

Webinar

ULI Toronto: Collaborative Contracting and Infrastructure

Date: June 28, 2021

00:00:00 --> 00:00:03: Hello to those who've made it in so far and
 00:00:03 --> 00:00:04: my name is Richard Joy,
 00:00:04 --> 00:00:06: executive director of ULI Toronto.
 00:00:06 --> 00:00:08: And we're just gonna run a quick video promoting an
 00:00:09 --> 00:00:11: upcoming series while people trickle in and we'll get the
 00:00:11 --> 00:00:12: program started.
 00:00:33 --> 00:00:36: Having tools that allow you to better understand your your
 00:00:36 --> 00:00:40: operations and make more data driven decisions will give
 00:00:40 --> 00:00:40: an edge.
 00:00:40 --> 00:00:43: If we want to measure if we want
 00:00:43 --> 00:00:45: to make a bigger impact then then,
 00:00:45 --> 00:00:49: then we're going to go and understand people's behavior.
 00:00:49 --> 00:00:50: If the tool works
 00:00:50 --> 00:00:52: and it enables you to
 00:00:52 --> 00:00:53: do your job
 00:00:53 --> 00:00:54: more efficiently, it will
 00:00:54 --> 00:00:55: get adopted. With
 00:00:55 --> 00:00:59: so many people being inundated by technology and
 00:00:59 --> 00:01:01: information,
 00:00:59 --> 00:01:01: you know what wave do you jump on?
 00:01:01 --> 00:01:02: I think it's
 00:01:02 --> 00:01:04: really important that we
 00:01:05 --> 00:01:05: as
 00:01:05 --> 00:01:09: an industry open up and need much more collaborative about
 00:01:09 --> 00:01:11: the solutions that we apply now is the
 00:01:11 --> 00:01:13: time to create better,
 00:01:13 --> 00:01:14: build better and be better.
 00:01:23 --> 00:01:27: Good afternoon everyone. Once again my name is Richard
 Joy,

00:01:27 --> 00:01:29: executive director of the ULI Toronto,
00:01:29 --> 00:01:32: and I'm pleased to welcome you to today's session
collaborative
00:01:33 --> 00:01:34: contract ING and Infrastructure.
00:01:34 --> 00:01:37: Today, our expert panel will provide a high level overview
00:01:37 --> 00:01:41: of the key fundamentals of collaborative contract ING its
evolution,
00:01:41 --> 00:01:45: success criteria and challenges, along with lessons learned
in the
00:01:45 --> 00:01:46: procurement governance.
00:01:46 --> 00:01:50: And delivery of collaborative models.
00:01:50 --> 00:01:52: As the Toronto Region based organization,
00:01:52 --> 00:01:56: we acknowledge that the land we are meeting on virtually
00:01:56 --> 00:01:58: is the traditional territory of many nations,
00:01:58 --> 00:02:01: including the Mississauga's of the Credit,
00:02:01 --> 00:02:03: Deanna Snobeck, the Chippewa holding a Sony,
00:02:03 --> 00:02:07: the Wendat people and is now home to many diverse
00:02:07 --> 00:02:08: First Nation,
00:02:08 --> 00:02:12: Inuit and native people. He also acknowledged that Toronto
is
00:02:12 --> 00:02:16: covered by Treaty 13 with the Mississaugas of the credit.
00:02:16 --> 00:02:17: We are all treated people.
00:02:17 --> 00:02:20: Many of us have come here as settlers,
00:02:20 --> 00:02:23: immigrants and newcomers in this generation or generations
past.
00:02:23 --> 00:02:27: You alive stands in solidarity with the indigenous
communities,
00:02:27 --> 00:02:30: demanding action and accountability for the ongoing legacy
of the
00:02:30 --> 00:02:31: residential school system.
00:02:31 --> 00:02:35: We'd also like to acknowledge and honor those who've come
00:02:35 --> 00:02:36: here involuntarily,
00:02:36 --> 00:02:39: particularly those who are descendant from those brought
here through
00:02:39 --> 00:02:40: enslavement.
00:02:48 --> 00:02:50: Or we get started. I want to,
00:02:50 --> 00:02:52: uh, took to housekeeping items.
00:02:52 --> 00:02:54: Most of them you're used to by now.
00:02:54 --> 00:02:57: Everybody will of course be on mute throughout the session
00:02:57 --> 00:02:58: to avoid audio interference.
00:02:58 --> 00:03:01: Closed captioning is available for this session.
00:03:01 --> 00:03:03: You can access it via the button along the bottom
00:03:04 --> 00:03:05: of the zoom platform.
00:03:05 --> 00:03:06: If you have any questions,

00:03:06 --> 00:03:09: please use the Q&A function or upload questions by pressing
00:03:09 --> 00:03:11: the thumbs up button.
00:03:11 --> 00:03:14: Will be looking to do those at the end of
00:03:14 --> 00:03:15: our program.
00:03:15 --> 00:03:18: This is a recorded session and the recording will be
00:03:18 --> 00:03:20: sent to you after the session.
00:03:20 --> 00:03:23: Do you wanna take the conversation online to social media?
00:03:23 --> 00:03:25: Please tag us with the handle at you like Toronto
00:03:25 --> 00:03:27: or with the hashtag.
00:03:27 --> 00:03:30: Ask great questions. Today's events and all other UI
programming
00:03:30 --> 00:03:34: would not be possible without the support of our annual
00:03:34 --> 00:03:34: sponsors.
00:03:34 --> 00:03:37: I would like to say a major thank you to
00:03:37 --> 00:03:40: all of them for this support.
00:03:40 --> 00:03:43: Now more than ever you lie relies on the support
00:03:43 --> 00:03:46: of our sponsors who allow us to put on quality
00:03:46 --> 00:03:50: program and educational programming as we do to drive our
00:03:50 --> 00:03:53: mission to shape the future of the built environment for
00:03:53 --> 00:03:56: the transformative impact in communities worldwide.
00:03:56 --> 00:03:58: Lot of them we say thank you.
00:04:01 --> 00:04:03: It is now my pleasure to introduce today's moderator,
00:04:03 --> 00:04:07: Doctor Diane, and Adam. Diana is a senior manager in
00:04:07 --> 00:04:10: the Capital Projects advisory groups.
00:04:10 --> 00:04:14: My script just disappeared on me A at Deloitte.
00:04:14 --> 00:04:18: She has 18 years of project management experience in
capital
00:04:18 --> 00:04:21: projects with local international assets,
00:04:21 --> 00:04:25: owner companies and consultancy's. She specializes in
governance and oversight
00:04:25 --> 00:04:26: of capital projects,
00:04:26 --> 00:04:31: advising on project assurance and best practices in project
delivery.
00:04:31 --> 00:04:35: She's also a thought leader and a published author with
00:04:35 --> 00:04:37: over 20 engagements.
00:04:37 --> 00:04:40: He's earned her PhD in Project management,
00:04:40 --> 00:04:42: civil engineering from the University of Calgary.
00:04:42 --> 00:04:45: Her doctorate addressed SuccessFactors in decision making,
00:04:45 --> 00:04:47: around trust and information sharing,
00:04:47 --> 00:04:51: and capital projects, and has addressed the disconnect
between the
00:04:51 --> 00:04:55: C-Suite executives and project implementers when funding
and delivering capital

00:04:55 --> 00:04:56: projects.

00:04:56 --> 00:04:58: We have posted her bio into the chat and so

00:04:58 --> 00:05:01: with that Diana I'm gonna hand it over to you.

00:05:03 --> 00:05:07: Thanks Richard. Hello everyone, and thank you for joining us

00:05:07 --> 00:05:08: this afternoon.

00:05:08 --> 00:05:10: My name is Diana and I'm a senior manager at

00:05:10 --> 00:05:13: Deloitte's Capital projects practice in Toronto.

00:05:13 --> 00:05:16: First, I would like to thank you aight Toronto once

00:05:16 --> 00:05:20: more for this opportunity today to facilitate this exciting

00:05:20 --> 00:05:23: discussion.

00:05:20 --> 00:05:23: I'm also thrilled to welcome you to this presentation and

00:05:23 --> 00:05:25: panel on collaborative contracting,

00:05:25 --> 00:05:28: a topic that I first heard of back in 2008

00:05:28 --> 00:05:30: from my late pH D Supervisor,

00:05:30 --> 00:05:33: Professor Francis Hartman at the University of Calgary,

00:05:33 --> 00:05:38: Francis believed in. Breakthrough performance to give you a

00:05:38 --> 00:05:40: bit

00:05:38 --> 00:05:40: of history of why we're here.

00:05:40 --> 00:05:44: Typically we've seen capital intensive projects delivered

00:05:44 --> 00:05:47: through the TV

00:05:44 --> 00:05:47: or PC or variants of we are currently seeing increased

00:05:47 --> 00:05:51: interest and the collaborative procurement and delivery

00:05:51 --> 00:05:55: model,

00:05:51 --> 00:05:55: which you probably more familiar with as alliance contracting

00:05:55 --> 00:05:57: or

00:05:55 --> 00:05:57: integrated project delivery IPD.

00:05:57 --> 00:06:01: There has been quite a bunch of IPD projects delivered

00:06:01 --> 00:06:03: in Canada and the commercial.

00:06:03 --> 00:06:06: Building postsecondary education and in the municipal

00:06:06 --> 00:06:10: sectors.

00:06:06 --> 00:06:10: But recently it is attracting a lot of interest and

00:06:10 --> 00:06:12: the Canadian infrastructure market.

00:06:12 --> 00:06:14: While no procurement model is a panacea,

00:06:14 --> 00:06:17: collaborative models may give us some more tools in the

00:06:17 --> 00:06:19: infrastructure delivery toolbox,

00:06:19 --> 00:06:23: and like any other tools they work well in certain

00:06:23 --> 00:06:25: projects and less on others.

00:06:25 --> 00:06:29: The industry has been recently challenged with limited

00:06:29 --> 00:06:33: competitive bidders

00:06:29 --> 00:06:33: in the market which contributed to the unwillingness of some

00:06:33 --> 00:06:34: parties to to participate.

00:06:34 --> 00:06:37: Due to underlined interest or limited incentives associated

00:06:34 --> 00:06:37: with this

00:06:37 --> 00:06:40: fixed price contracts and risk allocation strategies,

00:06:40 --> 00:06:42: there are potentially good reasons for this.

00:06:42 --> 00:06:45: As we've seen a number of factors creating what can

00:06:45 --> 00:06:48: be what can be described as a perfect storm will

00:06:48 --> 00:06:52: first start today with a short presentation by Sam Pick

00:06:52 --> 00:06:54: Pick rank followed by the panel discussion.

00:06:54 --> 00:06:57: Then we'll open it to Q&A to kick off this,

00:06:57 --> 00:07:00: I will now hand it off to Sam Pickering,

00:07:00 --> 00:07:03: who will introduce himself and provide us with an overview

00:07:03 --> 00:07:05: presentation on the.

00:07:05 --> 00:07:06: Following three topics.

00:07:07 --> 00:07:10: Thank you, Diana. I'm I'm some Pickering.

00:07:10 --> 00:07:14: I'm a partner in the same practice as Diana dilutes

00:07:14 --> 00:07:16: infrastructure and capital projects.

00:07:16 --> 00:07:20: I've been working in the infrastructure space for over 25

00:07:21 --> 00:07:22: years primarily.

00:07:22 --> 00:07:27: In finance and procurement? Mothers.

00:07:27 --> 00:07:30: As Diana said in the intro,

00:07:30 --> 00:07:35: licensing is one form of collaborative contracting.

00:07:35 --> 00:07:39: These models have actually been around for over 20 years

00:07:39 --> 00:07:40: I remember.

00:07:40 --> 00:07:44: Just about 20 years ago at Deloitte in the UK,

00:07:44 --> 00:07:48: we did a paper on flexible contracting models and alliance

00:07:48 --> 00:07:52: and was identified then as one model that would enable

00:07:52 --> 00:07:54: flexible contracting.

00:07:54 --> 00:07:55: So what is alliance in?

00:07:55 --> 00:07:58: Well, I think it can be described as.

00:07:58 --> 00:08:02: An integrated delivery model that aims to achieve a win

00:08:02 --> 00:08:08: win outcome by aligning commercial interests or contractors.

00:08:08 --> 00:08:11: Uh, with the owners project objectives.

00:08:11 --> 00:08:15: And reliance in risk is shared by all participants,

00:08:15 --> 00:08:20: including the owner and reward is determined based on

00:08:20 --> 00:08:21: collective

00:08:20 --> 00:08:21: performance.

00:08:21 --> 00:08:26: In theory, models like alliance in a suitable for projects

00:08:26 --> 00:08:29: where the scope is a bit fuzzy and risks are

00:08:29 --> 00:08:33: not easily identified and therefore allocated.

00:08:33 --> 00:08:35: And this channel will speak to him.

00:08:35 --> 00:08:39: Sure, Toronto's Union Station would be a good example of

00:08:39 --> 00:08:40: that kind of project.

00:08:43 --> 00:08:45: In terms of this first slide,

00:08:45 --> 00:08:49: what you've got is a spectrum of infrastructure delivery

00:08:49 --> 00:08:53: models.

00:08:49 --> 00:08:53: As we move from left to right across the slide,

00:08:53 --> 00:08:57: the level of collaboration and integration increases.

00:08:57 --> 00:09:00: Models such as alliance ING and IPD,

00:09:00 --> 00:09:05: those are located on the far right of the slide.

00:09:05 --> 00:09:08: In terms of collaborative contracts in models,

00:09:08 --> 00:09:11: it's not a case of 1 size fits all.

00:09:11 --> 00:09:14: Uh, there's a lot of variants out there and a

00:09:14 --> 00:09:17: lot of standard forms of contract to go with those

00:09:17 --> 00:09:18: variants.

00:09:21 --> 00:09:23: Contract types listed on this slide,

00:09:23 --> 00:09:27: but you know one example would be Network Rail's PPA

00:09:27 --> 00:09:27: agreement,

00:09:27 --> 00:09:31: which itself you know all over network rails are in

00:09:31 --> 00:09:32: the UK,

00:09:32 --> 00:09:35: is based on an Australian precedent.

00:09:35 --> 00:09:39: One theme that seems to apply to a lot of

00:09:39 --> 00:09:44: these in a collaborative models is that they're based on

00:09:44 --> 00:09:47: a notsu or no claims environment.

00:09:47 --> 00:09:52: So what that means is that.

00:09:52 --> 00:09:56: Alliance participate participants are prevented from making

00:09:56 --> 00:09:59: claims against one

00:09:59 --> 00:10:03: another apart from in certain very extreme circumstances.

00:10:03 --> 00:10:11: So if we could just move to the next slide,

00:10:11 --> 00:10:16: please. This slide provides an example of water line structure

00:10:16 --> 00:10:19: and commercial features associated with it.

00:10:19 --> 00:10:24: As you can see on the bottom left.

00:10:24 --> 00:10:31: The client or owner is embedded within the alliance structure

00:10:31 --> 00:10:32: along with other participants such as the contractor and

00:10:32 --> 00:10:36: consultants

00:10:36 --> 00:10:40: such as a design.

00:10:40 --> 00:10:42: The alliance in this case is overseen by an alliance

00:10:42 --> 00:10:45: governance team that would involve senior members of each

00:10:45 --> 00:10:49: alliance

00:10:49 --> 00:10:53: participant organization,

00:10:53 --> 00:10:54: including the client or the owner.

00:10:54 --> 00:10:56: Uh, and most senior folk would be though is not

00:10:56 --> 00:10:59: involved in the day to day running of the Lions.

00:10:59 --> 00:11:04: In terms of key commercial features,

00:11:04 --> 00:11:10: I'm not gonna list all of these,

00:11:10 --> 00:11:13: but I I think they're really important one.

00:11:10 --> 00:11:13: Uh, it's the penultimate one where we have a common

00:11:10 --> 00:11:13: incentive pool which aligns parties interests with project

00:11:10 --> 00:11:13: outcomes through

00:11:10 --> 00:11:13: risk sharing and primarily through.

00:11:13 --> 00:11:18: A what we call a pain share or game share
00:11:18 --> 00:11:19: mechanism?
00:11:19 --> 00:11:21: If we could move to the next slide.
00:11:25 --> 00:11:29: The third slide just present some key considerations for
models
00:11:29 --> 00:11:32: such as online sync across the typical project lifecycle.
00:11:32 --> 00:11:36: Again, I'm not going to go through each of these,
00:11:36 --> 00:11:40: but just a few to highlight in terms of the
00:11:41 --> 00:11:42: planning phase.
00:11:42 --> 00:11:46: I still think. This important for any project that's going
00:11:46 --> 00:11:51: to follow a collaborative model that there's a strong business
00:11:51 --> 00:11:53: case to end up underpin it in Canada.
00:11:53 --> 00:11:57: I think it's fair to say that the bars being
00:11:57 --> 00:12:03: set very high for alternative delivery model infrastructure
projects in
00:12:03 --> 00:12:07: terms of what's required by way of a business case.
00:12:07 --> 00:12:11: So if you take a P3 public private partnership,
00:12:11 --> 00:12:15: business case is an example that owners are typically
required
00:12:16 --> 00:12:17: to demonstrate that.
00:12:17 --> 00:12:21: You know this is the best procurement delivery model on
00:12:21 --> 00:12:25: both a qualitative assessment under quantitative or value for
money
00:12:25 --> 00:12:26: assessment.
00:12:26 --> 00:12:29: In addition to that and many business cases are also
00:12:29 --> 00:12:34: required to demonstrate that the estimated costs can be
afforded
00:12:34 --> 00:12:36: by the public sector owner.
00:12:36 --> 00:12:39: So the bar is very high in terms of Canadian
00:12:39 --> 00:12:40: infrastructure,
00:12:40 --> 00:12:45: business cases, and selection of delivery models.
00:12:45 --> 00:12:48: I think when we choose in a collaborative contracting model,
00:12:48 --> 00:12:51: it's going to be less easy to do the quantitative
00:12:51 --> 00:12:53: type analysis we've seen.
00:12:55 --> 00:12:57: In in the P3 world,
00:12:57 --> 00:13:00: for instance, simply because you know the models relatively
untried
00:13:01 --> 00:13:02: and tested in Canada,
00:13:02 --> 00:13:05: there's not much data out there about it.
00:13:05 --> 00:13:07: And if you think about it,
00:13:07 --> 00:13:11: the inherent features of projects that would be suitable.
00:13:11 --> 00:13:19: Firelion sing being the fuzzy scope and unclear risk
identification.
00:13:19 --> 00:13:23: Render quantitative analysis very difficult to conduct so you

know
00:13:23 --> 00:13:25: what we've seen elsewhere.
00:13:25 --> 00:13:31: Is the business case for alliance in another collaborative models
00:13:31 --> 00:13:36: may be based more on a qualitative assessment along with
00:13:36 --> 00:13:38: a notion of base target costs.
00:13:38 --> 00:13:41: Also, in terms of planning.
00:13:41 --> 00:13:44: You know, the theory is that the barriers for entry
00:13:44 --> 00:13:45: are lower,
00:13:45 --> 00:13:48: and the models such as alliance ING.
00:13:48 --> 00:13:52: The reason for this is that because we're not transferring
00:13:52 --> 00:13:54: as much risk from the owner.
00:13:54 --> 00:13:58: Two contractors, as would be the case under a P3
00:13:58 --> 00:13:59: then?
00:13:59 --> 00:14:02: You know contractors do not need as bigger balance sheet
00:14:02 --> 00:14:06: two and depend that risk that that that's being transferred
00:14:06 --> 00:14:07: to them.
00:14:07 --> 00:14:09: The quid pro quo here is.
00:14:09 --> 00:14:13: I'm sure Joey comma. One of our panelists will have
00:14:13 --> 00:14:16: something to say on this later.
00:14:16 --> 00:14:18: Is that you know? Arguably,
00:14:18 --> 00:14:20: only the very biggest contractors,
00:14:20 --> 00:14:24: those big international players have the resources to invest in
00:14:24 --> 00:14:25: developing.
00:14:25 --> 00:14:30: Teams with alliance in experience and expertise to prevail in
00:14:30 --> 00:14:34: what can best be described as the procurement beauty.
00:14:34 --> 00:14:40: Contests that we've seen in some alliance projects.
00:14:40 --> 00:14:44: In terms of procurement, while the process.
00:14:44 --> 00:14:47: Itself for an alliance maybe a little bit longer,
00:14:47 --> 00:14:50: I think in terms of overall timelines,
00:14:50 --> 00:14:53: they they. These may be shorter in some cases,
00:14:53 --> 00:14:58: simply because. There will not be as much owner lead
00:14:58 --> 00:14:59: design work up front.
00:14:59 --> 00:15:03: Uh, but design work to to a larger extent will
00:15:03 --> 00:15:07: be developed between the owner and the alliance
participants.
00:15:10 --> 00:15:11: Also, in terms of procurement,
00:15:11 --> 00:15:14: as I I did mention the beauty contest.
00:15:14 --> 00:15:17: What I was referring to is the fact that you
00:15:17 --> 00:15:21: know some alliance procurements have selected one or
more.
00:15:21 --> 00:15:24: Alliance teams to proceed based on.
00:15:24 --> 00:15:28: Or can best be described as soft or somewhat subject

00:15:28 --> 00:15:29: subjective criteria,
00:15:29 --> 00:15:34: IE the cultural and behavioral assessment was referred to in
00:15:34 --> 00:15:37: the bottom box in the middle.
00:15:37 --> 00:15:40: Finally, in terms of the delivery phase,
00:15:40 --> 00:15:46: you know. And in terms of driving value,
00:15:46 --> 00:15:50: there are some arguments that you know this may not
00:15:50 --> 00:15:53: happen on a project basis through alliance,
00:15:53 --> 00:15:57: and simply because you know at a point when the
00:15:57 --> 00:15:59: alliance has been selected.
00:15:59 --> 00:16:05: Competitive tension may dissipate. And contractors may be
less likely,
00:16:05 --> 00:16:09: you know to really sharpen their pencils and optimize the
00:16:09 --> 00:16:10: construction schedule,
00:16:10 --> 00:16:13: for example. Uh, so I would do under a P3
00:16:13 --> 00:16:18: project where competitive tension runs right up until we get
00:16:18 --> 00:16:20: firm price submitted,
00:16:20 --> 00:16:23: submitted bids. However, you know,
00:16:23 --> 00:16:27: as a counter to that what we've heard from the
00:16:27 --> 00:16:29: UK is that alliance in.
00:16:29 --> 00:16:33: Works best at a program level rather than a specific
00:16:33 --> 00:16:34: project level,
00:16:34 --> 00:16:36: and the theory there is that.
00:16:36 --> 00:16:40: You know it takes some time for the synergies that
00:16:40 --> 00:16:44: can form and develop through an alliance to actually deliver
00:16:44 --> 00:16:44: value.
00:16:44 --> 00:16:48: So what we're told by our UK colleagues is that
00:16:49 --> 00:16:53: a alliance in does certainly work well on a program
00:16:53 --> 00:16:54: level.
00:16:54 --> 00:16:55: I didn't conclusion, you know,
00:16:55 --> 00:16:58: I'd reiterate what Diana said at the outset.
00:16:58 --> 00:17:01: You know, these collaborative models are certainly not a
panacea.
00:17:01 --> 00:17:03: They're going to work well in some situations,
00:17:03 --> 00:17:05: and less well in us,
00:17:05 --> 00:17:08: but I'm sure we're going to hear more on that
00:17:08 --> 00:17:09: from our panelists.
00:17:09 --> 00:17:11: So back to you, Diana.
00:17:13 --> 00:17:14: Thanks
00:17:14 --> 00:17:17: them for this insightful presentation to help us unpack
Explorer,
00:17:17 --> 00:17:22: understand the key points relating to collaborative contracting
and infrastructure
00:17:22 --> 00:17:25: today and in the spirit of this procurement model we

00:17:25 --> 00:17:27: have kind of tried to replicate some of the key

00:17:27 --> 00:17:30: stakeholders and participants in a typical alliance model.

00:17:30 --> 00:17:33: We are joined by leaders among coming up,

00:17:33 --> 00:17:35: coming from a variety of industry perspectives.

00:17:35 --> 00:17:38: Like you, I'm looking forward to hearing their suits.

00:17:38 --> 00:17:41: They will each. They will each be introducing themselves.

00:17:47 --> 00:17:49: So I think I'm first so my name is John

00:17:49 --> 00:17:52: Allen from a global public affairs and we focus on

00:17:52 --> 00:17:55: communications and stakeholder engagement,

00:17:55 --> 00:17:59: and I lead the national infrastructure practice with the firm

00:17:59 --> 00:18:02: and and I also run the Secretary for the future.

00:18:02 --> 00:18:03: But infrastructure group.

00:18:13 --> 00:18:13: Join

00:18:13 --> 00:18:17: my next Joey Como I'm executive vice President and Chief

00:18:17 --> 00:18:20: Operating Officer of Ellisdon Capital.

00:18:20 --> 00:18:25: We are one of Canada's leading infrastructure developers

00:18:25 --> 00:18:29: and contractors

00:18:25 --> 00:18:29: and I've had the benefit of being involved from the

00:18:29 --> 00:18:34: beginning of the P3 program and have extensively

00:18:34 --> 00:18:38: responded to

00:18:34 --> 00:18:38: a number of market soundings related to collaborative

00:18:42 --> 00:18:45: contract.

00:18:42 --> 00:18:45: Hi, I'm Elizabeth Mayer. I'm a partner at DLA Piper

00:18:45 --> 00:18:46: in Vancouver.

00:18:46 --> 00:18:51: Excuse me, we've been. I've been involved in the

00:18:51 --> 00:18:51: infrastructure

00:18:51 --> 00:18:51: market for.

00:18:51 --> 00:18:55: Getting on for 20 years now and I'm currently advising

00:18:55 --> 00:19:00: Vancouver Island Health Authority on its first alliance contract

00:19:00 --> 00:19:03: in

00:19:00 --> 00:19:03: BC for a hospital on Vancouver Island.

00:19:06 --> 00:19:09: Good afternoon, I'm solving Nikirk and it's great to join

00:19:09 --> 00:19:10: you this afternoon.

00:19:10 --> 00:19:13: I've been with Infrastructure Ontario for the past eight years,

00:19:13 --> 00:19:15: focused mainly on linear infrastructure.

00:19:15 --> 00:19:18: And currently hit up the team that is working with

00:19:18 --> 00:19:21: Metrolinx to deliver the provinces transit projects.

00:19:25 --> 00:19:29: Thank you with that. Let's move to our discussions right

00:19:29 --> 00:19:30: now in Canada.

00:19:30 --> 00:19:33: We have two major infrastructure projects being delivered by

00:19:33 --> 00:19:35: alliance.

00:19:33 --> 00:19:35: We briefly spoke about them.

00:19:35 --> 00:19:37: The Cushman Hospital replacement project in BC and they

00:19:35 --> 00:19:37: got

00:19:37 --> 00:19:40: really expansion Union Station enhancement project.

00:19:40 --> 00:19:42: The first question our panel today.

00:19:42 --> 00:19:45: Why do you think collaborative models or alliance thing is

00:19:45 --> 00:19:47: being considered in those infrastructure projects?

00:19:47 --> 00:19:51: In particular Charlotte? Perhaps you can shed some light on

00:19:51 --> 00:19:54: Union Station here in Toronto and give us an overview

00:19:54 --> 00:19:55: of the project.

00:19:56 --> 00:19:59: So first I say I do not believe that changing

00:19:59 --> 00:20:02: delivery model in itself will change the level of collaboration

00:20:02 --> 00:20:04: and delivery model can be a catalyst,

00:20:04 --> 00:20:07: but collaboration is a culture and something we need to

00:20:08 --> 00:20:08: improve.

00:20:08 --> 00:20:10: Definitely we are on all.

00:20:10 --> 00:20:12: Both are in supplier side on all the delivery models

00:20:13 --> 00:20:16: saying that we are very excited to explore collaborative

00:20:16 --> 00:20:19: delivery models like a lion sing simply because there's no such

00:20:19 --> 00:20:22: thing as one size fits all models on the demand

00:20:22 --> 00:20:23: side.

00:20:23 --> 00:20:26: We've got a massive pipeline that we have to deliver.

00:20:26 --> 00:20:30: Uhm, our projects are becoming larger and more complex

00:20:30 --> 00:20:31: with

00:20:31 --> 00:20:34: each of its,

00:20:34 --> 00:20:36: you know, very unique constraints and opportunities.

00:20:37 --> 00:20:37: And on the supply side we see our market is

00:20:37 --> 00:20:39: evolving.

00:20:39 --> 00:20:42: Our market is very stretched thin up,

00:20:42 --> 00:20:44: so it's more. It gets more and more difficult to

00:20:44 --> 00:20:46: attract proponents to two bids.

00:20:46 --> 00:20:48: Uhm, and as we all currently know,

00:20:48 --> 00:20:51: the market is very volatile,

00:20:51 --> 00:20:53: so we are very proud of our P3 projects and

00:20:53 --> 00:20:56: will continue to use them.

00:20:56 --> 00:20:59: But we are expanding our options including a lion sing

00:20:59 --> 00:21:02: as you sit on you sit in Union Station and

00:21:02 --> 00:21:05: also to a much greater extent actually progressive design,

00:21:05 --> 00:21:08: build delivery. We mainly consider these for three reasons.

00:21:08 --> 00:21:10: I think speed of delivery was mentioned by Sam where

00:21:10 --> 00:21:13: we do have limited bidders.

00:21:14 --> 00:21:14: And then where we can drive more value through joint

00:21:14 --> 00:21:17: solutioning.

00:21:14 --> 00:21:17: Both from innovation and to better deliver benefits and to

00:21:17 --> 00:21:19: drive down risk for all parties.
00:21:19 --> 00:21:22: Union Station specifically. And we can talk about it a
00:21:22 --> 00:21:23: bit more later,
00:21:23 --> 00:21:26: but that was more related to the extent to which
00:21:26 --> 00:21:28: we can transfer risk and to the extent that we
00:21:28 --> 00:21:30: have to jointly manage those risks,
00:21:30 --> 00:21:33: it's just something off something that's possible in the P3
00:21:33 --> 00:21:34: delivery model.
00:21:37 --> 00:21:40: Thanks Charlie from Elizabeth what about the Cushman
hospital in
00:21:41 --> 00:21:41: BC?
00:21:41 --> 00:21:42: What have been your experience?
00:21:43 --> 00:21:46: And so it's a very interesting project.
00:21:46 --> 00:21:48: It's some I guess similar to Shelby.
00:21:48 --> 00:21:51: The you know the market in BC is is somewhat
00:21:51 --> 00:21:52: constrained,
00:21:52 --> 00:21:56: and there's there's a lot of projects going on.
00:21:56 --> 00:21:59: And we have seen you know,
00:21:59 --> 00:22:02: some significant players say that they really don't want to
00:22:03 --> 00:22:05: do fixed price contract ING anymore,
00:22:05 --> 00:22:08: whether it's on a P3 or a DB basis,
00:22:08 --> 00:22:12: and so you know that the infrastructure BCS being kind
00:22:12 --> 00:22:15: of moving towards again progressive design build,
00:22:15 --> 00:22:19: but we're now looking for Alliance sing in key projects
00:22:19 --> 00:22:22: where the risks of such that that we're just not
00:22:22 --> 00:22:26: getting the number of bidders that you would want for
00:22:26 --> 00:22:29: projects so. The couch in hospital.
00:22:29 --> 00:22:31: It's on Vancouver Island. It's kind of,
00:22:31 --> 00:22:34: UM. It's it's not there,
00:22:34 --> 00:22:36: Victor, it's it's. You know,
00:22:36 --> 00:22:40: maybe kind of 100 kilometres north of Victoria,
00:22:40 --> 00:22:43: so it's it's. It's not hugely remote,
00:22:43 --> 00:22:47: but it's quite remote. It's quite a big project for
00:22:47 --> 00:22:51: a hospital project and we are applying the BCS Community
00:22:51 --> 00:22:56: Benefits agreement which funnels the supply of Labor
through BC
00:22:56 --> 00:23:00: infrastructure. And so there's a kind of a.
00:23:00 --> 00:23:03: There's a number of of.
00:23:03 --> 00:23:05: Constraints on the project that made it.
00:23:05 --> 00:23:07: It feels suitable for alliance ING,
00:23:07 --> 00:23:09: and I think the other thing is,
00:23:09 --> 00:23:13: is really trying to draw an international experience and kind

00:23:13 --> 00:23:16: of look for for models from elsewhere rather than just
00:23:16 --> 00:23:19: believing that that we've got all the answers here in
00:23:19 --> 00:23:23: Canada. Thanks
00:23:23 --> 00:23:27: Elizabeth certainly, and it's early maturity between the two
projects.
00:23:27 --> 00:23:30: The BC and Ontario. There will be some stuff that
00:23:30 --> 00:23:33: we will be learning during this journey.
00:23:33 --> 00:23:36: John, in your opinion, what are other key SuccessFactors in
00:23:36 --> 00:23:38: general for collaborative contracting?
00:23:39 --> 00:23:41: Yes, next line it up.
00:23:41 --> 00:23:44: I mean certainly the idea of no claims and no
00:23:44 --> 00:23:44: disputes.
00:23:44 --> 00:23:48: This is probably another honor to a lot of people
00:23:48 --> 00:23:48: on the on.
00:23:48 --> 00:23:51: The call here and, but I will sort of build
00:23:51 --> 00:23:55: off what what Charles said about it and we we
00:23:55 --> 00:23:58: hosted a session with a group of Australian leaders.
00:23:58 --> 00:24:01: Time will bless into one at the moment,
00:24:01 --> 00:24:04: but it was about two weeks ago and it also
00:24:04 --> 00:24:05: sort of read it.
00:24:05 --> 00:24:08: An article about the Phil Collins of fact of how
00:24:08 --> 00:24:10: in the 80s Phil Collins was very,
00:24:10 --> 00:24:12: very popular. You know he was the man and then
00:24:13 --> 00:24:14: the popularity sort of waned,
00:24:14 --> 00:24:17: and now he's sort of getting that rebound and sort
00:24:17 --> 00:24:19: of interesting sort of hearing them.
00:24:19 --> 00:24:22: They've been doing alliance for quite a long time and
00:24:22 --> 00:24:25: and really sort of doubling down on it to deal
00:24:25 --> 00:24:28: with this specific issue of risk around these sort of
00:24:28 --> 00:24:31: complex projects. But one of the things that they sort
00:24:31 --> 00:24:33: of talked about was the the issue with sort of
00:24:33 --> 00:24:37: long lasting maintenance issues and and sort of making sure
00:24:37 --> 00:24:38: that you sort of factor those in.
00:24:38 --> 00:24:41: So it's really about sort of picking the right tool
00:24:41 --> 00:24:44: for the right project and and that was something that
00:24:44 --> 00:24:44: they really,
00:24:44 --> 00:24:47: really sort of hammered home that we we we know.
00:24:47 --> 00:24:50: We can't just sort of throw new delivery models at
00:24:50 --> 00:24:52: at at the old problems because you just bake in
00:24:52 --> 00:24:55: the old problems you you've really got to sort of
00:24:55 --> 00:24:58: deal with that underlying culture or the issues that are
00:24:58 --> 00:24:59: sort of underneath it,

00:24:59 --> 00:25:02: and I think so. One of the interesting things about
00:25:02 --> 00:25:06: Australia and other markets that really the issue starts with
00:25:06 --> 00:25:08: trust and that I think there is,
00:25:08 --> 00:25:11: you've had a sort of long running situation where a
00:25:11 --> 00:25:15: lot of projects have been been decided purely on a
00:25:15 --> 00:25:18: cost basis and it's sort of breeds a bit of
00:25:18 --> 00:25:21: an adversarial culture, and there's a sort of heavy legal
00:25:21 --> 00:25:24: component in in terms of dealing with with with claims
00:25:24 --> 00:25:26: and disputes and a project level.
00:25:26 --> 00:25:29: So I think first that we've really gotta start with
00:25:29 --> 00:25:31: resetting the trusting.
00:25:31 --> 00:25:33: If you look look in Australia,
00:25:33 --> 00:25:35: they in New South Wales are probably leading the way.
00:25:35 --> 00:25:38: They sort of developed a sort of shared commitment or
00:25:38 --> 00:25:40: 10 point commitment to the construction sector.
00:25:40 --> 00:25:43: That really sort of looked at good behaviors.
00:25:43 --> 00:25:46: You know what? What can be expected from from the
00:25:46 --> 00:25:48: government as as a as a as a as an
00:25:48 --> 00:25:49: owner.
00:25:49 --> 00:25:51: So I think that provides a sort of layer of
00:25:51 --> 00:25:52: trust.
00:25:52 --> 00:25:54: The other issues are sort of round engagement.
00:25:54 --> 00:25:57: I think whenever you sort of introduced a new model,
00:25:57 --> 00:25:59: I think DC is doing this very well.
00:25:59 --> 00:26:02: It's it's going out and educating the market.
00:26:02 --> 00:26:05: About it talking to the association saying this is what
00:26:05 --> 00:26:06: you can expect,
00:26:06 --> 00:26:08: this is how you can play in the market if
00:26:09 --> 00:26:12: local domestic contractors feel they can't play a role in
00:26:12 --> 00:26:13: the model,
00:26:13 --> 00:26:16: then they they become sort of quite opposed to it
00:26:16 --> 00:26:18: and and it won't be a success.
00:26:18 --> 00:26:22: Ultimately you want to make sure that those local players
00:26:22 --> 00:26:24: feel they've got a fair crack at it and can
00:26:24 --> 00:26:26: really sort of get involved.
00:26:26 --> 00:26:29: Transparency, I think is is hugely important as well and
00:26:29 --> 00:26:31: so you see places like New Zealand,
00:26:31 --> 00:26:35: the UK. When when you're looking at picking a delivery
00:26:35 --> 00:26:35: model,
00:26:35 --> 00:26:38: why you picking up delivery model for that particular
00:26:38 --> 00:26:41: project and and you know if you if you feel

00:26:41 --> 00:26:42: it's the right project,
00:26:42 --> 00:26:44: get behind it. Be transparent about it.
00:26:44 --> 00:26:46: This is why we picked this model.
00:26:46 --> 00:26:48: This is the benefit. This is the value that that
00:26:49 --> 00:26:50: that will come from it.
00:26:50 --> 00:26:52: But I think sort of most importantly,
00:26:52 --> 00:26:55: it surrounded the mindset and I think that the challenge
00:26:55 --> 00:26:58: you get with procurement professionals is that they're always
sort
00:26:58 --> 00:27:00: of facing this issue of.
00:27:00 --> 00:27:03: It's about costs. It's about getting the lowest cost possible
00:27:03 --> 00:27:04: for a project,
00:27:04 --> 00:27:07: and when you sort of constantly looking at cost as
00:27:07 --> 00:27:09: the deciding factor.
00:27:09 --> 00:27:10: You're gonna run into issues.
00:27:10 --> 00:27:12: I mean, none of us sort of go out and
00:27:12 --> 00:27:16: make our decisions on everything we buy purely based on
00:27:16 --> 00:27:16: cost.
00:27:16 --> 00:27:19: It would be ridiculous, but I think there is work
00:27:19 --> 00:27:21: that we need to do both as on the owners
00:27:22 --> 00:27:24: and on the on the the private sector side to
00:27:24 --> 00:27:27: to really sort of show that you've got to look
00:27:27 --> 00:27:28: at things beyond costs.
00:27:28 --> 00:27:30: You gotta look at value and and what do these
00:27:30 --> 00:27:34: different contracting models bring and why are you doing
them?
00:27:34 --> 00:27:36: So when the Auditor General sort of looks at things
00:27:36 --> 00:27:37: and says,
00:27:37 --> 00:27:39: why did you pick these guys?
00:27:39 --> 00:27:40: They're more expensive. And the others.
00:27:40 --> 00:27:43: You can really sort of transparently sort of point to.
00:27:43 --> 00:27:45: These are all the benefits that we got from from
00:27:45 --> 00:27:46: using this model.
00:27:49 --> 00:27:53: Thanks John, I still think that Phil Collins is a
00:27:53 --> 00:27:53: legend.
00:27:53 --> 00:27:56: I attended one of his concerts few years ago pre
00:27:56 --> 00:27:57: COVID.
00:27:57 --> 00:27:59: It was still great. I'm looking more like
00:27:59 --> 00:28:01: Phil Collins these days as well.
00:28:01 --> 00:28:02: So it's.
00:28:04 --> 00:28:07: Thank you for uh for those comments,
00:28:07 --> 00:28:09: Joey within the Canadian contest.
00:28:09 --> 00:28:13: What are some of the key challenges that you perceive

00:28:13 --> 00:28:17: we could face in collaborative contracting?
00:28:17 --> 00:28:17: Thanks,
00:28:17 --> 00:28:20: Ann, naturally they they went to the person working for
00:28:20 --> 00:28:23: a contractor to identify the challenges with the model.
00:28:23 --> 00:28:25: So I'm not known I'll.
00:28:25 --> 00:28:28: I'll kind of highlight just three general trends that I
00:28:28 --> 00:28:29: want to focus on.
00:28:29 --> 00:28:32: Is is the first one is around the no fault
00:28:32 --> 00:28:36: clause and forfeiture of rights to claim that seems to
00:28:36 --> 00:28:39: be a general premise which is is going to be
00:28:39 --> 00:28:42: a significant hurdle. The second one is is the procurement
00:28:42 --> 00:28:43: process itself.
00:28:43 --> 00:28:46: Salmon hinted at it earlier in his comments,
00:28:46 --> 00:28:49: but it does open. Itself up for potential abuse,
00:28:49 --> 00:28:53: just in terms of how the procurement process would work,
00:28:53 --> 00:28:56: and then third, is a little bit more of a
00:28:56 --> 00:28:57: high level question,
00:28:57 --> 00:29:01: but is what is the actual problem that collaborative contract
00:29:01 --> 00:29:02: is trying to solve?
00:29:02 --> 00:29:06: And why is it being viewed as you know at
00:29:06 --> 00:29:08: times as the panacea?
00:29:08 --> 00:29:11: Because we're certainly seeing a number of owners leaning
00:29:12 --> 00:29:15: towards
00:29:15 --> 00:29:18: the model without necessarily waiting until the pilots have
00:29:18 --> 00:29:21: been
00:29:21 --> 00:29:24: tested and and for us to gather our Canadians.
00:29:24 --> 00:29:27: Lessons learned, but to go back into each one of
00:29:27 --> 00:29:28: those topics the the the challenge.
00:29:28 --> 00:29:31: The first challenges around the no fault clause and the
00:29:31 --> 00:29:34: fortunate right to claim.
00:29:34 --> 00:29:37: Because when we look at.
00:29:37 --> 00:29:39: When we look at issues such as that First off,
00:29:39 --> 00:29:43: really, what's happening is it's countering the current trends
00:29:43 --> 00:29:43: in
00:29:43 --> 00:29:46: approach in contract management,
00:29:46 --> 00:29:49: which is happening across Peachtree projects across the
00:29:49 --> 00:29:52: board right
00:29:52 --> 00:29:55: now,
00:29:52 --> 00:29:55: and it's that I mean to give people an example.
00:29:55 --> 00:29:58: I think we're up to now 50 projects on Peachtree
00:29:58 --> 00:29:59: projects we've delivered as a company.
00:29:59 --> 00:29:59: Our first thirty. We're done without claims without like
00:29:59 --> 00:29:59: significant

00:29:55 --> 00:29:59: disputes without everything was settled at the project level and

00:29:59 --> 00:30:01: was able to efficiently go forward,

00:30:01 --> 00:30:04: it's difficult. Right now, to pinpoint exactly what changed the

00:30:04 --> 00:30:05: market,

00:30:05 --> 00:30:08: but something did we. There was the sophistication of the

00:30:08 --> 00:30:08: clients,

00:30:08 --> 00:30:12: whether it was dissatisfaction with that particular delivery model.

00:30:12 --> 00:30:15: You know the amount of risks that were being transferred,

00:30:15 --> 00:30:17: but there was one general,

00:30:17 --> 00:30:20: you know, I I could pretty much identify it from

00:30:20 --> 00:30:24: the point when Pete Breeze went from being social projects

00:30:24 --> 00:30:25: to being civil projects,

00:30:25 --> 00:30:29: and it's no hidden secret that there's very few contractors

00:30:29 --> 00:30:32: in the Canadian market right now making money in.

00:30:32 --> 00:30:34: The civil fixed price space.

00:30:34 --> 00:30:37: In fact, actually there's some major losses happening right across

00:30:37 --> 00:30:40: the board which is causing a lot of these other

00:30:40 --> 00:30:41: problems.

00:30:41 --> 00:30:44: So when we layer in where we are in Canada,

00:30:44 --> 00:30:48: and then we we start to consider essentially the concepts

00:30:48 --> 00:30:51: of no fault clauses and for future right to claim

00:30:51 --> 00:30:52: against one another.

00:30:52 --> 00:30:55: I I sometimes feel as though we might have missed

00:30:55 --> 00:30:59: the bus in terms of where this opportunity was.

00:30:59 --> 00:31:02: There's a little bit of idealism to this.

00:31:02 --> 00:31:04: This cloud of contract ING model,

00:31:04 --> 00:31:07: which would have been better received maybe 10 years ago,

00:31:07 --> 00:31:10: which is actually going to be a significant uphill battle

00:31:11 --> 00:31:14: for people to address right now when we're still going

00:31:14 --> 00:31:14: to have to.

00:31:14 --> 00:31:18: I hate saying this fight through the existing claims that

00:31:18 --> 00:31:20: are on on projects right now and at the same

00:31:20 --> 00:31:24: time we're going to have those same owners then promoting

00:31:24 --> 00:31:27: this cloud of contract ING model it just to be

00:31:27 --> 00:31:27: honest,

00:31:27 --> 00:31:29: it feels a little disingenuous.

00:31:29 --> 00:31:31: On the one hand to kind of do both,

00:31:31 --> 00:31:35: so I mean, that's. Going to be one major challenge,

00:31:35 --> 00:31:37: I think as a market and as a philosophy that

00:31:37 --> 00:31:40: we're going to have to really wrap their heads our

00:31:40 --> 00:31:44: heads around the second one is about the procurement process

00:31:44 --> 00:31:46: opening itself up to potential abuse,

00:31:46 --> 00:31:48: and in Sam it indicated that because oftentimes,

00:31:48 --> 00:31:51: this involves selecting an entity earlier in the process.

00:31:51 --> 00:31:54: So at the RFQ level or something to that effect,

00:31:54 --> 00:31:56: the problem with that though,

00:31:56 --> 00:31:59: is it really does turn it into a beauty contest.

00:31:59 --> 00:32:02: In the marketing department's really deserve all the credit for

00:32:02 --> 00:32:03: being able to.

00:32:03 --> 00:32:05: Before the best packages of material.

00:32:05 --> 00:32:09: But it doesn't say much about what you're actually going

00:32:09 --> 00:32:12: to get on the ground and what it in fact

00:32:12 --> 00:32:14: it'll will allow is.

00:32:14 --> 00:32:16: There's the concern from, you know,

00:32:16 --> 00:32:20: Canadian contractors or just you know Canadians right across the

00:32:20 --> 00:32:23: board that this model has not existed in the Canadian

00:32:23 --> 00:32:24: context.

00:32:24 --> 00:32:27: So when we talk about opening it up to internationals

00:32:27 --> 00:32:31: bringing in that experience and the rest of it,

00:32:31 --> 00:32:33: we saw the same thing happened.

00:32:33 --> 00:32:36: One years ago, when P3 set international contractors came to

00:32:36 --> 00:32:39: the market and loan behold the social space,

00:32:39 --> 00:32:42: there's very few left that are actually still active.

00:32:42 --> 00:32:45: A lot of lessons learned were were brought into that,

00:32:45 --> 00:32:48: and we frankly are of the opinion that we think

00:32:48 --> 00:32:50: it is going to come.

00:32:50 --> 00:32:52: Something similar is going to happen,

00:32:52 --> 00:32:55: not effect 'cause you really balancing real life delivery,

00:32:55 --> 00:32:58: which was different than 20 years ago versus bringing in

00:32:58 --> 00:33:01: your experience with this particular model and an assignment also

00:33:01 --> 00:33:04: indicated that it does naturally lean itself.

00:33:04 --> 00:33:07: Towards more program managers than than contractors and what we

00:33:07 --> 00:33:11: mean by that is is that large international bodies that

00:33:11 --> 00:33:14: have the ability to throw literal bodies on and treat

00:33:14 --> 00:33:16: it more as like a time,

00:33:16 --> 00:33:19: time or cost plus type of a model they're going

00:33:19 --> 00:33:22: to have a natural advantage in terms of responding to

00:33:22 --> 00:33:26: this model because it is going to require more people

00:33:26 --> 00:33:28: to to execute the model.
00:33:28 --> 00:33:30: More people to make it successful.
00:33:30 --> 00:33:33: So I think overall that's that's going to be one
00:33:33 --> 00:33:35: particular major concern.
00:33:35 --> 00:33:38: But then the the final challenge that I want to
00:33:38 --> 00:33:39: address is is,
00:33:39 --> 00:33:43: well, what is the problem that we're trying to solve
00:33:43 --> 00:33:43: in?
00:33:43 --> 00:33:47: And I think Elizabeth and John mentioned in there is
00:33:47 --> 00:33:47: about,
00:33:47 --> 00:33:49: you know, lack of competition.
00:33:49 --> 00:33:53: Well, this is one of the busiest markets we've ever
00:33:53 --> 00:33:53: had,
00:33:53 --> 00:33:57: and changing the models will not necessarily increase
competition.
00:33:57 --> 00:34:01: In fact, all what it does is it lowers the
00:34:01 --> 00:34:02: bar for entry.
00:34:02 --> 00:34:05: We need to posit that statement and then wonder if
00:34:05 --> 00:34:07: that's necessarily the best thing,
00:34:07 --> 00:34:09: because on the one hand we have Charles saying,
00:34:09 --> 00:34:12: you know, this is being used in more complicated and
00:34:12 --> 00:34:13: challenging projects,
00:34:13 --> 00:34:14: but on the other hand,
00:34:14 --> 00:34:18: we're adopting a model that will lower the bar for
00:34:18 --> 00:34:19: entry.
00:34:19 --> 00:34:22: There's a reason why contractors reach a certain scale or
00:34:22 --> 00:34:25: have the balance sheet to support that and have the
00:34:25 --> 00:34:28: the the the necessary resources to pursue these projects,
00:34:28 --> 00:34:31: and I think that's something that we really need to
00:34:31 --> 00:34:32: look at carefully.
00:34:32 --> 00:34:36: Also, risk transfer, you know we mentioned it about you
00:34:36 --> 00:34:39: know that risk transfer was would be one of the
00:34:39 --> 00:34:42: major elements here and there has been a market pushback
00:34:42 --> 00:34:45: on P3 risk transfer, specifically in the civil space,
00:34:45 --> 00:34:49: but it was actually already mentioned there that you know.
00:34:49 --> 00:34:51: Changing one's behavior doesn't require a new model.
00:34:51 --> 00:34:54: All it requires is a commitment to change.
00:34:54 --> 00:34:57: Our biggest issue and the P3 market has been solve
00:34:57 --> 00:34:59: your issues during the project.
00:34:59 --> 00:35:03: Don't wait until don't get us to essentially fund all
00:35:03 --> 00:35:06: the issues along the way and then try to have
00:35:06 --> 00:35:08: this global settlement at the end.

00:35:08 --> 00:35:11: We're more than willing to resolve the issues as they
00:35:11 --> 00:35:14: come up and we're just not seeing that happen.
00:35:14 --> 00:35:18: There's no commitment to change under the current model
and
00:35:18 --> 00:35:19: then you know.
00:35:19 --> 00:35:21: Finally we just have, you know,
00:35:21 --> 00:35:23: some overall you know we there,
00:35:23 --> 00:35:26: it's about you know aligning participants with with the project
00:35:26 --> 00:35:26: outcomes.
00:35:26 --> 00:35:29: All those can happen in any of the other models
00:35:29 --> 00:35:30: that it has.
00:35:30 --> 00:35:35: So I think at this stage you know our view
00:35:35 --> 00:35:36: is is that.
00:35:36 --> 00:35:38: Absolutely, it's a model will respond to,
00:35:38 --> 00:35:42: but we're responding to it carefully and we want to
00:35:42 --> 00:35:44: fully understand it because.
00:35:44 --> 00:35:45: And the other thing is,
00:35:45 --> 00:35:48: well, we need to be very careful about is it
00:35:48 --> 00:35:51: all will come down to the people on both sides
00:35:51 --> 00:35:55: and where one project might be hugely successful under this
00:35:55 --> 00:35:58: model, it could be absolutely disastrous in another context,
00:35:58 --> 00:36:01: and that will all just come down to the people
00:36:01 --> 00:36:03: not about the contracts.
00:36:03 --> 00:36:05: Not about anything but about the people that are engaged
00:36:05 --> 00:36:07: in creating that collaboration.
00:36:07 --> 00:36:10: If it's missing, it's going to fail.
00:36:10 --> 00:36:13: Uh, and and that's going to take some time to
00:36:13 --> 00:36:15: figure out how it's going to succeed,
00:36:15 --> 00:36:18: so so those are some of the challenges.
00:36:18 --> 00:36:20: Sorry to be sometimes the naysayer in that,
00:36:20 --> 00:36:23: but I think that's the expected role.
00:36:26 --> 00:36:29: Thanks Joey. Definitely UM. Lots of things to come to
00:36:30 --> 00:36:33: work through and and and learn from the the good
00:36:33 --> 00:36:36: thing you mentioned is is people and if we if
00:36:36 --> 00:36:40: we're going into a new model and we're not changing
00:36:40 --> 00:36:44: our mindsets or how or instance device to go through
00:36:44 --> 00:36:47: it in terms of of of how we are going
00:36:47 --> 00:36:49: to go about and delivering it,
00:36:49 --> 00:36:52: then definitely there is a lot of maturity that will
00:36:52 --> 00:36:55: take place just to get to a point when.
00:36:55 --> 00:36:59: When the market is is is feeling that maturity some
00:36:59 --> 00:37:04: clearly there are a few mechanisms to make collaborative

arrangement

00:37:04 --> 00:37:08: to work and the key one is definitely people and

00:37:08 --> 00:37:11: how you drive step in change behavior that is actually

00:37:11 --> 00:37:16: required to collaborate and ultimately to be honest on collaborative

00:37:16 --> 00:37:18: contracting or or others.

00:37:18 --> 00:37:22: What what factors do you think are key for those

00:37:22 --> 00:37:23: mechanisms to work?

00:37:26 --> 00:37:27: This is the point where I could give you a

00:37:28 --> 00:37:29: really come by or answer,

00:37:29 --> 00:37:31: but I'm not going to do.

00:37:31 --> 00:37:34: I've been consistent with what shall Joey and Elizabeth,

00:37:34 --> 00:37:37: etc. I don't think leopards are gonna change their spots

00:37:37 --> 00:37:38: overnight.

00:37:38 --> 00:37:41: So just for step change or to try and drive

00:37:42 --> 00:37:42: out.

00:37:42 --> 00:37:44: It's not that easy to be honest.

00:37:44 --> 00:37:48: Now I've been in the P3 space for well over

00:37:48 --> 00:37:49: 20 years.

00:37:49 --> 00:37:51: If we take that as an example,

00:37:51 --> 00:37:54: I would say that I've seen many,

00:37:54 --> 00:37:58: many instances where both. The project I would,

00:37:58 --> 00:38:00: uh, I. I'm the contractor involved,

00:38:00 --> 00:38:03: have really struggled to be effective partners,

00:38:03 --> 00:38:07: so to try and get a step change beyond something

00:38:07 --> 00:38:11: that we're not even achieving to date in certain cases.

00:38:11 --> 00:38:14: There's a huge challenge. Uhm,

00:38:14 --> 00:38:16: shells point at the beginning,

00:38:16 --> 00:38:20: but you know, this is something that's going to take

00:38:20 --> 00:38:21: time to achieve,

00:38:21 --> 00:38:25: and it's not necessarily driven by a delivery model.

00:38:25 --> 00:38:27: You know what we heard?

00:38:27 --> 00:38:32: On the UK, projects again to this project versus program

00:38:32 --> 00:38:32: theme,

00:38:32 --> 00:38:36: but you know we receive the right behaviors.

00:38:36 --> 00:38:41: Evolving overtime on programs, but on an individual project

00:38:41 --> 00:38:45: basis

00:38:41 --> 00:38:45: you know it's difficult to just change things in an

00:38:45 --> 00:38:47: instant or on one procurement.

00:38:47 --> 00:38:52: I think just thinking of some of the barriers here.

00:38:52 --> 00:38:56: You know, in the public sector side you've got a

00:38:56 --> 00:38:57: governance.

00:38:57 --> 00:39:02: Challenge. Uh, so you know the structure of many public

00:39:02 --> 00:39:07: sector organizations doesn't lend itself well to the alliance type

00:39:07 --> 00:39:08: model where you need.

00:39:08 --> 00:39:12: You know, the representatives of the public sector to have

00:39:12 --> 00:39:16: the authority to make decisions with the alliance partners you

00:39:16 --> 00:39:17: know,

00:39:17 --> 00:39:22: on a timely basis. They can't be going back.

00:39:22 --> 00:39:24: To the higher ups to get approval for things you

00:39:24 --> 00:39:27: know and everything is contingent on that,

00:39:27 --> 00:39:29: but it just won't work.

00:39:29 --> 00:39:32: 'cause it doesn't work. Ineffective negotiation,

00:39:32 --> 00:39:38: for example. Uh, so you need governance structures to enable.

00:39:38 --> 00:39:42: Uh, models like models like alliance into work effectively,

00:39:42 --> 00:39:48: and you know many public sector organizations are simply not

00:39:48 --> 00:39:50: equipped currently to do that.

00:39:50 --> 00:39:55: We can say a lot about incentive structures and they

00:39:55 --> 00:39:57: will drive behavior over time.

00:39:57 --> 00:40:00: We've seen that again in P3,

00:40:00 --> 00:40:05: where you know local low price compliant evaluation approaches will

00:40:05 --> 00:40:09: drive a certain behavior from from contractors and bidders on

00:40:09 --> 00:40:10: these projects.

00:40:10 --> 00:40:14: So yeah, the incentive structures.

00:40:14 --> 00:40:18: Will help change behavior, but it's not going to be

00:40:18 --> 00:40:20: happening overnight.

00:40:20 --> 00:40:23: I'm not sure if any of the other panelists would

00:40:23 --> 00:40:24: like to add to that or disagree.

00:40:27 --> 00:40:29: I think on the incentive side,

00:40:29 --> 00:40:32: certainly from what we've seen and when there's an over

00:40:33 --> 00:40:36: reliance on penalties to sort of drive behavior that's really

00:40:36 --> 00:40:37: sort of.

00:40:37 --> 00:40:39: Embed some of the the negative behavior and some of

00:40:39 --> 00:40:41: the adverse adversarial relationship.

00:40:41 --> 00:40:44: Then we sort of hearing about we did some work

00:40:44 --> 00:40:48: with the road builders here around area maintenance contracts,

00:40:48 --> 00:40:51: and it got to a point where people were sort

00:40:51 --> 00:40:53: of from the ministry.

00:40:53 --> 00:40:57: We going out measuring grass in the comedians to say

00:40:57 --> 00:40:58: all this is.

00:40:58 --> 00:41:00: This is too long. It's longer than it should be,

00:41:00 --> 00:41:02: so we're going to find you.
00:41:02 --> 00:41:04: So when it sort of gets into that relationship that
00:41:04 --> 00:41:06: it's almost being policed by the other.
00:41:06 --> 00:41:09: And, and I think that's maybe where the the the
00:41:09 --> 00:41:10: alliance model.
00:41:10 --> 00:41:12: If it can at least sort of infuse a bit
00:41:12 --> 00:41:13: of positive behavior,
00:41:13 --> 00:41:16: it's tried to be positive in my life,
00:41:16 --> 00:41:18: but it's not going to change overnight.
00:41:18 --> 00:41:20: But yeah, it is maybe sort of worth trying and
00:41:20 --> 00:41:21: in some instances,
00:41:21 --> 00:41:24: but and again, that this sort of goes across all
00:41:24 --> 00:41:27: types of contracting model if you're over reliant on penalties
00:41:27 --> 00:41:28: to drive behavior,
00:41:28 --> 00:41:30: it might work in the short term,
00:41:30 --> 00:41:32: but the long term it's gonna come back and bite
00:41:32 --> 00:41:33: you.
00:41:37 --> 00:41:37: I'd
00:41:37 --> 00:41:40: like to add one point as well,
00:41:40 --> 00:41:42: which is, I think the the process has to start
00:41:42 --> 00:41:44: in the procurement stage.
00:41:44 --> 00:41:47: You know the experience that we're going through currently
on
00:41:47 --> 00:41:48: character and work.
00:41:48 --> 00:41:52: That kind of first stage of the RFD.
00:41:52 --> 00:41:56: Yeah, we're kind of evaluating the proponents with a view
00:41:56 --> 00:41:59: to move them forward with two proponents.
00:41:59 --> 00:42:02: There's a huge amount of work on the older side
00:42:02 --> 00:42:06: to kind of make sure that the owner team understands
00:42:06 --> 00:42:09: that this is not business as usual,
00:42:09 --> 00:42:13: and there you know, the meetings with proponents and the
00:42:13 --> 00:42:17: even the evaluated sessions need to take place with that
00:42:17 --> 00:42:20: kind of collaborative mindset in place.
00:42:20 --> 00:42:22: And so it is interesting to kind of go through
00:42:22 --> 00:42:26: that and to see behaviors changing through the procurement
process
00:42:26 --> 00:42:29: rather than waiting till the contracts in place.
00:42:35 --> 00:42:35: Thanks
00:42:35 --> 00:42:39: thanks Elizabeth Charles. Well, we've been hearing a lot that
00:42:39 --> 00:42:44: the asset owner preparedness is is a significant compute
contributor.
00:42:44 --> 00:42:47: So to collaborative contracting and its success.
00:42:47 --> 00:42:50: What is infrastructure on terrace view as an asset owner

00:42:50 --> 00:42:55: towards the those necessities or owner capabilities that would make

00:42:55 --> 00:42:58: this procurement success from from the start.

00:42:58 --> 00:42:59: But it's a

00:42:59 --> 00:43:01: big coming up battery better,

00:43:01 --> 00:43:05: better Sam stated for us the biggest success factor.

00:43:05 --> 00:43:08: And at this stage, our biggest concern is the cultural

00:43:08 --> 00:43:09: attitudes.

00:43:09 --> 00:43:10: And as John mentioned, trust,

00:43:10 --> 00:43:14: we are also very concerned about staff experience birth on

00:43:14 --> 00:43:17: the owner and contractor siding with experience not only in

00:43:17 --> 00:43:20: managing these projects but also to the extent that our

00:43:20 --> 00:43:23: contract documents are well tested and well understood.

00:43:23 --> 00:43:26: Uh, my think contacting culture is something we need to

00:43:26 --> 00:43:27: improve in general,

00:43:27 --> 00:43:29: and Jerry actually hit the nail on the head.

00:43:29 --> 00:43:32: It's very very competitive at the moment and we believe

00:43:32 --> 00:43:35: it will take some time for that culture to shift

00:43:35 --> 00:43:37: before we can fully embrace alliance ING.

00:43:37 --> 00:43:39: And this is one reason why we are taking it

00:43:39 --> 00:43:40: very slow.

00:43:40 --> 00:43:43: We are testing the full alliance model at Union Station,

00:43:43 --> 00:43:46: but we have currently have a bigger focus on progressive

00:43:46 --> 00:43:49: design build where we start with the collaborative

00:43:49 --> 00:43:52: development phase

00:43:49 --> 00:43:52: that still results in a committed price and construction

00:43:52 --> 00:43:55: delivery.

00:43:52 --> 00:43:55: I do not think considering collaborative models.

00:43:57 --> 00:43:59: Is really asset class dependent,

00:43:59 --> 00:44:03: but rather project specific in terms of constraints and

00:44:03 --> 00:44:06: opportunities

00:44:03 --> 00:44:06: and it really depends where we can drive best value

00:44:06 --> 00:44:09: when we already mentioned speed and participation and

00:44:09 --> 00:44:12: muscle do

00:44:09 --> 00:44:12: not fully agree with Jerry that it's lowering the bar.

00:44:12 --> 00:44:16: We have very few top tier contractors who prefers not

00:44:16 --> 00:44:19: to participate in fixed price contracting anymore.

00:44:19 --> 00:44:22: However, for us, in most cases it's more about a

00:44:22 --> 00:44:24: joint innovation and risk management.

00:44:24 --> 00:44:27: As I mentioned, the Workers Union station is a very

00:44:27 --> 00:44:28: good example of that,

00:44:28 --> 00:44:32: where there are simply too many uncertainties and risks that

00:44:32 --> 00:44:34: to transfer in a typical P3 model.

00:44:34 --> 00:44:37: So you do reach the threshold where you have to
00:44:37 --> 00:44:41: give so much relief that you actually dilutes the benefits
00:44:41 --> 00:44:43: you get from a fixed price model.
00:44:43 --> 00:44:46: An alliance thing just makes much more sense there.
00:44:46 --> 00:44:47: We've got examples for example,
00:44:47 --> 00:44:49: on very remote locations, Baker area.
00:44:49 --> 00:44:51: Health campus is very remote,
00:44:51 --> 00:44:54: inaccessible by road and has got very very unique
challenges
00:44:54 --> 00:44:56: from both design and construction perspective.
00:44:56 --> 00:44:59: So best for us to pick a partner to jointly
00:44:59 --> 00:45:03: develop that solution for private sector view on it as
00:45:03 --> 00:45:05: well before we find the last scope.
00:45:05 --> 00:45:07: Then we've got go expansion on corridor routes,
00:45:07 --> 00:45:10: which is currently one of our biggest procurements where we
00:45:10 --> 00:45:11: have a hybrid solution,
00:45:11 --> 00:45:14: and we introduced a two year development phase so that
00:45:14 --> 00:45:17: we can jointly innovate and develop the train service solution
00:45:17 --> 00:45:20: and drive down overall risk before the contractor commits to
00:45:20 --> 00:45:23: pricing. The level of collaboration we need to jointly optimize
00:45:24 --> 00:45:26: the solution and manage the risk is simply not possible
00:45:26 --> 00:45:29: within the constraints of a typical procurement process.
00:45:29 --> 00:45:32: And is not practical with multiple teams.
00:45:32 --> 00:45:37: And revolve it that procurements to that extent.
00:45:37 --> 00:45:40: In some instances we simply do not have sufficient bidders
00:45:40 --> 00:45:43: and then we look at the best way to derive
00:45:43 --> 00:45:43: value.
00:45:43 --> 00:45:45: Where we do have to do negotiate pricing.
00:45:49 --> 00:45:51: Thanks star, it's some. It's definitely,
00:45:51 --> 00:45:55: UM, not applicable to all projects or or all or
00:45:55 --> 00:45:56: all sizes,
00:45:56 --> 00:45:59: and it will be case by case.
00:46:01 --> 00:46:03: And thank you. Thank you all for those insights.
00:46:03 --> 00:46:06: With this we come to the end of our panel
00:46:06 --> 00:46:07: discussion and thanks Elizabeth,
00:46:07 --> 00:46:10: John, Charles, Sam and Joey and everyone for this great
00:46:10 --> 00:46:11: discussion.
00:46:11 --> 00:46:13: With that we now hand it over to Richard will
00:46:13 --> 00:46:15: be facilitating the audience Q&A.
00:46:17 --> 00:46:19: OK guys, I'm probably gonna need you to help me
00:46:20 --> 00:46:23: with some of this just because I'm translating about,
00:46:23 --> 00:46:26: but I'm gonna literally read the top question here and

00:46:26 --> 00:46:29: we'll go out on our way through and just remind
00:46:29 --> 00:46:32: people that they can put in questions.
00:46:32 --> 00:46:36: This is obviously a more technical panel and and that's
00:46:36 --> 00:46:38: why some of which I I don't feel.
00:46:38 --> 00:46:41: Again, I apologize for the background noise,
00:46:41 --> 00:46:43: but here's the first one up.
00:46:43 --> 00:46:46: It seems there is a real change in interest from
00:46:46 --> 00:46:50: developers and construct and constructors on fixed price
contract be
00:46:50 --> 00:46:52: it stipulated sum or P threes.
00:46:52 --> 00:46:56: This seems to be validated by a significant delivery issues
00:46:56 --> 00:47:00: and claims on the transit P3 projects in the province
00:47:00 --> 00:47:02: of Ontario and around the country.
00:47:02 --> 00:47:04: Can we get a comment on why we think this
00:47:04 --> 00:47:07: movement is happening and how does the an alliance model
00:47:07 --> 00:47:11: distributed and forced delivery risk without creating the same
issues
00:47:11 --> 00:47:13: as on P3? So someone's picking up on?
00:47:13 --> 00:47:15: I think Joey's comments a bit,
00:47:15 --> 00:47:18: but maybe we could get a little more focused and
00:47:18 --> 00:47:21: I know that question came in earlier and it was
00:47:21 --> 00:47:22: somewhat addressed,
00:47:22 --> 00:47:25: but there who do you want to direct that too?
00:47:25 --> 00:47:30: It's not Sam directly. Maybe Sam and we start.
00:47:33 --> 00:47:34: I think this is sorry Sam.
00:47:35 --> 00:47:37: Yeah, I'm sure you know.
00:47:37 --> 00:47:40: Show your love something to send.
00:47:40 --> 00:47:43: Jail sentence on the first piece of the question,
00:47:43 --> 00:47:45: but then in in the second.
00:47:45 --> 00:47:48: Well, you know I mentioned earlier that.
00:47:48 --> 00:47:51: Lines is predicated on on the no claims or no
00:47:51 --> 00:47:55: suing environment that's embedded into the contracts.
00:47:55 --> 00:48:00: So how you know how do you avoid?
00:48:00 --> 00:48:01: All of these claims, well,
00:48:01 --> 00:48:04: that's the obvious thing to point to you,
00:48:04 --> 00:48:06: but really, what happens when there's a cost overrun?
00:48:06 --> 00:48:09: These that you know the parties shared in the pain
00:48:09 --> 00:48:10: of that,
00:48:10 --> 00:48:14: so it's not all. Absorbed by one party to the
00:48:14 --> 00:48:15: alliance,
00:48:15 --> 00:48:19: that's the theory, at least in terms of the first
00:48:20 --> 00:48:22: bit of the question.

00:48:22 --> 00:48:23: Maybe Joe if you want to reiterate,
00:48:23 --> 00:48:25: you know what was said earlier in terms of.
00:48:27 --> 00:48:30: And why we? Why we seeing all of these claims
00:48:30 --> 00:48:31: now?
00:48:31 --> 00:48:31: Little millenia stuff?
00:48:31 --> 00:48:33: Yeah no, no problem at all.
00:48:33 --> 00:48:35: I mean to address that very specifically,
00:48:35 --> 00:48:37: it it comes down to.
00:48:37 --> 00:48:40: Uh, I mean the the same kind of P3 risk
00:48:40 --> 00:48:44: transfer was used on social projects that was then
00:48:44 --> 00:48:49: transferred
00:48:44 --> 00:48:49: into civil projects and and ultimately the major challenge that
00:48:49 --> 00:48:52: most projects have is getting out of the ground.
00:48:52 --> 00:48:55: But as well as the complexity of it wasn't just
00:48:55 --> 00:48:56: civil projects,
00:48:56 --> 00:48:59: it was the complexity of transit projects themselves.
00:48:59 --> 00:49:03: So it comes down to systems integration over reliance on
00:49:03 --> 00:49:05: on JV partners and and and.
00:49:05 --> 00:49:09: Kind of you. You essentially were constrained by.
00:49:09 --> 00:49:13: One particular entity that was essential for the project
00:49:13 --> 00:49:16: success,
00:49:13 --> 00:49:16: typically on the private sector side and in in those
00:49:16 --> 00:49:19: were encountering significant amount of issues.
00:49:19 --> 00:49:23: So the problem with that model is is safe.
00:49:23 --> 00:49:27: For example, unlike doing a courthouse or a hospital where
00:49:27 --> 00:49:28: you can,
00:49:28 --> 00:49:32: there are substitutes in the subcontracting market of what
00:49:33 --> 00:49:35: you
00:49:33 --> 00:49:35: can do in the transit model.
00:49:35 --> 00:49:38: The minute you pick a vehicle supplier your tide to
00:49:39 --> 00:49:42: your design and everything like that is.
00:49:42 --> 00:49:45: Tide to the vehicles. In this site everything like that.
00:49:45 --> 00:49:48: So what did end up happening was is I mean
00:49:48 --> 00:49:51: to be very candid people aren't making money in the
00:49:51 --> 00:49:52: civil space,
00:49:52 --> 00:49:55: so as a result they're looking at the fixed price
00:49:55 --> 00:49:58: contract in saying this just doesn't work for us anymore.
00:49:58 --> 00:50:02: We don't necessarily doesn't make sense to deliver a \$2
00:50:02 --> 00:50:05: billion program and make no profit for private for the
00:50:05 --> 00:50:06: private sector.
00:50:06 --> 00:50:09: So as a whole, what is happening is is we've
00:50:09 --> 00:50:12: been pushing back on the risk allocation on the risk
00:50:12 --> 00:50:13: transfer.

00:50:13 --> 00:50:15: But on the other hand,
00:50:15 --> 00:50:17: rather than addressing the risk transfer,
00:50:17 --> 00:50:20: it seems to be the solution is leaning towards will
00:50:20 --> 00:50:22: find a different delivery model?
00:50:22 --> 00:50:25: Well, no, just solve the issues you have in front
00:50:25 --> 00:50:28: of you and what will happen is in fact,
00:50:28 --> 00:50:30: actually you'll watch the market come back.
00:50:30 --> 00:50:34: The market is frankly just formed this view because we're
00:50:34 --> 00:50:37: having issues dragged out years and it's 10s of hundreds
00:50:38 --> 00:50:41: of millions of dollars out there that we just can't
00:50:41 --> 00:50:44: afford as a market anymore too.
00:50:44 --> 00:50:47: To leave unresolved, and so those are part of the
00:50:47 --> 00:50:48: problems.
00:50:48 --> 00:50:50: A lot of them are coming to.
00:50:50 --> 00:50:54: We did not see this in in the social space
00:50:54 --> 00:50:55: whatsoever.
00:50:55 --> 00:50:59: Now unfortunately, though, those bad behaviors are actually
00:50:59 --> 00:51:02: watching him
00:50:59 --> 00:51:02: getting adopted by our our social partners as well,
00:51:02 --> 00:51:06: and in turn, like just give people an example at
00:51:06 --> 00:51:06: Ellis done.
00:51:06 --> 00:51:11: I think five years ago we didn't have a single
00:51:11 --> 00:51:12: claims lawyer.
00:51:12 --> 00:51:15: We didn't need one. Now.
00:51:15 --> 00:51:18: We're growing a department, so that's that's a problem,
00:51:18 --> 00:51:21: and that's not the way we wanted to do business.
00:51:21 --> 00:51:24: But it's a natural reality of where this model is
00:51:24 --> 00:51:24: driven us.
00:51:28 --> 00:51:30: So keep picking on this thread here.
00:51:30 --> 00:51:32: 2 questions, maybe I'll ask them both.
00:51:32 --> 00:51:35: One is what can be done to increase the levels
00:51:35 --> 00:51:39: of trust that are needed in this collaborative approach.
00:51:39 --> 00:51:43: Uhm, and the other one is with respect to public
00:51:44 --> 00:51:45: sector willingness.
00:51:45 --> 00:51:49: Do you change? Uh, to adapt to new models of
00:51:49 --> 00:51:50: delivery?
00:51:50 --> 00:51:53: Where does Toronto fit on the scale of adaptability?
00:51:53 --> 00:51:55: So maybe where you know whether Toronto,
00:51:55 --> 00:51:58: I think that could be taken more broadly.
00:51:58 --> 00:52:01: But public sector side, where are we in terms of
00:52:01 --> 00:52:04: up having and I think that was somewhat discussed in
00:52:04 --> 00:52:05: Charl York Point.

00:52:05 --> 00:52:08: But uh, maybe that that that you could take that
00:52:08 --> 00:52:09: ladder question,
00:52:09 --> 00:52:13: but in terms of trust.
00:52:13 --> 00:52:16: What? What is one of the things that that that
00:52:16 --> 00:52:17: could be done or or you know?
00:52:17 --> 00:52:19: Yeah, I'll leave it at that.
00:52:19 --> 00:52:20: I was going to go
00:52:20 --> 00:52:22: further, but let's leave it at that.
00:52:22 --> 00:52:25: I think maybe jump in there and and Jerry,
00:52:25 --> 00:52:27: I think period. Definitely not stepping away from P threes.
00:52:27 --> 00:52:30: We just adding collaborative models to our April projects we
00:52:30 --> 00:52:31: can use or delivery models.
00:52:31 --> 00:52:34: I think we have a few issues and Joey hit
00:52:34 --> 00:52:35: the nail on there.
00:52:35 --> 00:52:38: It's win kind of projects move from social trends or
00:52:38 --> 00:52:40: I think a lot of contractors out there didn't fully
00:52:40 --> 00:52:43: understand the risk profile of linear projects most risk.
00:52:43 --> 00:52:45: Projects is in the ground level,
00:52:45 --> 00:52:46: mean uncertainties in the grants.
00:52:46 --> 00:52:48: We think of contamination, utilities etc.
00:52:48 --> 00:52:51: Permitting and linear projects. You always in that realm
where
00:52:51 --> 00:52:53: social projects you kind of get out of the bed
00:52:53 --> 00:52:56: realm and then once you in the air it's it's
00:52:56 --> 00:52:58: mostly on the contractor and I think a lot of
00:52:58 --> 00:53:01: contractors that just underbid projects we we often see bids
00:53:01 --> 00:53:04: come in where we look at the schedule and say
00:53:04 --> 00:53:05: well that's kinda looks slightly unrealistic.
00:53:07 --> 00:53:09: So it's a understanding of risk,
00:53:09 --> 00:53:12: and of course owner being in being reasonable and fair
00:53:12 --> 00:53:13: on risk transfer.
00:53:13 --> 00:53:15: But I think we need to change our attitude during
00:53:15 --> 00:53:16: construction.
00:53:16 --> 00:53:18: I think there's this culture has developed that as soon
00:53:18 --> 00:53:21: as the contractor gets involved in trying to help risk,
00:53:21 --> 00:53:23: the contract is trying to shift the blame,
00:53:23 --> 00:53:25: accountability and the owner feels like,
00:53:25 --> 00:53:28: well, they can't get involved because as soon as they
00:53:28 --> 00:53:28: do that,
00:53:28 --> 00:53:31: it kind of feels as if you're taking respect.
00:53:31 --> 00:53:32: We need to change that.
00:53:32 --> 00:53:33: We need to open communication.

00:53:33 --> 00:53:36: We need to get to a point where first parties
00:53:36 --> 00:53:38: can help both parties manage each other.
00:53:38 --> 00:53:40: Risks without taking accountability or respect.
00:53:40 --> 00:53:43: And once we open those communication that collaborative
methodology,
00:53:43 --> 00:53:48: we can actually solve things before it becomes big claims.
00:53:48 --> 00:53:50: Uhm, I think it's generally just that attitude where to
00:53:50 --> 00:53:51: Joe's earlier point,
00:53:51 --> 00:53:54: it is becoming more competitive and people are starting to
00:53:54 --> 00:53:54: focus more on what.
00:53:54 --> 00:53:57: What do I need to get in place to to
00:53:57 --> 00:53:59: make a claim or to manage your claim,
00:53:59 --> 00:54:02: versus what do I need to get in place to
00:54:02 --> 00:54:04: manage your risk and avoid the risk?
00:54:04 --> 00:54:06: And that's where we need to get back to.
00:54:06 --> 00:54:08: Uh, it's it's. It's an attitude.
00:54:08 --> 00:54:09: It's staff training on both sides.
00:54:09 --> 00:54:11: I think with all the work and the amount of
00:54:11 --> 00:54:12: work we've,
00:54:12 --> 00:54:14: we've got it Ontario. And we've got a lot of
00:54:14 --> 00:54:16: new staff members on all sides.
00:54:16 --> 00:54:17: People are not that experience.
00:54:17 --> 00:54:20: There used to be a few years ago.
00:54:20 --> 00:54:21: And we need to work on that.
00:54:24 --> 00:54:27: So on to Joanne's question on the public sector side,
00:54:27 --> 00:54:29: it's it's. It's a growing capacity,
00:54:29 --> 00:54:31: but not necessarily. You know,
00:54:31 --> 00:54:34: it's it's a it's. It's gonna take some time to
00:54:35 --> 00:54:38: grow the capacity to to see this model more fully
00:54:38 --> 00:54:41: considered is that I think that's a fair,
00:54:41 --> 00:54:42: it's it's capacity,
00:54:42 --> 00:54:46: not in terms, not only in terms of the experience
00:54:46 --> 00:54:47: but also in in people.
00:54:47 --> 00:54:50: With that mindset of managing these models,
00:54:50 --> 00:54:53: I think the worst thing we can do is implementing
00:54:53 --> 00:54:54: alliance.
00:54:54 --> 00:54:56: Model where the people managing US projects,
00:54:56 --> 00:54:58: or unless projects hasn't got their mindset.
00:55:01 --> 00:55:03: Rafael ask a question two questions.
00:55:03 --> 00:55:07: Who is the facilitator working towards addressing conflicts
and keeping
00:55:07 --> 00:55:08: the focus collaborative?

00:55:08 --> 00:55:10: And perhaps or you know,
00:55:10 --> 00:55:14: she's also suggesting that a facilitator who manages the relationship
00:55:14 --> 00:55:16: between the owner and the delivery partner.
00:55:16 --> 00:55:20: So that's like that's like a bit of a governance
00:55:20 --> 00:55:23: question and I know that Sam you you also raised
00:55:23 --> 00:55:26: governance in your earlier remarks as well,
00:55:26 --> 00:55:30: so maybe we could speak more broadly to what?
00:55:32 --> 00:55:35: You know what? What needs to be in place to
00:55:35 --> 00:55:38: to to allow for the facilitation of of of what
00:55:38 --> 00:55:43: is clearly contentious opportunity or or potentially very
contentious process.
00:55:45 --> 00:55:47: I'm already passed that on to you.
00:55:47 --> 00:55:49: Or is it official? If you?
00:55:49 --> 00:55:51: You know I didn't direct
00:55:51 --> 00:55:54: involvement in a life on at the moment,
00:55:54 --> 00:55:56: sure, I mean we're we NBC,
00:55:56 --> 00:56:00: so we've engaged a or or infrastructure BC engaged a
00:56:00 --> 00:56:03: alliance facilitator from Australia.
00:56:03 --> 00:56:07: And so that's a team led actually by a doctor
00:56:07 --> 00:56:10: of a psychologist who specializes in kind of,
00:56:10 --> 00:56:15: you know, relationship building for sensation and things like
that.
00:56:15 --> 00:56:19: And so she's been leading the process I guess off
00:56:19 --> 00:56:23: getting the owners team on board with the process,
00:56:23 --> 00:56:27: making everybody realized that it's a different process.
00:56:27 --> 00:56:30: That you know it's not an US and them,
00:56:30 --> 00:56:34: it's everything should be thought of as a wee discussion
00:56:34 --> 00:56:37: where we have a problem we have to solve it.
00:56:37 --> 00:56:41: And and then that role will follow into the alliance.
00:56:41 --> 00:56:44: What things in place, at least for initial six months,
00:56:44 --> 00:56:48: maybe a year period, to bring the teams together.
00:56:48 --> 00:56:50: Uhm, and to to, I guess,
00:56:50 --> 00:56:54: to help people work through those difficult issues.
00:56:54 --> 00:56:57: I mean the thing with the the no blame.
00:56:57 --> 00:56:58: I guess two things. One,
00:56:58 --> 00:57:00: it doesn't mean there aren't disputes,
00:57:00 --> 00:57:02: it just means you can't go to court.
00:57:02 --> 00:57:05: You have to solve them in within the team.
00:57:05 --> 00:57:09: Uhm, and you know, that might involve bringing in a
00:57:09 --> 00:57:11: third party and mediator.
00:57:11 --> 00:57:14: Uhm, you know an expert or whatever it is to
00:57:14 --> 00:57:16: to help you get to that point.

00:57:16 --> 00:57:17: Uhm, and then they I.

00:57:17 --> 00:57:21: I guess. The other is that.

00:57:21 --> 00:57:24: I think one of the big things in an alliance

00:57:24 --> 00:57:27: against there is no risk transfer.

00:57:27 --> 00:57:30: There's only risk sharing and that's you know that's a

00:57:30 --> 00:57:31: key differential.

00:57:31 --> 00:57:35: That kind of is is is central to the model,

00:57:35 --> 00:57:38: so there's no risk that the contractor takes that isn't

00:57:38 --> 00:57:40: shared with the owner.

00:57:40 --> 00:57:43: There are risks that the owner takes.

00:57:43 --> 00:57:45: But none that the contractors take,

00:57:45 --> 00:57:48: and so it is a completely different mindset.

00:57:48 --> 00:57:53: Things that would normally be disputes are more a question

00:57:53 --> 00:57:55: of of how do we solve this problem,

00:57:55 --> 00:58:00: and the disagreements should be on the edges of whether

00:58:00 --> 00:58:03: it's it's strictly an owner issue as opposed to.

00:58:03 --> 00:58:05: An issue that should be dealt with in the alliance.

00:58:09 --> 00:58:09: Anybody

00:58:09 --> 00:58:12: else want to comment? We have about 30 seconds

00:58:12 --> 00:58:16: only. Anyways. Yeah, I wanted to touch on the trust

00:58:16 --> 00:58:19: piece and I think the reasons for the the the

00:58:19 --> 00:58:23: bad behaviors that we've been talking about in any of

00:58:23 --> 00:58:27: the models. I think that's what we're trying to solve.

00:58:27 --> 00:58:31: Collaborative models might not solve them if we continue to

00:58:31 --> 00:58:33: to to to do those bad behaviors.

00:58:33 --> 00:58:35: I think the trust pieces.

00:58:35 --> 00:58:36: What's what's causing that shift?

00:58:36 --> 00:58:39: And then the trust pieces mostly around.

00:58:39 --> 00:58:43: Competence capabilities and also around will you look after

00:58:43 --> 00:58:46: my

00:58:43 --> 00:58:46: interest and I think the way the the model is

00:58:46 --> 00:58:49: is is is being sort of is that we're all

00:58:49 --> 00:58:52: going to be on the same page and hopefully we

00:58:52 --> 00:58:56: can solve all of those problems together and share the

00:58:56 --> 00:58:58: risk we all gain or weight or lose.

00:58:58 --> 00:59:01: But definitely if if we're not having that mindset shift,

00:59:01 --> 00:59:04: and if we're going to go into a collaborative model

00:59:04 --> 00:59:07: with the same bad behaviors with the same attitude,

00:59:07 --> 00:59:10: I don't think we're gonna get anywhere.

00:59:10 --> 00:59:13: Will be or not? We'll look for something else.

00:59:13 --> 00:59:15: Or or it would be definitely a failure.

00:59:15 --> 00:59:17: I think the key here is is maybe what would

00:59:17 --> 00:59:20: be adapted from from the problems or the behaviors that
00:59:20 --> 00:59:22: we're facing and what can be changed,
00:59:22 --> 00:59:25: whether in that collaborative model or any or PC or
00:59:25 --> 00:59:26: any of the other models.
00:59:29 --> 00:59:29: Well,
00:59:29 --> 00:59:31: thank you very much. Well,
00:59:31 --> 00:59:33: I could tell you this very quickly.
00:59:33 --> 00:59:37: Just in closing out this program is that the Urban
00:59:37 --> 00:59:38: Land Institute,
00:59:38 --> 00:59:41: along with the future of infrastructure group that John Allen
00:59:41 --> 00:59:45: mentioned earlier as a Advisory Council looking at these
kinds
00:59:45 --> 00:59:46: of projects.
00:59:46 --> 00:59:49: In fact, those who are part of that on this
00:59:49 --> 00:59:53: on this program today in the audience are staying around
00:59:53 --> 00:59:56: for another half hour for a few more questions.
00:59:56 --> 00:59:59: But I want to thank a Diana.
00:59:59 --> 01:00:01: Sam, John. Joey, Elizabeth and Charles,
01:00:01 --> 01:00:04: for what was clearly the beginning of something we need
01:00:04 --> 01:00:05: to do more of.
01:00:05 --> 01:00:06: There was comment that time,
01:00:06 --> 01:00:09: the conversation. When would it be up on navigator?
01:00:09 --> 01:00:12: I'm actually gonna say to my staff at that will
01:00:12 --> 01:00:13: put this on YouTube.
01:00:13 --> 01:00:16: Let's make this this program even more accessible to people.
01:00:16 --> 01:00:19: It sounds like it's something more people would would benefit
01:00:19 --> 01:00:20: from hearing from.
01:00:20 --> 01:00:21: So thank you for that.
01:00:21 --> 01:00:24: So with that just a couple seconds,
01:00:24 --> 01:00:25: we're already over time here.
01:00:25 --> 01:00:27: Upcoming events that you can see.
01:00:27 --> 01:00:30: We're starting to get to the end of our season.
01:00:30 --> 01:00:32: We've had an incredible season,
01:00:32 --> 01:00:34: but there are two more amazing,
01:00:34 --> 01:00:36: including the mayor of Burlington,
01:00:36 --> 01:00:39: tomorrow and and we hope you will let you know
01:00:39 --> 01:00:40: soon to that.
01:00:40 --> 01:00:44: And finally, if you're interested in being a part of
01:00:44 --> 01:00:45: UI is a volunteer.
01:00:45 --> 01:00:49: Beyond attending our events, the time to do that is
01:00:49 --> 01:00:53: right now to go to Navigator as a member and
01:00:53 --> 01:00:56: plug into our links and sign up to two to

01:00:56 --> 01:00:59: request to join one of our committees.
01:00:59 --> 01:01:01: This is this is. New a moment and will be
01:01:02 --> 01:01:03: ready to roll by the fall,
01:01:03 --> 01:01:06: so hopefully many of you will take the opportunity to
01:01:06 --> 01:01:08: join us in in a more complete capacity.
01:01:08 --> 01:01:09: And with that it's 101.
01:01:09 --> 01:01:11: I went over time. Never do so.
01:01:11 --> 01:01:12: I did. This time I apologize.
01:01:12 --> 01:01:15: Will see the Advisory Council on the other side.
01:01:15 --> 01:01:16: Thank you all. Have a good week.
01:01:16 --> 01:01:17: Bye bye.

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