (value at more than \$100,000) exceeds summation of benchmark prices.	Quarterly	> 5% to 15%	> 15%	<b>Council:</b> Council should review work practices and implement efficiency improvements where necessary. Council should consider need for process benchmarking and need for active engagement with PEG.	See note 3 below
OO2	<b>Project delivery</b> – Percentage of projects that achieve completion date stated in the Work Order Terms.	Quarterly	< 85%	70% to < 85%	<b>Council:</b> Council needs to improve programming of works.	
OO3	<b>Quality of work</b> – Percentage of rework for spray sealing, asphalt resurfacing and pavement rebuilding.	Quarterly	> 2%	> 5%	<b>Council:</b> Council needs to review work practices, material quality and training.	
	Management KPMs					
MQ1	<b>Inspections</b> - Percentage of scheduled inspections not completed in quarter.	Quarterly	> 5%	> 10%	<b>Council:</b> Network inspections are a crucial element of the RMCC and Council must ensure that they are carried out. Council should consider need for training or process improvements.	
MQ2	<b>Reporting</b> - Submission of complete and accurate quarterly progress report including the KPM report, Accomplishment Report and updated RMAP.	Quarterly	More than 2 weeks late	More than 1 month late	<b>Council:</b> Council should ensure adequate resources and effective systems are employed to ensure timely and accurate submission of reports.	See note 4 below
MQ3	<b>Quality System</b> – Number of CAR's, NCRs not closed out plus the number of NPSNs issued in the quarter.	Quarterly	> 2	> 5	<b>Council:</b> Council must ensure that their Quality System is functioning properly and is not reliant on RTA identification of issues.	See note 5 below.
MQ4	<b>Customer service</b> – Percentage of enquiries or complaints within quarter that are unresolved for more than 4 weeks.	Quarterly	>5% to 10%	>10%	<b>Council:</b> Council must ensure steps are taken to ensure that customers are advised of proposed action (if any) within 4 weeks.	See note 6 below.
MQ5	<b>Number of insurance claims</b> Number of claims made by Council for reimbursement of: (i) excess payable under the PAI scheme related to the Services; and (ii) third party claims related to the Services which would otherwise be covered by PAI, except the amount of the claim is less than the excess under PAI.	Quarterly	0 to 5	> 5	<b>Council:</b> A high level of claims may indicate need to improve defect management and work scheduling processes. Council must ensure that their Quality System is functioning properly and that the activities of subcontractors are being adequately monitored.	
MQ6	<b>Value of claims</b> Value of claims made by Council for reimbursement of (i)	Quarterly	0 to 5	> 5	<b>Council:</b> A high value of claims may indicate need to improve defect tracking and scheduling processes. Council must ensure that their Quality	

KPM No.	KPM	Reporting frequency	Amber Threshold	Red Threshold	Possible continuous improvement actions	Notes
	excess payable under the PAI scheme related to the Services; and (ii) third party claims related to the Services which would otherwise be covered by PAI, except the amount of the claim is less than the excess under PAI.				System is functioning properly and that the activities of subcontractors are being adequately monitored.	

**Notes:**

1. RTA will not take into account, for the purposes of assessing performance against KPM RA1, any increase in the Fixed Upper Limit due to Council incurring an increase in Actual Cost due to Excepted Circumstances.
2. The joint inspection will not be undertaken within a 3 week period following heavy or prolonged rain or other events that create widespread defects on the Road Network.
3. The principles and methodology for determining the benchmark price are contained in the RMCC Performance Guidelines. The benchmark price for works that are primarily carried out by subcontract will be the competitively tendered price.
4. Reports are required 10 business days after the last day of the quarter.
5. In assessing performance against KPM MQ3, RTA will take the following matters into account:
  - (a) RTA has provided nominal inspection frequencies in RTA M2. Council does not need to inspect the Road Network at a greater frequency than that specified, except where certain events are known to cause defects. If the defect is non-existent or not apparent at the earlier inspection but exceeds UDS at the following inspection, Council must raise an NCR, following which RTA will allow Council a longer period to dispose of the non-conformance than would be required under the Maintenance Intervention and Investigatory Levels.
  - (b) Where Exceptional Circumstances exist and a timely response to Hazards (or a response to Defects in accordance with Maintenance Intervention Requirements) may not be possible, RTA will allow Council a longer period to dispose of the non-conformance than would be required under the Maintenance Intervention and Investigatory Levels. Council is responsible for proposing a disposition that outlines reasonable measures and actions in order to protect persons and property, for acceptance by RTA.
6. Unresolved enquiries or complaints means that the customer has not been advised of the result of any investigation or informed of the proposed action.

# Attachment 4

## MAJOR CHANGES FROM SIMC

The table below briefly summarises the major changes from the previous road maintenance contract - Single Invitation Maintenance Contract (**SIMC**) – to the new Road Maintenance Council Contract (**RMCC**):

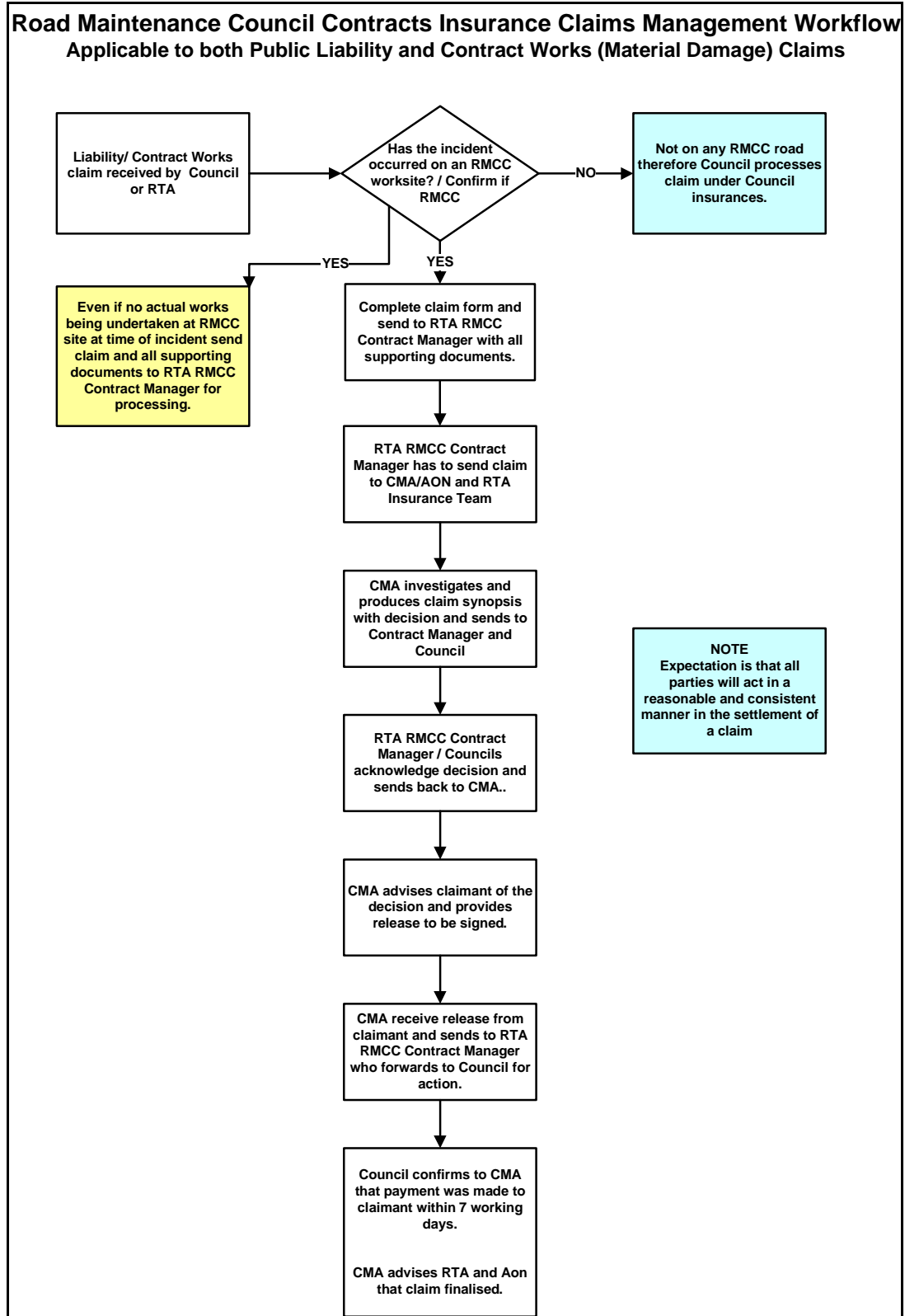
Item	Previous SIMC	New RMCC
Services categories	Routine Services Provisional Services Additional Services  <i>*Routine Services under SIMC Included 12 items.</i>	Routine Services – Mandatory Activities Routine Services – Supplementary Activities Ordered Work Incident Response Works  <i>*The scope of Routine Services under the RMCC has expanded and captured many of the SIMC provisional items – correspondingly the intervention levels have expanded to include investigatory levels to guide when Council should consider undertaking Supplementary Activities.</i>
Contract sum	Negotiated lump sum for Routine Services; Negotiated price for Ordered Works  <i>*The Routine Services lump sum under SIMC was paid in 12 equal monthly payments; Provisional Ordered Works amounts paid monthly.</i>	RTA will set a yearly Fixed Upper Limit for Routine Services without negotiation.  Indicative funding for Ordered Work will be given early each year for planning purposes only. Council will still be asked to provide an estimate ( <b>Proposed Work Price</b> ) – in response to a Work Request.  <i>*The Fixed Upper Limit will be paid in the form of the Routine Services fee, which will be paid quarterly in advance based on forecast expenditure (reconciled annually); Ordered Work will be paid monthly by reference to percentage of works complete.</i>
Contract term	4 year term	3 year + 9 month contract term with rolling (automatic) 12 month terms, aligning with Maintenance Periods.
Performance management	Council had contractual obligation to meet specified requirements. RTA completed regular but somewhat subjective Contractor Performance Reports (CPR).	RMCC incorporates Key Performance Measures and mechanisms to encourage and support performance improvement through Peer Exchange Groups (PEGs) and Performance Improvement Plans (PIPs). RTA will develop RMCC Benchmarking Guideline and will seek the endorsement of the RMCC Steering Committee.
Maintenance planning	Not required.	Council is required to develop in consultation with the RTA a Road Maintenance Annual Plan (RMAP).  <i>*The RMAP includes most activities included in the Services and indicates relative priorities, planned accomplishment and timing of work. The RTA will provide indicative allocations early so as to assist Council in planning its work.</i>



Item	Previous SIMC	New RMCC
Contract Documents	C Series	<p>Contract (<b>RMCC</b>); and this guideline document (<b>RMCC Guidelines</b>).</p> <p>The SIMC C Series has been consolidated into the one general conditions document – the RMCC.</p> <p><i>*The RMCC Guidelines is a non-contractual companion document to the RMCC that provides an introduction to the RMCC and guidance on the way RTA will act under the RMCC.</i></p>
M-Series specifications	<p>M-Series:</p> <ul style="list-style-type: none"> <li>• M1 Asset Description and Contract Variables (SIMC)</li> <li>• M2 General Requirements (SIMC)</li> <li>• M3 Short Term Intervention Standards (SIMC)</li> <li>• M100 Routine Maintenance</li> <li>• M200 to M900 Specifications that govern Ordered Works</li> </ul>	<p>M-Series:</p> <ul style="list-style-type: none"> <li>• M1 'General Network Requirements'</li> <li>• M2 'Annexures'</li> <li>• M20 – M60: Intervention Levels (Mandatory Activities) and Investigatory Levels (Supplementary Activities and Ordered Work)</li> <li>• M200 – M620: Rectification Requirements</li> </ul> <p><i>*Intervention Level means the condition below which the rectification of defects is required for the purpose of Mandatory Activities.</i></p> <p><i>*Investigatory Level means the condition below which treatment of an Asset should be considered for the purpose of Supplementary Activities.</i></p>
Contract works and third party liability Insurance	Council has choice: accept RTA's PAI policy/s or elect to carry its own contract works and/or third party liability insurances.	PAI compulsory for all councils.

# Attachment 5

## PAI CLAIMS MANAGEMENT WORKFLOW, SCHEDULES, FORMS; REPORTS AND DECLARATION FORM





# RMCC PAI Declaration



Date of Declaration: \_\_\_\_\_

### General

WBS No. \_\_\_\_\_

Contract No. \_\_\_\_\_

Region: \_\_\_\_\_

RTA Project Manager: \_\_\_\_\_

Address: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

Council: \_\_\_\_\_

Postcode Council offices \_\_\_\_\_

Address: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

### Works

Brief Description of Works: \_\_\_\_\_

Estimated Value: \_\_\_\_\_ (inc GST) **Type of Contract: RMCC**

Commencement Date: \_\_\_\_\_

Maintenance Period: \_\_\_\_\_ 12 Months

### Other Insurance

Other Insurance required by the Contractor.

a) Professional Indemnity Insurance

b) Workers Compensation Insurance

c) Motor Vehicle Insurance

d) Construction Plant and Equipment Insurance

e) Other (please specify) \_\_\_\_\_

### Compulsory Documents to be attached to declaration.

Region map for RMCC Contract - Council Area and road(s) Yes

Send to: [pai.rta@aon.com.au](mailto:pai.rta@aon.com.au)

Note: Must be sent as an excel worksheet, do not save as word format and do not fax

Form created 2/10/2008



**RMCC PRINCIPAL ARRANGED INSURANCE  
CONFIRMATION**

<b>General</b>	
RTA Project Manager:	_____
Address:	_____
Contact:	_____
Phone:	_____ Fax: _____ Email: _____
Account No.	_____
RMCC Contract No.	_____
Contract Name:	_____
Council	_____
<b>Other Insurance</b>	
Other Insurance required by the Contractor. <i>(tick if required)</i>	
a) Professional Indemnity Insurance	No
b) Workers Compensation Insurance	No
c) Motor Vehicle Insurance	No
d) Construction Plant Insurance	No
e) Compulsory Third Party Insurance	No
<b>Insurance Cost Details</b>	
The above contract has been entered under the RTA Principal Arranged Insurance Policy.	
The Insurance Charges for this Contract are as follows:	
Premium (including applicable government charges):	_____
Commencement Date:	Date: _____
<b>Signed</b> Angela Vella Senior Account Executive Aon Corporate risk Services Australia Limited Phone: (02) 9253 7669 Fax: (02) 9253 7106 Email: <a href="mailto:angela.vella@aon.com.au">angela.vella@aon.com.au</a>	



---

## Road Maintenance Council Contract

RTA - Principal Arranged Insurance

### LIABILITY INCIDENT REPORT

All incidents (regardless of excess) likely to lead to claims should be reported, irrespective of the amount.

**Do NOT admit liability.**

Any claim, writ, summons, process or any other documents relating to this incident should be immediately given to the RTA Project Manger or RTA Insurance Manager for forwarding on to Aon Corporate Risk Services Australia Limited.

**RTA Insurance Team:**

Location: Level 12, 101 Miller Street  
North Sydney NSW 2059

Postal Address:  
Locked Bag 928  
North Sydney NSW 2059

Attention:

Goran Bogdanoski  
Insurance Co-ordinator  
Telephone: (02) 8588 5275  
Fax: (02) 8588 4124

Email: [goran\\_bogdanoski@rta.nsw.gov.au](mailto:goran_bogdanoski@rta.nsw.gov.au)

Judith Harris  
Insurance Manager  
Telephone: (02) 8588 5277  
Fax: (02) 8588 4124

Email: [judith\\_harriss@rta.nsw.gov.au](mailto:judith_harriss@rta.nsw.gov.au)



### RTA – Principal Arranged Insurance – Liability Claim Form

**General**

Site Location: .....  
Project Manger: .....  
Contractor making claim: .....  
Phone: ..... Fax: ..... Email: .....

**Incident Details**

Date of Loss: ..... / ..... / ..... Time (approx.): .....  
Adverse Weather (please specify) .....  
Description of alleged incident. Please provide details of the factual circumstances only. Do not include comments regarding fault or liability.  
.....  
.....  
.....  
.....  
.....

**Details of Incident as Alleged by Third Party**

Personal Injury	Property Damage	Other
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....

**Third Party Details**

Name: .....  
Address: .....  
Phone: ..... Fax: ..... Email: .....

**Witness Details (if any)**

Witness 1  
Name: .....  
Address: .....  
Phone: ..... Fax: ..... Email: .....

Witness 2  
Name: .....  
Address: .....  
Phone: ..... Fax: ..... Email: .....

Name of Person completing form: ..... Position: .....  
Email: .....  
Company: .....  
Address: .....  
Signature: ..... Date: ..... / ..... / .....



RTA – Principal Arranged Insurance  
PROPERTY DAMAGE INCIDENT REPORT

<b>General</b>		
Site Location: .....		
Project Manger: .....		
Contractor making claim: .....		
Phone: ..... Fax: ..... Email: .....		
<b>Damage / Loss</b>		
Date of Loss: ..... / ..... / .....	Time (approx.): .....	
Situation of Loss: .....		
Type of Loss:	Burglary / Theft	Fire / Explosion
	Accidental Loss	Malicious Damage
Adverse Weather (please specify) .....		
Other (please specify) .....		
Is there a security alarm?	Monitored / Local / None	
If "yes", did it operate?	Yes / No	
Full description of incident – including cause and resultant damage / loss:		
.....		
.....		
If Burglary / Theft occurred, describe the method of entry:		
.....		
.....		
Have the police been notified?	Yes / No	If "yes", please advise:
Station: .....	Officer's Name: .....	
Actual or estimated damage / loss: A\$.....		
<b>Action</b>		
Action taken (or proposed) to prevent recurrence:		
.....		
.....		
Name of Person completing form: .....		Position: .....
Email: .....		
Company: .....		
Address: .....		
Signature: .....		Date: ..... / ..... / .....

RMCC - Claims Notification Schedule

Council Name:

Council Contact:

Date: 1 Oct to 31 Dec

Council Reference No	Date Received	Third Party Name	Date of Incident	Description of Incident	Location	Contractor Details (if applicable)	Actual Cost \$	Date Paid