

Appendix F:

Procurement model definitions

Alliance contracting	<p>This procurement model is mainly used for infrastructure projects, where a contract arrangement allows government to work collaboratively with private sector parties to deliver the project.</p> <p>Alliance contracting requires all parties to work together in good faith, act with integrity and make best-for-project decisions. It can also require open book costing.</p> <p>Under alliance contracts, parties are expected to manage project delivery risks jointly and dynamically, although final financial exposure lies with the state.</p>
Competitive tender	<p>Also known as open tender, this model involves an open invitation to submit a proposal via public notice or advertisement. Any entity that meets the evaluation criteria can submit a tender.</p>
Construct only	<p>A construct only model means the state or client has done the project design and the supplier is responsible for constructing the works.</p>
Design and construct	<p>A design and construct model means the state or client has done a concept design. Potential suppliers are then invited to tender to complete the concept design and build the asset to that detailed design.</p>
Managing contractor	<p>This procurement model involves the state appointing a managing contractor who may engage or provide subcontractors to deliver the works.</p> <p>The state and contractor generally negotiate a fixed lump sum management fee and pay the actual costs of sub-packages. The managing contractor may also receive incentive payments for achieving cost and schedule targets.</p>
Multiple approaches	<p>Multiple approaches is when a project uses more than one procurement model. For example, a design and contract model and a managing contractor model can be used for different stages within a project or sub-project.</p>
Public-private partnership (PPP)	<p>A PPP is a service contract between the public and private sectors, where the state pays the private sector entity (usually a consortium) to deliver infrastructure and related services over an agreed term.</p> <p>The private entity will build the facility and operate or maintain it to specified standards over the agreed term. The private entity usually finances the project and receives regular payments from the state for the asset's availability at contracted standards. PPPs also offer opportunities to transfer project and market risks to the private sector.</p>
Select tender	<p>A select tender means a competitive tender that is only open to pre-qualified or invited suppliers.</p>