

Appendix B: Compensation and Performance Framework

Road Asset Management Contract (RAMC) – Gen 2

January 2020

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1 Definitions and interpretation

1.1 Definitions

Definitions in the Contract, except where the context otherwise requires, are in Table 1.1.

Table 1.1 - Definitions

Term	Definition
Action(ed)	<p>When used in the LOS, means the defect must be actioned within the response time.</p> <p>Action means take actions necessary to rectify or repair within the response time. If it is not possible to complete repairs or rectification within the response time, action means the measures to make the defect safe and program repair or rectification works as soon as practical considering other priorities and funding, unless otherwise directed by the Principal.</p>
Address(ed)	<p>When used in the LOS, means the defect must be addressed within the response time.</p> <p>Address means take actions necessary to rectify or repair within the response time. If it is not possible to complete repairs or rectification within the response time, address means the measures to make the defect safe and program repair or rectification works as soon as practical considering other priorities and funding, unless otherwise directed by the Principal.</p>
Asset Management Services Fee	The amount set out in Tender Schedule M4.
Audit Section	Has the meaning given in Appendix D.
Benchmark Level	Meaning in Clause 6.6(b) of this Appendix B.
Contract Performance Measures (CPM)	Meaning in Clause 6.6 of this Appendix B.
Corporate Overhead	<p>a) All of the Contractor's business system, overhead and management costs in connection with the work under the Contract, including the items specified as Corporate Overhead in Attachment 3, and</p> <p>b) For the purposes of Clause 3.2 of this Appendix B and valuing variations under Clause 55 and 62 of the General Conditions, is the amount set out in Tender Schedule M4, expressed as a percentage of Direct Costs.</p>
Design Services Fee	The fee negotiated in accordance with Clause 15.3 of the General Conditions for Design Services carried out in respect of each Second Phase Project.
Direct Costs	Costs of all materials, plant and labour attributable to the direct delivery of the work under the Contract including on-site overheads, net of Corporate Overhead and Margin.
Discretionary Limits	Limits which apply in respect of the Routine Maintenance, Schedule of Rates Items, as set out Tender Schedule M2.
Hazard	A defect in the Road Infrastructure that is of a severity which if left unaddressed, would pose an imminent safety risk.

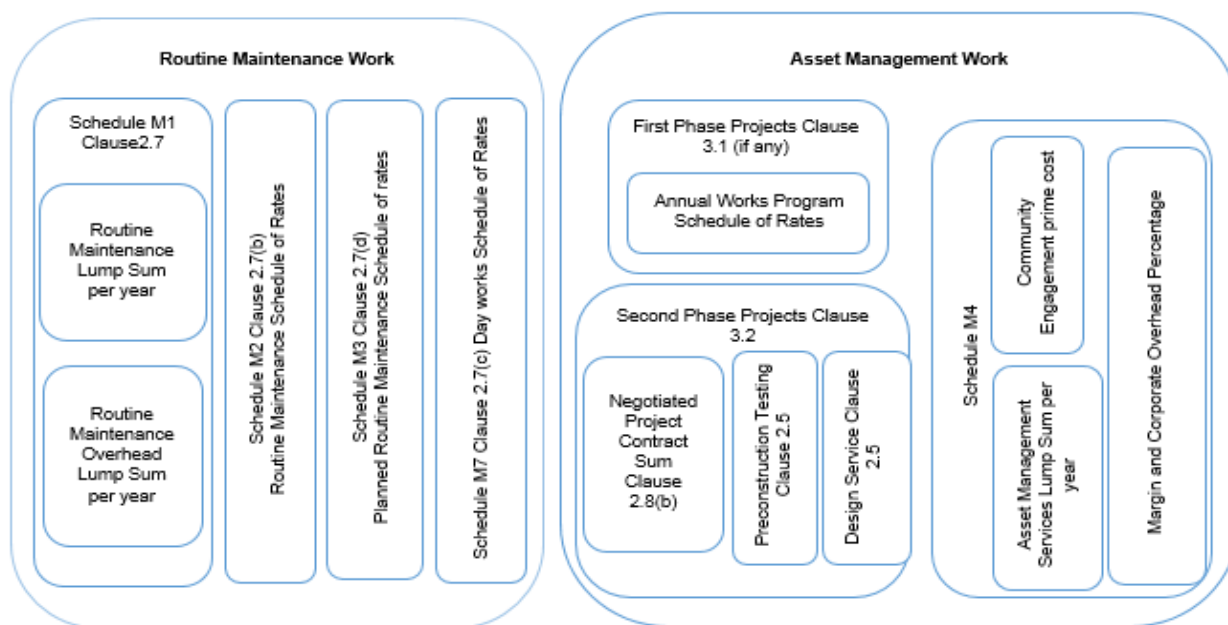
Term	Definition
Key Result Areas	Meaning in Clause 7 of this Appendix B.
LOS	The relevant Maintenance Level of Service in Attachment 2 of this Appendix B.
Margin	a) the Contractor's profit margin in respect of the work under the Contract, and b) for the purposes of Clause 3 of this Appendix B and valuing variations under Clause 55 and 62 of the General Conditions, is the amount set out in Tender Schedule M4, expressed as a percentage of Direct Costs.
Monthly CPM Score	Meaning in Clause 6.6 of this Appendix B.
Monthly Non-Compliance Score	Meaning in Clause 6.7 of this Appendix B.
Monthly OPM Score	The aggregate of the individual non-compliance scores in each month, as described in Clause 6.3 of this Appendix B.
Network Level Testing	Non project specific testing of the network conducted on a periodic basis, mostly annually, by the Principal, to be used as an input to dTIMS and the development of FWP and AWP.
Non-sanction Period	Meaning in Clause 6.1 (h) of this Appendix B.
Operational Performance Measures (OPM)	Meaning in Clause 6.3 of this Appendix B.
Performance Measurement Framework	The performance framework set out in Clause 6 of this Appendix B.
Performance Measurement Plan	The plan submitted by the Contractor and approved by the Principal in accordance with Clause 6.4 of this Appendix B.
Price Adjustment Limit	The margin specified in Tender Schedule M4, as a percentage of the payment to be made in respect of the relevant category of work under the Contract: a) except in the Non-sanction Period, where no adjustment will be made, and b) in the Transition Out Period, during which the Price Adjustment Limit is two times the margin specified in Tender Schedule M4.
rectify	When used in the LOS, means the defect must be rectified within the response time.
repair	When used in the LOS, means the defect must be repaired within the response time.
Transition Out Period	Meaning in Clause 1(c) of Appendix G.

2 Compensation

2.1 Overview

Payment under the Contract is set up around a number of schedules based on categories of work under the Contract. These schedules vary between the Year of the Contract and the type of work performed.

Figure 1 diagrammatically represents the relationship between payment, the type of Works and the Years of the Contract.

Figure 1 – Payment Schedules

2.2 Claims, inclusions and electronic files for payment (ASCII)

- Amounts payable under this Appendix B will be claimed by the Contractor in accordance with Clause 37 of the General Conditions.
- Unless otherwise expressly stated in this Appendix B, amounts payable to the Contractor are inclusive of Margin, and
- With each payment claim, the Contractor must provide details of all work under the Contract completed during the relevant period in the format set out in Attachment 4.

2.3 Adjustment

The compensation payable to the Contractor is subject to adjustment in accordance with the Contract, including:

- for variations and Adjustment Events under Clauses 55 and 62 of the General Conditions, including for variations directed by the Principal
- for rise and fall in accordance with Clause 4 of this Appendix B, and
- in accordance with the Performance Measurement Framework.

2.4 Asset Management Services

The Contractor is entitled to payment of the Asset Management Services Fee for carrying out the Asset Management Services.

The Asset Management Services Fee:

- is a fixed annual lump sum to be paid in monthly instalments
- includes all costs associated with all activities, work, services, materials, labour, plant, onsite overhead, Corporate Overhead and Margin required to deliver the Asset Management Services, including development of Design Briefs, and

- c) does not include Network Level Testing, which will be provided by the Principal.

2.5 Design Services Fee

The Contractor is entitled to payment of the Design Services Fee for carrying out the Design Services.

The Design Services Fee for each Second Phase Project or for a group of Second Phase Projects shall be agreed as a lump sum in accordance with Clause 15.3 of the General Conditions:

- a) by negotiating on an open book basis the hours required to provide the Design Services, and
- b) using the relevant Dayworks Rates (if applicable).

The Design Services Fee will include all costs associated with all activities, work, services, materials, labour, plant, onsite overhead, Corporate Overhead and Margin required to deliver the Design Services.

The Contractor may claim the Design Services Fee in the first payment claim after the CLT or Principal, as applicable, has approved the Project Proposal in respect of the Project to which the Design Services relate.

Where the Principal rejects a Project Proposal for a Second Phase Project under Clause 17.3 of the General Conditions or the Principal otherwise advises that it does not wish to proceed with a Second Phase Project, the Contractor may claim the Design Services Fee in respect of that Second Phase Project in the payment claim following written confirmation of the Principal's decision.

2.6 Pre-construction testing

The Contractor is entitled to payment of the Pre-construction Testing Fee for carrying out the Pre-construction Testing.

A Pre-construction Testing Fee for each Project or for a group of Projects shall be agreed as a lump sum in accordance with Clause 15.3 of the General Conditions on the following basis:

- a) by negotiating on an open book basis.

The Pre-construction Testing Fee will include all costs associated with all activities, work, services, materials, labour, plant, onsite overhead, Corporate Overhead and Margin required to deliver the Pre-construction Testing.

The Contractor may claim the Pre-construction Testing Fee in the first payment claim after the commencement of work on the relevant Site for the Second Phase Project to which it applies.

Where the Principal rejects a Project Proposal for a Project under Clause 17.3 of the General Conditions or the Principal otherwise advises that it does not wish to proceed with a Project, the Contractor may claim the Pre-construction Testing fee (if any) in respect of that Project in the payment claim following written confirmation of the Principal's decision.

2.7 Routine Maintenance Work

- a) Routine Maintenance Lump Sums

The Contractor is entitled to payment of the Routine Maintenance Lump Sums for carrying out the Routine Maintenance Lump Sum Items.

The Routine Maintenance Lump Sum Items are those items and activities set out in Tender Schedules M1A and B.

The Routine Maintenance Lump Sums:

- i. include the cost of all services, work, activities, materials, labour, plant, and Margin required to carry out the Routine Maintenance Lump Sum Items, and
- ii. must be claimed by monthly instalments of the annual amount included in Tender Schedules M1A and B.

b) Routine Maintenance Schedule of Rates:

The Contractor is entitled to payment in accordance with the Routine Maintenance Schedule of Rates for carrying out the Routine Maintenance Schedule of Rates Items.

The Routine Maintenance Schedule of Rates Items are those items and activities set out in the Tender Schedules M2A and B.

The Routine Maintenance Schedule of Rates:

- i. include the cost of all services, work, activities, materials, labour, plant, and Margin required to carry out the Routine Maintenance Schedule of Rates Items, and
- ii. must be claimed based on completed quantities of the corresponding Routine Maintenance Schedule of Rates Items.

Where a prime cost item is specified in the Routine Maintenance Schedule of Rates the cost is indicative only and the amount payable in respect of performing those prime cost items will be valued in accordance with Clause 62.3 of the General Conditions based on Dayworks Rates or where there is no relevant Dayworks Rate, the Contractor's actual costs (including direct subcontractor costs plus onsite and corporate overheads and margin).

c) Daywork Rates:

Daywork Rates are set out in Tender Schedule M7. Where the Contract specifies that a valuation is to be made using Daywork Rates (including in relation to prime cost items and variations under Clauses 55 or 62 of the General Conditions) such a valuation will be made using the corresponding Daywork Rates and actual quantities.

d) Planned Routine Maintenance Schedule of Rates:

The Planned Routine Maintenance Schedule of Rates are set out in Tender Schedules M3A & B.

The Planned Routine Maintenance Schedule of Rates:

- i. include the cost of all services, work, materials, labour, plant, and Margin and activities required to carry out the Planned Routine Maintenance Schedule of Rates Items and Activities
- ii. will be claimed based on completed quantities, and
- iii. only apply where the CLT or the Principal (as the case may be) has given a direction pursuant to Clause 18.3(b) of the General Conditions that Routine Maintenance Work will be carried out on the basis of the Planned Routine Maintenance Schedule of Rates.

3 Asset Management Work

3.1 First Phase Projects

If there are any First Phase Projects listed in Item 2 of the Key Information, the Contractor is entitled to payment for carrying out the Asset Management Work necessary to complete each First Phase Project in accordance with the corresponding lump sums and schedule of rates for each First Phase Project included in the individual Project schedules within the relevant Tender Schedules.

The lump sums and rates included for each First Phase Project include the cost of all services, work, materials, labour, plant, overhead (both onsite and Corporate Overhead) and Margin and activities required to carry out the Asset Management Work necessary to complete each First Phase Project.

3.2 Second Phase Projects

The Contractor is entitled to payment of the relevant Project Contract Sum for carrying out the Asset Management Work necessary to complete each Second Phase Project.

The Project Contract Sum for each Second Phase Project:

- a) is the amount specified in the relevant Project Proposal accepted by the CLT and the Principal in accordance with Clause 17.4 of the General Conditions
- b) for the purposes of Clause 17 of the General Conditions, the Direct Costs for each Second Phase Project must be developed:
 - i. on an open book basis, with costs based on labour, plant, subcontracts, materials and on-site overhead
 - ii. in accordance with best practice and Attachment 3 to this Appendix B, and
 - iii. using risk free productivity rates, with separately reported allowance for risk to arrive at the direct cost.

with onsite overhead, Corporate Overhead and Margin to be applied to the Direct Costs to determine the proposed Project Contract Sum.

The Principal may benchmark any pricing provided by the Contractor against prices obtained for similar work within the Contract or on prices obtained by the Principal for similar work performed outside of the Contract by other contractors.

The Project Contract Sums and any amounts to be paid in respect of the Projects are not subject to adjustment for rise and fall except as expressly provided for under Clause 4 of this Appendix B.

4 Rise and fall

4.1 Bitumen

Payments made to the Contractor shall be subject to adjustment for variations in the cost of bitumen supplied by the Contractor.

The cost adjustment shall be calculated from the formula:

$$D = (C - B) \times A$$

Where:

A = the quantity of bitumen supplied by the Contractor derived from:

- a) the calculation of residual bitumen at 15°C where the product is sprayed bituminous surfacing or a tack coat
- b) the approved design binder content where the product is asphalt
- c) the approved residual binder content where the product is a bituminous slurry surfacing, and
- d) where the binder is modified bitumen, the quantity shall be the quantity of manufactured polymer modified binder.

B = the price of Class 170 bitumen on the 15th day of the month prior to:

- a) the time for lodgement of Tenders in the case of the Routine Maintenance Work and the First Phase Projects, and
- b) the time of submission of the applicable Project Proposal in the case of the Second Phase Projects.

C = the price of Class 170 bitumen on the 15th day of the month during which the work is performed.

D = the applicable cost adjustment for this claim for payment.

The price of Class 170 bitumen shall be the average general market price of Class 170 bitumen of all Queensland manufacturers.

4.2 Other adjustments

Payments made to the Contractor for work under the Contract are subject to rise and fall adjustments in accordance with this Clause 4.2 to reflect variations in the cost of labour and materials, except payments in respect of:

- a) variations, or prime cost components which include subcontractor invoices or any other items, where the relevant price (in each case) is to be determined or agreed at the time of work under the Contract based on actual cost or current prices. For clarity, the Daywork Rates included in Tender Schedule M7 including those that are part of prime cost activities plus Margin are subject to rise and fall in accordance with this Clause 4.2,
- b) the Project Contract Sums for Second Phase Projects, and
- c) items subject to adjustment under Clause 4.1 of this Appendix B.

The cost adjustment shall be calculated from the formula:

$$H = \frac{0.85 \times (G - F) \times E}{F}$$

Where:

E = the value of the monthly payment certificate subject to rise and fall (exclusive of the items that are not subject to rise and fall, as set out in Clauses 4.2(a), (b) and (c) of this Appendix B).

F = the value of the Index for the quarter prior to the month in which the Contractor's Tender was lodged.

G = the value of the Index for the quarter prior to the month during which the work is performed.

H = the applicable cost adjustment.

The 'Index' is the index of road and bridge construction for Queensland published quarterly by the Australian Bureau of Statistics.

If at any time the Index is discontinued or modified, the Principal's Representative shall request the Australian Bureau of Statistics to nominate the index or authority which in its opinion is the most practical for the purposes of measuring any variation in costs during the performance of the Contract. The index or authority nominated by the Australian Bureau of Statistics shall be adopted for the purposes of making the calculation under this Clause 4.2. If the Australian Bureau of Statistics fails to nominate an index or authority which is practical for the purpose of measuring any variation in costs, then the amount of the cost adjustment shall be the amount determined by the Principal's Representative acting reasonably.

5 Method of measurement

For the schedule of rates parts of this Contract, the Contractor shall be paid on a schedule of rates basis in accordance with Clause 5.1 of this Appendix B, and for the lump sum parts of this Contract, the Contractor shall be paid on a lump sum basis in accordance with Clause 5.2 of this Appendix B.

5.1 Payment on Schedule of Rates Basis

The Principal shall pay the Contractor for work the subject of a schedule of rates, the sum ascertained by:

- a) multiplying the measured quantity of each item of work actually carried out under the Contract by the rate accepted by the Principal for each item
- b) adjusting that sum by any additions or deductions requested to be made pursuant to the Contract, and
- c) adding any GST in respect of the relevant supply.

For Schedules M1 to M4, quantities in a schedule of rates are estimated quantities only and the Principal does not warrant, guarantee or make any representation with respect to the completeness, accuracy or adequacy of the items and quantities in a schedule of rates.

A direction shall not be required to be given by the Principal's Representative by reason of the actual quantity of an item required to perform the Contract being greater or less than the quantity shown in the schedule of rates.

Where otherwise than by reason of a direction of the Principal's Representative to vary the work under the Contract, the actual quantity of an item required to perform the Asset Management Work the subject of a First Phase Project is greater or less than the quantity shown in the applicable schedule of rates, the rate shall apply to the greater or lesser quantities within the limits of accuracy stated in this Clause 5.1 and quantities outside the limits shall be valued under Clause 55 of the General Conditions as if they were varied work directed by the Principal's Representative as a variation.

For projects designed by the Principal, the applicable limits of accuracy for the quantities in the applicable schedule of rates shall be plus 10% and minus 10%. However total payment for a reduced quantity of work will not exceed the amount calculated by multiplying the quantity of work at the lower limit by the tendered rate.

If no rate or price is shown in a schedule of rates for an item, the rate or price for that item shall be deemed to have been included elsewhere in the schedule of rates.

The quantity of completed work in a schedule of rates shall be measured in accordance with the Standard Method of Measurement specified in Clause 2 of Transport and Main Roads Specification MRS01 *Introduction to Specifications*.

Where the unit of measurement for an item in a schedule of rates is stated as “lump sum”, the Contractor may include part of the relevant amount in a claim for payment under Clause 37 of the General Conditions. Valuations of items to be included for payment will be made based on the Principal’s Representative’s assessment of the percentage of completed and conforming work or, where an appropriate formula is included in the specification associated with the particular work, in accordance with that formula.

5.2 Payment on lump sum basis

The Principal shall pay the Contractor for work for which the Principal accepted a lump sum, the lump sum (including GST):

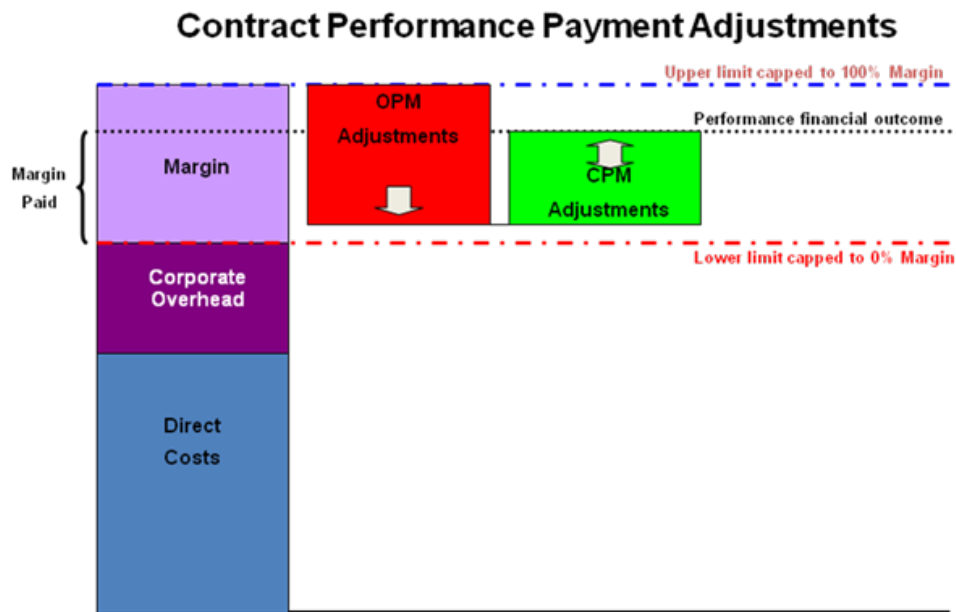
- a) adjusted by any additions or deductions required to be made pursuant to the Contract, plus
- b) any GST in respect of the relevant supply.

6 Performance Measurement Framework

6.1 Key principles

- a) The Performance Measurement Framework is intended to provide a comprehensive mechanism to assess and record the Contractor’s overall performance under the Contract.
- b) The Performance Measurement Framework consists of Operational Performance Measures (OPMs) and Contract Performance Measures (CPMs).
 - i. The OPMs are a measure of the non-compliances on the network. The Monthly OPM Score reflects the Contractor’s performance against the Operational Performance Measures, including whether or not the Notification Level or Safety or Hazard Intervention Limits in the Maintenance Levels of Service set out in Attachment 2 have been exceeded. When the Monthly OPM Score exceeds 50 points a penalty regime commences that begins to reduce the Contractor’s Margin, up to a score of 100 points when the Contractor’s entire Margin is deducted.
 - ii. CPMs are a measure of the Contractor’s management of certain elements of the Contract (eg customer complaints). The Monthly CPM Score modifies the Monthly OPM Score based on KPIs which provide an indication of the overall effectiveness and efficiency of the Contractor’s operations and management systems. Examples of these KPIs include traffic signage, customer complaints, improvement suggestions, Asset Management Services, AWP completion and backlogging of notification defects. CPMs are intended to incentivise the Contractor to focus on matters of importance to the Principal.
- c) Any deductions will be capped at the Price Adjustment Limit.

The two level adjustment is shown diagrammatically in Figure 2 below.

Figure 2 – Contract Performance Payment Adjustments

- d) Adjustments will be made on a monthly basis and the onus will be on the Contractor to self-assess and submit a 'Performance Report' with each monthly payment claim. Non-compliances detected by the Principal in carrying out audits against the Performance Measurement Framework will carry a higher weighting than non-compliances which are reported by the Contractor.
- e) Completion of the Projects set out in each Final AWP will be measured annually and will result in a further modification to the aggregate of the adjustments made in a Year on the basis of the Monthly OPM Score, subject always to the Price Adjustment Limit.
- f) Payment of the Asset Management Services Fee will be subject to suspension due to poor performance in respect of the timing and quality of the AWP and FWP.
- g) To reflect the importance of maintaining the Road Infrastructure towards the end of the Term, the Price Adjustment Limit will increase to the Margin multiplied by two during the Transition Out Period.
- h) A non-sanction period or 'grace' period will apply until 30th September 2019. During that period the Contractor is required to assess and report on the basis of the Performance Measurement Framework but there will be no deductions from amounts payable to the Contractor on the basis of the Performance Measurement Framework.

6.2 Performance measures that do not affect payment

The overall performance of the Contractor under the Contract will be measured through the Performance Key Result Areas (KRA) set out in Attachment 1.

The Key Performance Indicators (KPI) for each KRA are set out in Attachment 1 and these KPIs are to inform the CLT of trends in Contract and Contractor performance. Except to the extent set out below in Clauses 6.3 to 6.8 of this Appendix B, there will be no adjustment to payments to the Contractor on the basis of the Contractor's performance against the KRAs and KPIs in Attachment 1.

The Contractor and the Principal must report against the KRAs and KPIs in accordance with the Attachment 1.

6.3 Operational Performance Measures (OPMs)

The OPMs reflect both the road users' expectation of the Road Infrastructure's day to day serviceability and reliability and the Contractor's capability to manage and maintain the Road Infrastructure for use by the road users. OPMs are a measurement of the Contractor's ability to meet the Maintenance Levels of Service set out in Attachment 2. A non-compliance arises for each instance where:

- a) the Contractor fails to comply with a Notification Level, or
- b) the Contractor fails to meet a response time, or
- c) a Safety Intervention Limit is exceeded, or
- d) a Hazard Intervention Limit is exceeded.

Subject to the matters below, the weighting attributed to each non-compliance changes according to the severity of the non compliance. The weighting is increased if a non-compliance carries over from one reporting period to another reporting period. Table 6.3(a) attributes non-compliance scores to Notification Levels, Intervention Limits and Hazard Intervention Limits.

A. Weightings for Notification Levels, Safety Intervention Limits and Hazard Intervention Limits

Table 6.3(a) – Non-Compliance Scores for Failure to Notify, exceeding Safety Intervention Limits and exceeding Hazard Intervention Limits

Non-Compliance	Non-compliance Score
Hazard Intervention Limit – carried over from previous period	5
Hazard Intervention Limit	4
Safety Intervention Limit or response time exceeded – carried over from previous period	2
Safety Intervention Limit or response time exceeded	1
Failure to notify of Notification Level – carried over from previous period	2
Failure to notify of Notification Level	1

The Contractor will not incur any non-compliance score in the following circumstances:

- i) in relation to a Hazard Intervention where:
 - A. the Hazard has been made safe, logged by the Contractor in the defects backlog list and programmed to be repaired within the LOS or relevant response times in the Contract, or
 - B. the Principal has directed the Contractor to defer the repair of the Hazard.
- ii) in relation to a Safety Intervention, where:
 - A. the defect has been logged by the Contractor in the defects backlog list, and
 - B. the defect is programmed to be repaired within the LOS or relevant response times in the Contract, or
 - C. the Principal has directed the Contractor to defer the repair of the defect, or

D. the Principal has directed that the defect is not a network priority.

iii) missing assets if the Principal has instructed the Contractor not to replace the asset.

The score for Notification Level defects shall be adjusted in accordance with Table 6.3(b). Each month the number of Notification Level defects that were previously recorded in the defects backlog list shall be calculated as a percentage of the total number of Notification Level defects identified during the audit.

Table 6.3(b) – Reduction in Non-Compliance Score for Notification Level Defects

Percentage of new Notification Level defects of the total identified for the month	0-10%	11 – 20%	21 – 30%	31 – 40%	> 40%
Reduction of score for Notification Level defect applied as per Table 6.7	100%	90%	75%	50%	0

The Contractor will be rewarded with 30 positive points added to its Monthly OPM Score after 3 continuous and consecutive months of 100% reduction (0 – 10% bracket) of score for Notification Level defects.

B. Weightings for non-compliances not identified by the Contractor but identified by the Principal

The OPMs are self-assessed by the Contractor in accordance with Clauses 6.4 and 6.5 of this Appendix B. Non-compliances detected by the Principal in carrying out monthly audits against the OPMs in respect of the same Audit Sections self-assessed by the Contractor will carry a higher weighting than non-compliances which are reported by the Contractor. Table 6.3(c) provides non-compliance scores attributed to non-compliances not identified by the Contractor but identified by the Principal.

If the Principal identifies any defects in its monthly audit, the Contractor must include those defects on the defects backlog list and rectify the defects within the response time outlined in the Maintenance Levels of Service set out in Attachment 2.

The Principal's audits of the Contractor's non-compliance score must be completed within two weeks of the Contractor submitting their audit results. The Contractor shall conduct a joint audit with the Principal, if requested by the Principal. In the event of significant rainfall occurring between the Contractor's audit and the Principal's audit, then the Principal shall not score those Notification Level defects that could have reasonably occurred as a result of the significant rainfall event.

Table 6.3(c) – Non-Compliance Scores for non-compliances not identified by the Contractor but identified by the Principal

Non-Compliance	Non-compliance Score
Hazard Intervention Limit exceeded	5
Intervention Limit exceeded	2
Failure to notify of Notification Level	2

C. General matters

Once a Monthly OPM Score is agreed by both parties it becomes fixed. Should the parties fail to agree, the Principal's Representative shall decide the Monthly OPM Score which will become the final Monthly OPM Score.

Deductions incurred are to be calculated each month but not claimed until the end of the Year when the accumulated deductions may be offset by any early delivery of the AWP in accordance with Clause 6.8 of this Appendix B.

6.4 Performance Measurement Plan

The Contractor must develop and submit a Performance Measurement Plan in accordance with Clause 13 of the General Conditions and that Performance Measurement Plan is deemed to be part of the Contract Plan.

Details for the Performance Measurement Plan are provided in Appendix D.

6.5 Measurement of OPMs

The Contractor must self-assess against the OPMs:

- a) in accordance with the approved Performance Measurement Plan,
- b) on a monthly basis, with the results of the assessment to be included in the Performance Report submitted with each Payment Claim in accordance with Clause 37 of the General Conditions, and
- c) based on not less than 15 Audit Sections selected by the Principal, representing a 10% sample of the network.

On road cycle lanes and other relevant road infrastructure must be included in any assessment when the adjacent road carriageway has been assessed as an Audit Section.

The measurement of OPMs does not relieve the Contractor of its obligations in relation to an inspection regime to ensure that the Contractor meets its obligations under the Contract (including to maintain the Road Infrastructure so that it does not exceed the Intervention Limits).

6.6 Contract Performance Measures (CPMs)

The CPMs are intended to drive innovation, responsiveness to users of the Road Infrastructure, asset preservation and best practice traffic management and are as set out in Clause 6.6(a) to 6.6(d) of this Appendix B below.

The Monthly CPM Score is the aggregate of:

- i. the improvement suggestion score (Clause 6.6(a) of this Appendix B),
- ii. the customer complaint score (Clause 6.6(b) of this Appendix B), and
- iii. the Site signage and traffic management score (Clause 6.6(c) of this Appendix B).
- iv. The interface and collaboration score (Clause 6.6(d) of this Appendix B).

a) The number of approved improvement suggestions made by the Contractor

The Principal encourages the Contractor to contribute to the continual improvement of the management of the Contract, and the Principal's network management practices in general, by submitting improvement suggestions to the Principal's Representative. Improvement suggestions may relate to:

- i. improved management practices (both to the maintenance of the Road Infrastructure and to the Contract),
- ii. more effective operational approaches, and
- iii. employment of new technologies.

For each month, the Contractor's improvement suggestion score = number of improvement suggestions implemented by the Principal, or approved for implementation by the Principal in writing.

Not all improvements are of equal value to the Principal. The CLT will determine individual scores for improvement suggestions in a range from 1 to 10, and if the CLT cannot agree, the Principal will determine in its sole discretion.

Examples of improvements that would justify a score of 10 could include an initiative that –

- i. increased safety for staff or the road user,
- ii. increased productivity by a factor of 2 or more,
- iii. improved network availability, and
- iv. reduced the complaints from night works.

b) The number of validated customer complaints related to the Contractor's operations

The Principal has a strong interest in providing a good service through the Contractor to its customers. One way to gauge this is the level of complaints received from users of the Road Infrastructure.

Appendix D defines the requirements for recording complaints received from users of the Road Infrastructure. Where a complaint is received, is validated, and can be directly attributed to the Contractor's operations, it must be recorded by the Contractor. The Principal will record any complaints received directly by the Principal and provide details of such complaints to the Contractor.

In order to score this KPI, before the end of the Non-sanction Period, the CLT will establish a benchmark level of complaints based on previous trends and complaints recorded during the Non-sanction Period (Benchmark Level).

In any month, the Contractor can score between + 12 (representing zero complaints) and - 12 (representing double the benchmark level and greater) depending on the number of complaints compared to the Benchmark Level, calculated as follows:

$$\text{Customer complaint score} = [(\text{Benchmark Level} - \text{Complaints in month}) / (\text{Benchmark Level})] * 12$$

c) The standard of Site signage and traffic management (as assessed during Principal inspections)

The standard of Site signage and traffic management will be assessed by the Principal through monthly inspections. The criteria for this assessment is set out in Table 6.6.

Table 6.6 - Criteria for site signage and traffic management performance score

<ul style="list-style-type: none"> • All signage and traffic management in accordance with MUTCD and other relevant Technical Specifications • Speed zones and / or flagman signs only active when work is being performed or are required for user safety • Limits of speed zones and / or flagmen signs applicable to the limit of the physical work on the Site • Minimal impact on traffic flow 	Pass +1for each Site
<ul style="list-style-type: none"> • Failure to open a lane by the nominated time for road to which lane rental does not apply. 	- 20 per event
<ul style="list-style-type: none"> • Signage and / or traffic management not in accordance with MUTCD and other relevant Specifications (including non-removal of signs when Works are completed) • Speed zones and / or flagmen signs active when there is no work being performed and are not required for user safety • Limits of speed zones and or flagman signs set well beyond the limit of physical work on the Site • Traffic flow significantly and unnecessarily impacted 	Fail -1for each Site

The Principal may assess and allocate scores in respect of any Site, and in respect of the same Site at any time and from time to time during each month. The standard of Site signage and traffic management score = 12 multiplied by the sum of scores for all Sites in the relevant month divided by the number of audits. Where there are zero audits, the score is deemed to be + 12.0.

The audit will be either a pass or a fail, no part marks will be allocated.

d) The Interface and Collaboration Score

The Interface and Collaboration Score represents the Contractor's performance in interfacing and collaborating with other parties including other service providers working on the network and the Principal. The CLT shall determine aggregate scores for the interface and collaboration score. If the CLT cannot reach agreement, then the Principal shall determine the score.

Each month the Contractor shall score -10 points for this score. But the score shall be increased by positive points for each issue relating to issues that have been escalated to the CLT.

Examples of escalated issues that may result in an adverse score and possible scores are:

- i. Failure to respond to a request for urgent assistance in a timely manner (16 points)
- ii. Lack of, or inappropriate consultation leading to a clash in programming and on-road impacts (12 points)
- iii. Lack of timely input when requested (8 points)
- iv. Slow resolution to an interface issue (6 points)

- v. Lack of adherence to the Relationship Charter (4 points).

6.7 Performance Report and calculation of the Monthly Non-Compliance Score

Monthly Non-Compliance Score = Monthly OPM Score - Monthly CPM Score.

The Principal will provide all information reasonably required for the Contractor to calculate the Monthly Non-Compliance Score, including the interaction collected by the Principal on a monthly basis in relation to:

- a) the improvement suggestion score
- b) the customer complaint score, and
- c) the Site signage and traffic management score.

The Contractor must provide a detailed breakdown of the calculation of the Monthly Non-Compliance Score as part of the Performance Report submitted with each payment claim (including during the Non-sanction Period).

Subject to Clause 6.9 of this Appendix B and the operation of the Non-sanction Period, the total amount payable to the Contractor in each month in respect of Routine Maintenance Work (including variations under Clause 62 of the General Conditions) will be adjusted in accordance with Table 6.7.

Table 6.7 - Monthly Non-Compliance Scores and reductions

Monthly Non- Compliance Score	Less than 20	More than 20 but less than 40	More than 40 but less than 60	More than 60 but less than 80	More than 80
Reduction in payment in respect of Routine Maintenance Work (as a % of the Price Adjustment Limit)	Nil	10	25	50	100

A worked example of the adjustment based on the Monthly Non-Compliance Score is set out in Attachment 5.

6.8 Price adjustment due to Annual Works Program measure

- a) The delivery of the Asset Management Work necessary to complete the Projects set out in each Final AWP will be measured at the end of each Year and reported in the Performance Report submitted in the first month after the end of each Year.

Subject to the Price Adjustment Limit, Clause 6.1 of this Appendix B and the operation of the Non-sanction Period, the total amount payable to the Contractor in the month following the end of each Year will be adjusted as follows:

- i. (late completion) if the Contractor fails to carry out the Asset Management Work necessary for each Project included in the Final AWP to reach Practical Completion within the relevant Year, payment to the Contractor will be reduced by the total value of the undelivered portion of the Asset Management Work (as reasonably determined by the Principal's Representative), multiplied by the Price Adjustment Limit, and

- ii. (early completion) if the Contractor carries out the Asset Management Work such that all Projects included in the Final AWP reach Practical Completion prior to the end of the relevant Year, the aggregate of all negative adjustments to payments on the basis of the Monthly Non-Compliance Score in accordance with Clause 6.7 of this Appendix B may be offset in accordance with Table 6.8.

Positive offsets to adjustments from Monthly Non-Compliance Scores due to early completion of AWP are in Table 6.8.

Table 6.8 – Positive offsets to adjustments

	(% of Price Adjustment Limit)			
	0	10	25	50
Extent of Early Completion	On or behind program	≥ 1 month	≥ 2 months	≥ 3 months

Delivery will only be measured against those projects set in the agreed AWP. Projects added or substituted into the program during the Year will not form part of the assessment.

- b) Any offsets under Clause 6.8(a)(ii) will be capped at the sum of the actual adjustments that occurred over the immediate past Year on the basis of the Monthly Non-Compliance Score in accordance with Clause 6.7 of this Appendix B.
- c) The percentage derived from Table 6.8 multiplied by the Price Adjustment Limit will apply to the gross of all payments made to the Contractor in respect of the Routine Maintenance Work in the relevant Year.
- d) If a reduction of a payment in accordance with Clause 6.8(a)(i) exceeds the amount otherwise payable to the Contractor for the month following the end of each Year, the amount by which the reduction under Clause 6.8(a)(i) exceeds the amount otherwise payable will be a debt due and payable from the Contractor to the Principal.
- e) Worked examples of positive offsets in accordance with Clause 6.8(a)(ii) are set out in Attachment 5.

6.9 Suspension of payment due to Asset Management Services performance

- a) Payment of the Asset Management Services Fee to the Contractor may be suspended due to the late delivery and quality of the FWP and AWP.
- b) (Timing) if the Contractor fails to deliver the FWP and AWP within 30 Business Days of the times specified in the contract in the relevant year, payment to the Contractor for Asset Management Services shall be suspended until such time that a satisfactory FWP and AWP are approved by the Principal, and
- c) (Quality) if the FWP and AWP fail to address network stewardship to the satisfaction of the Principal, payment of the Asset Management Fee to the Contractor shall be suspended until a satisfactory FWP and AWP are approved by the Principal.
- d) The CLT shall determine the factors that the Principal may consider in assessing the quality of the FWP and AWP. Examples include:
- i. Demonstration of best for network outcomes.

- ii. The balance between preservation treatments and rehabilitation.
- iii. The variety of treatments.
- iv. The risk accepting or risk averse nature of the treatments.

7 Key Result Areas

Any extension to the Initial Term of the Contract will be based on, but not limited to an assessment of the Contractor's performance in the following Key Result Areas:

- **Road Asset Management** – maintains a comprehensive approach covering asset data collection, analysis, modelling, prioritisation and holistic strategy development; and effectively leads asset management process.
- **Road Network Stewardship** - makes “best for network” decisions, invests limited contract funds effectively, engages with the community, is responsive to the Principal's customers (including least disruption to road users), delivers services that are in the best interest of road users and asset preservation, proactively manages interfaces with third party operators effectively, and provides the Principal with the necessary information to make informed decisions about the network and collaborates effectively to balance competing needs across the network, ensures TMR receives timely advice of risks and issues.
- **Community Relations** – proactively anticipates and manages customer's needs, is flexible, agile and responsive, and effectively manages project specific consultation and communication to minimise complaints.
- **Road Maintenance and Construction management** – safely and efficiently delivers the program of maintenance and minor work programs, including timely incident management response and natural disaster response.
- **Road and Pavement Design** – adopts a collaborative approach to managing rehab and minor works design that focus on solutions that optimise the network outcomes; effectively negotiates and manages risk.
- **Contractual Relationships** – lives and promotes the relationship charter and takes proactive action to address issues that arise.

Attachment 1 – Contract Performance Framework Details

KPI Measurement Overview					
No.	KPI Title	Rationale	Reporting frequency	Provided by	Target
1	Lane availability	This encourages planning and execution of the works to minimise disruption to users and focus on non-peak work.	Monthly	Contractor	Minimum 99% With an increasing trend
2	Number of complaints by category of sealed surfaces, roadside asset, road furniture and traffic management	If customers are satisfied then complaints will be fewer. If not performing or performance is decreasing then complaints will increase. This measure will be dependent upon the current complaint categories and results up to commencement of contract. Sufficient information needs to be in the complaint to identify the network.	Monthly	Principal	Decreasing year on year
3	KSI figures for worksite	This indicates Contractor safety and implementation of safe work zones and measure worksite incidents. Review of data at, or immediately adjacent to workzones (worksites). The type of incident/cause would also be identified. This information comes from Contractor site records.	Monthly	Contractor	Decreasing year on year
4	KSI figures for network	This indicates network safety rather than contractor performance. The type of incident / cause could also be identified. This information will come through TMR, Contractor site records	Monthly	Principal	Decreasing year on year
5	Defect progression	Defect number and severity indicates the state of the network, and the trend shows asset condition generally. Reducing number and reducing severity of defect indicate an improving asset.	Monthly	Contractor	Downward trend year on year
6	Hazard reduction / Reduction in reactive treatments	Reactive treatments are for hazards that arise due to various causes. As the underlying quality and strength of the asset improves these should reduce.	Monthly	Contractor	Downward trend year on year
7	Quantity of rework	Rework indicates the quality of the implementation of the works. Minimal rework indicates that systems and procedures are in place to plan and implement works in accordance with the specifications. Increasing rework would raise issues with systems and motivation, and would need review to improve quality of output.	Monthly	Contractor	Decreasing number of instances year on year

KPI Measurement Overview					
No.	KPI Title	Rationale	Reporting frequency	Provided by	Target
8	No. of Contract non-conformances	A proactive contractor with the best interests of the contract (Network) in mind is likely to have effective systems in place and a motivated workforce. This will in turn lead to better output of works and network. Non-conformances are likely to lead to lower quality of network, hazards on the network for longer and poor financial performance, these all effect the baseline condition of the network.	Monthly	Contractor	Decreasing number after initial report
9	Contractor LTI	Safety is a key issue and works must be performed in a safe manner for the users and for workers. LTI stats will provide an indication of safety performance. Near misses should be recorded also.	Monthly	Contractor	Decreasing number in each period after initial report. Increasing number of near misses reported.
10	Number of accepted improvement suggestions	A proactive contractor with the best interests of the contract (Network) in mind is likely to be constantly looking for improvements. The number and effectiveness of these improvements can be a indicator of contractor attitude.	Monthly	Contractor	Minimum number suggestions. Increasing number of approved suggestions year on year.
11	Response times to incidents	Emergency response is required for network incidents. Response times are set to return the network to operation, as quickly as possible.	Monthly	Contractor	Greater than 85% of responses within timeframe.
12	Response times to requests for information	Any claims by or on TMR are to be resolved as expediently as possible. In order to achieve this full and complete information is required by TMR to process and close any claims. The Contractor is to support this process by providing information and responding to requests on claims as quickly as possible.	Monthly	Contractor	All responses within timeframe requested.
13	Environmental incidents	Protection of the environment is a key requirement for TMR and the Contractor. In the event of an environmental incident there are legislative reporting requirements. The contractor is to report in accordance with both legislative and TMR requirements.	Monthly	Contractor	All incidents reported. All incidents reported within timeframe required. All information provided as required.

KPI Measurement Detail							
KRA	No.	KPI Title	Description	Methodology	Input	Calculation	Reporting info
User Satisfaction	1	Lane availability	Lane length available on each road hierarchy level.	Not applicable.	Not applicable.	Not applicable.	Not applicable.
	2	Number of complaints by category of sealed surfaces, roadside asset, road furniture and traffic management.	Complaints received from users (public), within each defined category of sealed surfaces, roadside asset, road furniture and traffic management.	Review Complaint data within each existing category for each link. Utilise existing categories and road hierarchy.	Numbers of complaints (negative comments). Data from DTMR and Contractor records.	Number in each category.	Complaints received direct contractor. Overall complaints and complaints per category per hierarchy.
	3	KSI figures	KSI Statistics for worksites.	Review KSI data and ID records associated with or adjacent to work zones and sites.	Number of KSI. Type of KSI. Data from Contractor records.	Number and type identified at work zones and sites.	KSI at work sites and zones overall. Number of each type. Trend of KSI overall.
	4	KSI figures	KSI Statistics for Network	Review KSI data and ID records associated with network.	Number of KSI. Type of KSI. Data from DTMR and Contractor records.	Number and type identified across network.	KSI across network. Number of each type. Trend of KSI overall.
Asset sustainability	5	Defect progression	The number of logged defects at or above the stated 'Notification Level' Change in number and severity of defects identified on the works register. Reducing number and severity of defect indicate an improving asset.	Review Contractor logged defects. Summarise number of defects in period above 'Notification level'.	Contractor's defect register.	Number of defects above Notification level.	Number of defects above notification level on network, and trend of number within.

KPI Measurement Detail							
KRA	No.	KPI Title	Description	Methodology	Input	Calculation	Reporting info
	6	Hazard reduction / Reduction in reactive treatments	The number of logged hazards at or above the stated 'Intervention Limit'. Change in number of hazards identified on works register.	Review contractor hazards register and collate overall list of items identified as hazards above 'Intervention Limit'.	Contractor's hazards register.	Number of hazards above intervention limit.	Number of hazards above intervention limit on network, and trend of number. Difference in number of hazards between contractor register and TMR register, and trend of difference.
Management	7	Quantity of rework	Record all instances of rework required.	Review works and audit data, collate instance of rework and summarise reasons.	Contractor works report.	Number of instances of rework.	Number of instances of rework, trend of instances, and summary of main reasons.
	8	No. of Contract non-conformances	Record non-conformances across contract as whole. From internal or external audit.	All issues that are defined as non-conformance of performance to be recorded. This includes hazards above intervention limits, works not within timescale, works not to quality (spec), rework, outcome parameters not met. Data from Contractors records and TMR records. Relates to works performance and not overall contract.	Works register Hazard register Inspection report Audit reports.	Number of non-conformances in each category. Time for programmed works Rework Non-identified hazards Quality of rework	Total number of items advised as Non-conformances. Non-conformances in each category.

KPI Measurement Detail							
KRA	No.	KPI Title	Description	Methodology	Input	Calculation	Reporting info
	9	Contractor LTI	Number of LTI for contract as whole, all workers and subcontracts (inc office workers). Against hours worked Number of near miss reports (safety and environmental)	All injuries by all workers on the contract to be recorded. LTIFR as defined in Statutory requirements. Near miss register to be maintained for safety and environmental issues	Total working hours Number of LTI and total lost time Near miss register	$\frac{[(\text{Number of lost time injuries in accounting period})]}{[(\text{Total hours worked in accounting period})] \times 1,000,000}$	LTIFR for period LTIFR for previous year and trend Number of safety near misses and trend Number of environmental near misses and trend
	10	Number of accepted improvement suggestions	Record number of improvement suggestions and measure number of suggestions approved by TMR for implementation	Contractor to record suggestions for contract, works, and specification improvements. Summarise suggestions approved for implementation	Contractor report on improvement suggestions. TMR record of approved suggestions	Number of suggestions Number of suggestions approved	Number of suggestions within Period. Number of Approved suggestions
	11	Response times to incidents	Time to respond is recorded from request time until log arrival at site time with BTMC. Achieve response within timeframes	Record emergency response requests, including time of request, arrival at site and clearance durations	Log of requests, response durations and clearance durations, against type of callout and Road hierarchy (group)	In each road Hierarchy (group) Result = $100 \times (\text{No. Call-outs within response time}) / (\text{No. Call-outs})$	Number callouts of each type on each Hierarchy. % call-outs within response time for each Hierarchy
	12	Response times to requests for information	Contractor to provide information in response to requests within timeframes requested	Log all requests for information regarding claims. Provide information requested within timeframe. If information is unable to be provided, respond within timeframe with reasons.	Requests for information. Information request log		Provide updated information request log. Summary of percentage of information requests responded within timeframe

KPI Measurement Detail							
KRA	No.	KPI Title	Description	Methodology	Input	Calculation	Reporting info
	13	Environmental incidents	Reporting of information on environmental incidents within timeframe and information in compliance with contract requirements.	For any environmental incidents, report data required and within timeframe as required under the contract and in accordance with legislation.	Log of environmental incidents. Environmental incident reports.		Provide updated environmental incident log. Summary of percentage of responses within response requirements.

Attachment 2 – Management Levels of Service

Defect Intervention Level Criteria / Description	Schedule	Notification Level					Safety Intervention Limit					Hazard Intervention Limit (Upper Defect level)								
		T7	T6	T5&T4	T3	T1&T2	T7	T6	T5&T4	T3	T1&T2	T7	T6	T5&T4	T3	T1&T2				
																			NOTE: Response to defects (which have reached or exceed the Hazard Intervention Limit) is urgent, and must be implemented immediately the Hazard is identified, or as directed by the Principal.	
							4 hours	24 hours	4 days	1 week	1 week									
(100 Series) Sealed Surfaces Asset Class																				
Isolated Depressions and Bumps in Bituminous Surface																				
Area of ponding of water (not free draining) in the wheel path, measured in m ² : (free draining means water disperses without action of traffic)	M2	3 m ²	7 m ²	10 m ²	15 m ²	15 m ²	5 m ²	10 m ²	15 m ²	15 m ²	20 m ²	10 m ²	15 m ²	20 m ²	25 m ²	25 m ²				
Depression or bump, measured using a 1.2 m straight edge in mm:	M2	20 mm	20 mm	30 mm	40 mm	40 mm	30 mm	30 mm	40 mm	50 mm	50 mm	40 mm	40 mm	50 mm	55 mm	55 mm				
Depression or bump, measured using a 4 m string line in mm:	M2	25 mm	30 mm	40 mm	60 mm	75 mm	40 mm	40 mm	50 mm	75 mm	75 mm	50 mm	50 mm	75 mm	100 mm	100 mm				
Area of ponding of water (not free draining) in the wheel path measured in m ² or depth / height of depression / bump measured using a 1.2 m straight edge in mm:	Stewardship	Log the defect and monitor if ponding area is greater than 1 m ² or depth exceeds 15 mm																		
Ruts in Bituminous Surface																				
Area of ponding of water (not free draining) in the wheel path, measured in m ² : (free draining means water disperses without action of traffic)	M2	3 m ²	7 m ²	10 m ²	15 m ²	15 m ²	5 m ²	10 m ²	15 m ²	15 m ²	20 m ²	10 m ²	15 m ²	20 m ²	25 m ²	25 m ²				
Depth of rut, measured laterally from top of ridge using a 1.2 m straight edge in mm:	M3	25 mm	30 mm	40 mm	60 mm	75 mm	30 mm	40 mm	50 mm	75 mm	100 mm	40 mm	50 mm	60 mm	100 mm	100 mm				
Area of ponding of water (not free draining) in the wheel path, measured in m ² or depth of rut measured laterally from top of ridge using a 1.2 m straight edge in mm:	Stewardship	Log the defect and monitor if ponding area is greater than 1 m ² or depth exceeds 20 mm																		
Shoving of Pavement or Asphalt																				
Area of ponding of water (not free draining) in the wheel path measured in m ² : (free draining means water disperses without action of traffic)	M2	3 m ²	7 m ²	10 m ²	15 m ²	15 m ²	5 m ²	10 m ²	15 m ²	15 m ²	20 m ²	10 m ²	15 m ²	20 m ²	25 m ²	25 m ²				
Maximum depth of shoving in the wheel path, measured longitudinally from top of ridge using a 4 m string line in mm:	M2	50 mm	50 mm	75 mm	75 mm	100 mm	100 mm	100 mm	125 mm	125 mm	150 mm	125 mm	125 mm	150 mm	150 mm	175 mm				
Maximum depth of shove on sealed pavements, measured laterally or longitudinally from top of ridge using a 1.2 m straight edge in mm:	M2	20 mm	30 mm	40 mm	60 mm	75 mm	50 mm	75 mm	75 mm	100 mm	100 mm	75 mm	100 mm	100 mm	125 mm	125 mm				
Area of ponding of water (not free draining) in the wheel path, measured in m ² or height / depth of shove, measured laterally from top of ridge using a 1.2 m straight edge in mm:	Stewardship	Log the defect and monitor if ponding area is greater than 1 m ² or depth exceeds 15 mm																		
Potholes / Delamination in Bituminous Surface including Bridge Surfaces																				
Plan dimension on sealed pavements, including on bridges, in any direction, measured in mm:	M1	50 mm	50 mm	50 mm	50 mm	50 mm	100 mm	100 mm	100 mm	100 mm	100 mm	200 mm	200 mm	200 mm	200 mm	200 mm				
Depth of pothole, measured in mm:	M1	30 mm	30 mm	40 mm	40 mm	60 mm	40 mm	40 mm	50 mm	50 mm	75 mm									

Defect Intervention Level Criteria / Description	Schedule	Notification Level					Safety Intervention Limit					Hazard Intervention Limit (Upper Defect level)						
		T7	T6	T5&T4	T3	T1&T2	T7	T6	T5&T4	T3	T1&T2	T7	T6	T5&T4	T3	T1&T2		
																	NOTE: Response to defects (which have reached or exceed the Hazard Intervention Limit) is urgent, and must be implemented immediately the Hazard is identified, or as directed by the Principal.	
							4 hours	24 hours	4 days	1 week	1 week							
Depth of pothole, measured in mm:	Stewardship	Log the defect and monitor if depth exceeds 20 mm																
Very Rough Surface (Isolated sections) in Bituminous Surface																		
Any area of rough surfacing with plan area or difference in height greater than stated on 4 m string line.	M2	3 m ² or 25 mm	7 m ² or 30 mm	10 m ² or 40 mm	15 m ² or 60 mm	15 m ² or 75 mm	5 m ² or 40 mm	10 m ² or 40 mm	15 m ² or 50 mm	15 m ² or 75 mm	20 m ² or 75 mm	10 m ² or 50 mm	15 m ² or 50 mm	20 m ² or 75 mm	20 m ² or 100 mm	25 m ² or 100 mm		
Crocodile Cracking in Bituminous Surface																		
Plan area of crocodile cracking, measured in m ²	M3	5 m ²	10 m ²	15 m ²	20 m ²	20 m ²												
Plate size, measured in mm	Stewardship	Log the defect and monitor if plan area exceeds 2 m ² or plate size less than 100 mm																
Moisture is entering / leaving the pavement:	Stewardship	Log the defect and monitor if moisture is visible entering / leaving pavement																
Bituminous Surface Cracks General																		
Bitumen surface height difference each side of crack, measured in mm	M2											20 mm	25 mm	30 mm	35 mm	35 mm		
Individual crack width exceeds dimension stated	M3	5 mm	5 mm	5 mm	5 mm	5 mm												
Width of longitudinal crack in or near the shoulder exceeds dimension stated in mm:	M2	5 mm	5 mm	5 mm	5 mm	5 mm	10 mm	10 mm	10 mm	10 mm	10 mm	15 mm	15 mm	15 mm	15 mm	15 mm		
Edge Break in Bituminous Surface																		
Edge Break encroachment beyond edge line, measured in mm	M2											150 mm	150 mm	150 mm	200 mm	200 mm		
Unsealed Shoulder Edge deviation from the average existing seal width, measured in mm	M2	100 mm	100 mm	100 mm	125 mm	125 mm	125 mm	125 mm	125 mm	150 mm	150 mm							
Unsealed Shoulder Edge deviation from the average existing seal width, measured in mm	M2	Log the defect and monitor if deviation exceeds 75 mm																
Sealed shoulder (at least 500 mm width) Edge deviation from the average existing seal width, measured in mm	M2	100 mm	100 mm	100 mm	125 mm	125 mm	125 mm	125 mm	125 mm	150 mm	150 mm							
Sealed shoulder (at least 500 mm width) Edge deviation from the average existing seal width, measured in mm	Stewardship	Log the defect and monitor if deviation exceeds 70 mm																
Edge Drop off in Bituminous Surface																		
Edge drop off measured using a 1.2 m straight edge as vertical distance from the surface at edge of seal to the surface of the shoulder, measured in mm or any verified defect identified by inspections, complaint or notification by the Principal that is hazardous	M2											100 mm	100 mm	100 mm	100 mm	100 mm		
Unsealed shoulder Depth of edge drop-off measured using a 1.2 m straight edge as vertical distance from the surface at edge of seal to the surface of the shoulder, measured in mm	M2	30 mm	40 mm	50 mm	50 mm	50 mm	50 mm	60 mm	75 mm	75 mm	75 mm							
Sealed shoulder (at least 0.5 m width) Depth of	M2	30 mm	40 mm	50 mm	50 mm	50 mm	50 mm	60 mm	75 mm	75 mm	75 mm							

Defect Intervention Level Criteria / Description	Schedule	Notification Level					Safety Intervention Limit					Hazard Intervention Limit (Upper Defect level)							
		T7	T6	T5&T4	T3	T1&T2	T7	T6	T5&T4	T3	T1&T2	T7	T6	T5&T4	T3	T1&T2			
																		NOTE: Response to defects (which have reached or exceed the Hazard Intervention Limit) is urgent, and must be implemented immediately the Hazard is identified, or as directed by the Principal.	
							4 hours	24 hours	4 days	1 week	1 week								
edge drop-off measured using a 1.2 m straight edge as vertical distance from the surface at edge of seal to the surface of the shoulder, measured in mm																			
Edge drop-off measured using a 1.2 m straight edge as vertical distance from the surface at edge of seal to the surface of the shoulder, measured in mm	Stewardship	Log the defect and monitor if depth exceeds 20 mm																	
Flushing, Bleeding Seal																			
Measured area of bleeding or flushing as a proportion of lane area	M3	Fatty areas greater than 10% of lane	Fatty areas greater than 10% of lane	Fatty areas greater than 10% of lane	Fatty areas greater than 10% of lane	Fatty areas greater than 10% of lane													
Any fatty strips with dimension greater than stated	Stewardship	Log the defect and monitor if length is greater than 10m on horizontal curves, approaches to curves or within intersections Or 15 m or 10% of lane km on straights																	
Ravelling or Stripping Seal																			
Isolated stripped patches or ravelling exceeds area stated. Measured in m ²	M2	5 m ²	10 m ²	15 m ²	20 m ²	20 m ²	10 m ²	20 m ²	30 m ²	40 m ²	40 m ²	20 m ²	30 m ²	40 m ²	50 m ²	50 m ²			
Other Bituminous Surface Texture Defects																			
Safety problem exists where loss of skid resistance is evident and or complaint received regarding excessive surface noise	Stewardship	Log the defect and monitor																	
Rough Manhole Covers and Grates (Rough Service access facility)																			
Height or depth relative to surrounding ground exceeds dimension stated, that is moving excessively, or creating noise	M1	Log the defect and monitor where level difference greater than 15 mm or rocking / noise is present					30 mm	30 mm	30 mm	30 mm	30 mm	40 mm	40 mm	40 mm	40 mm	40 mm	40 mm		
Depressions Service Reinstatement (Rough Service Trench Reinstatement)																			
Height or depth relative to surrounding ground using a 1.2 m straight edge exceeds dimension stated	M2	15 mm	15 mm	20 mm	20 mm	20 mm	25 mm	25 mm	30 mm	30 mm	30 mm	40 mm	40 mm	50 mm	50 mm	50 mm			
Cracks in Concrete Roadway (diagonal, block, transverse, corner cracks, longitudinal, meandering and surface cracks)																			
Depth of depression or bump, measured using a 1.2 m straight edge in mm:	M3	20 mm	20 mm	30 mm	40 mm	40 mm	30 mm	30 mm	40 mm	50 mm	50 mm	40 mm	40 mm	50 mm	55 mm	55 mm			
Depth of depression or bump, measured using a 4 m string line in mm:	M3	25 mm	30 mm	40 mm	60 mm	75 mm	40 mm	40 mm	50 mm	75 mm	75 mm	50 mm	50 mm	75 mm	100 mm	100 mm			
Width of longitudinal crack in or near the shoulder exceeds dimension stated in mm:	M2	5 mm	5 mm	5 mm	5 mm	5 mm	10 mm	10 mm	10 mm	10 mm	10 mm	15 mm	15 mm	15 mm	15 mm	15 mm			
Individual crack width exceeds dimension stated or there is excessive cracking and moisture is penetrating the pavement	Stewardship	Log the defect and monitor crack width exceeds 3 mm																	
Joint Sealant Defects in Concrete Pavement																			

Defect Intervention Level Criteria / Description	Schedule	Notification Level					Safety Intervention Limit					Hazard Intervention Limit (Upper Defect level)							
		T7	T6	T5&T4	T3	T1&T2	T7	T6	T5&T4	T3	T1&T2	T7	T6	T5&T4	T3	T1&T2			
																		NOTE: Response to defects (which have reached or exceed the Hazard Intervention Limit) is urgent, and must be implemented immediately the Hazard is identified, or as directed by the Principal.	
Silt or Blockage in Subsoil System Including Flush Points and Outlets																			
Any non-functional or blocked or inoperable decayed element of the drainage flush and outlet system causing reduced flow capacity or drainage integrity	Stewardship	Log the defect and monitor drainage performance																	
Subsoil Drain Defect, Other																			
Any non-functional or missing or decayed element of the subsoil drainage system causing reduced flow capacity or sub soil drainage integrity	Stewardship	Log the defect and monitor drainage performance																	
Roadside Assets Asset Class (400 Series)																			
Unstable Batter / Embankment, Missing Material																			
Unstable cut / Embankment to be filled to manage Scour, cracks, erosion or instability that is approaching road edge	Stewardship	Log the defect and monitor anything further from road					Rectify if ordered												
On-Road Bikeways																			
Bumps, cracks depressions or edge drop likely to cause a tripping hazard or to cause a rider to lose control.	M2												48 hrs	48 hrs	48 hrs	48 hrs	48 hrs		
Sediment Pond Defects General																			
Silted or Unserviceable Sedimentation Pond Facilities	Stewardship	Log the defect and monitor																	
Any defect likely to affect the proper functioning of the asset	Stewardship	Log the defect and monitor																	
Kerb Defects																			
Continuous kerbing damaged or missing > 200 m	Stewardship	Notify any damage or misalignment					Replace if ordered												
Missing or incomplete Road Markings																			
Any verified defect identified by inspections, complaint or notification by the Principal, where marking are missing, incomplete or unsatisfactory following Contractor pavement works. Action within timeframe	M1												1 week	1 week	1 week	1 week	1 week		
Other Defects																			
Any other defect that the competent person undertaking the inspections identifies as a (potential) hazard or is unsafe.		Log the defect and arrange repair or notification as appropriate.																	

Attachment 3 – Corporate Overhead Inclusions

Description	Corporate Overhead	Direct Cost	Onsite Overhead	Comment
Geographical area costs associated with the management of operations, finance, human resources and business systems.			✓	
Products and materials		✓		
Contractors project management, administration, programming and environmental inclusive of salaries, wages, allowances and on-costs		✓		Fully on-costed salaries and wages of employees working at head office are Corporate Overheads
Direct labour costs including allowances and labour on-costs		✓		
Equipment and plant hire (external provider)		✓		
Equipment and plant hire (internal provider)		✓		
Site specific administration costs		✓		
Vehicle maintenance / running costs		✓		For all project based vehicles
Temporary works		✓		
Sub-contractors		✓		
Project specific site office and office costs		✓		
Accounts payable	✓			
Preparation of project progress claim	✓			
Income tax / instalment activity assessments	✓			
Internal audit / risk reviews	✓			
Job specific insurance		✓		
Work cover		✓		Included in salary and wages
Legal costs	✓			
Parent company / overseas overheads	✓			
Workplace health and safety system development and maintenance	✓			
Implement safety management		✓		
Quality system development and maintenance	✓			
Human resource and Industrial relations services	✓			
Executive staff	✓			
IT corporate systems / software / staff	✓			
Finance charges	✓			
Statutory fees and charges	✓			
Major plant fuel and oils		✓		

Attachment 4 – Electronic file format

With each progress claim, the Contractor must provide the Principal with details of all work under the Contract in the format set out in Tables 1 to 3 below.

The file is made up of a header record and a number of detailed records.

The file name must be in the format: CONTRACT ID.nnn. The CONTRACT ID is the Contract Reference / Invitation Number and nnn is the sequential number of the claim with leading zeros (for example 002, 012 etc).

The column positions are maximum lengths only. Each column should be delimited by the | character which is code 124 in the ASCII character set.

The start and end locations for the various activities must be in accordance with Transports and Main Road's Road Reference System (RRS) where applicable.

Table 1 - Header Record

Column	Position		Example
	Field No.	Maximum length	
Record Type	1	1	H
Supplier's Name	2	40	ROADFIX PTY LTD
Contract Id	3	12	123_U98B
Claim Date Start	4	10	21/12/1997
Claim Date End	5	10	31/01/1998
Number of Detail Records	6	3	123
Checksum of Quantity	7	10	123456.123
Checksum of Product (Quantity * Unit Rate)	8	10	1234567.12
Amount Claimed (whole dollars)	9	8	12345678 (optional)
Claim Reference	10	10	Date, Invoice Number (optional)

Example

H|ROADFIX PTY LTD|123_U98B|21/12/1997|31/01/1998|123|123456.123|1234567|12345678|INV#12|

Table 2 - Detail Record - where Contractor uses Road Reference Points and Offset

Column	Position		Example
	Field no.	Maximum length	
Location Method	1	2	P for reference point (Second character could be a Schedule Type for Lump Sums †)
Activity Type	2	5	123
Activity Sub Type	3	1	- for Normal D for Daywork P for Provisional Sums
Quantity	4	10	123456.123
Amount	5	10	1234567.99
Works Order Reference Number	6	10	12345678XY
Road Section Id	7	4	10A †
Carriageway Code	8	1	3 (optional)
Lane Code	9	1	1 (optional)
Reference Point Code	10	3	12A †
Offset Distance (to start of work)	11	7	123.999 †
Length of Work	12	7	123.888 †
Length of Work	13	7	123.888 †

† optional if the second character of Location Method is a Schedule Type for Activities paid by lump sum.

Example

P|123|-|123456.123|1234567.99|12345678XY|10A|||12A|123.999|123.888|

Table 3 - Detail Record - where Contractor uses Through Distance

Column	Position		Example
	Field no.	Maximum length	
Location Method	1	3	T for Through Distance Schedule No: 23 T23
Activity Type	2	5	12345
Activity Sub Type	3	1	- for Normal with no variants in rate 1,2,3 and so on to 9 for additional rates within the one contract D for Daywork P for Provisional Sums
Quantity	4	10	123456.123
Amount	5	10	1234567.12
Works Order Reference Number	6	10	12345678XY
Road Section Id	7	4	10A
Carriageway Code	8	1	3 (optional)
Lane Code	9	1	1 (optional)
Through Distance Start	10	9	12345.123
Through Distance End	11	9	12345

Example

T23|12345|D|123456.123|1234567.12|12345678XY|10A|||12345.123|12345|

Attachment 5 – Worked Examples

The worked examples included in this Attachment 5 are for illustrative purposes only and do not amount to representations from the Principal of the likelihood of the facts assumed in each scenario may or may not occur, but are intended to illustrate what adjustment would occur in each scenario. The worked examples are subject to Clause 6.7 & 6.8 of this Appendix B and the operation of the Non-sanction Period.

Contractor's self-assessment of OPM:

Audit Section	Hazard Limit exceeded - Carried over	Hazard Limit exceeded -	Intervention Limit exceeded	Intervention Limit exceeded – Carried over	Failure to notify	Failure to notify – Carried over
Number of instances						
1	-	7	3	5	1	-
2	-	-	2	-	-	-
3	-	-	0	-	-	-
4	-	3	0	-	-	-
5	-	12	5	1	-	-
6	-	8	8	-	-	-
7	-	6	6	-	-	-
8	-	-	4	-	-	-
9	-	3	5	5	-	-
10	-	-	2	-	-	-
11	-	5	7	-	-	-
12	-	7	0	-	-	-
13	-	8	8	1	-	-
14	-	3	5	-	-	-
15	-	-	0	-	-	-
Total	0	62	55	12	1	0
Weighting (Table 6.3(a))	5	4	1	2	1	2
Weighted Total	0	248	55	24	1	0
TOTAL						328

PLUS Principal identified OPMs:

Audit Section	Hazard Limit exceeded	Intervention Limit exceeded	Failure to notify
1	-	1	-
2	-	-	2

Audit Section	Hazard Limit exceeded	Intervention Limit exceeded	Failure to notify
3	-	-	-
4	-	2	-
5	-	-	-
6	-	-	-
7	-	-	2
8	-	-	-
9	-	-	-
10	-	2	-
11	-	-	2
12	-	-	-
13	-	-	-
14	-	-	-
15	-	-	-
Total	0	5	6
Weighting (Table 6.3(c))	5	2	2
Weighted Total	0	10	12
TOTAL			22

Monthly OPM Score = Contractor's self-assessment + Principal identified defects (Clause 6.3B),
= 328 + 22 = 350 → Hence, Adjusted monthly OPM score = 23 (refer below to Worked Example 4)

LESS CPM

	Total
Improvement suggestion score	
1 @ 1, 1 @ 2	3
Customer complaint score	
Benchmark Level = 10 Number of complaints = 8 Customer complaint score = $(10-8) / 10 * 12$	2.4
Site signage and traffic management score	
8 positive instances @ 1.0	8
1 negative instances @ -1.0	-1
TOTAL CPM score	12.4

Monthly CPM score = 12.4

Monthly Non-Compliance Score = Adjusted Monthly OPM Score – Monthly CPM Score (Clause 6.7)

= 23 – 12.4

= 10.6

Worked example 1 – Price adjustment due to AWP measure

A	Total monthly payment in respect of Routine Maintenance Work (without adjustment) <i>(given example)</i>	\$1,000,000
B	Reduction in payment as a percentage of Price Adjustment Limit due to Monthly Non-Compliance Score (from Table 6.7) (Less than 20)	Nil
C	Price Adjustment Limit <i>(given example)</i>	5%
D	% adjustment to total payment (BxC)	0%
E	Adjustment to monthly payment for Monthly Non-Compliance Score in respect of Routine Maintenance Work (AxD)	\$0
	Monthly Payment in respect of Routine Maintenance Work (A-E)	\$1,000,000

Worked example 2 – Price adjustment due to AWP measure (Completion greater than three months early)

A	Total payment (without adjustment) in Year 2 for Routine Maintenance Work <i>(given example)</i>	\$10,000,000
B	Total of adjustments due to Monthly Non-Compliance Scores <i>(given example)</i>	\$225,000
C	Net payment (A-B) in Year 2 for Routine Maintenance Work	\$9,775,000
D	Price Adjustment Limit <i>(given example)</i>	5%
E	(% of Price Adjustment Limit) for early completion by > 3 months (Table 6.8)	50%
F	% positive offset to total payment (DxE)	2.5%
G	Maximum amount of positive adjustment (FxA)	\$250,000
H	Amount of positive adjustment (the lesser of B and G)	\$225,000
I	Nett Annual Adjustment in respect of Routine Maintenance Work (B-H)	\$0
J	Final Annual Payment in respect of Routine Maintenance Work (A-I)	\$10,000,000

Worked example 3 – Price adjustment due to AWP measure (Completion between one and two months early)

A	Total payment (without adjustment) in Year 2 for Routine Maintenance Work <i>(given example)</i>	\$10,000,000
B	Total of adjustments due to Monthly Non-Compliance Scores <i>(given example)</i>	\$225,000
C	Net payment (A-B) in Year 2 for Routine Maintenance Work	\$9,775,000
D	Price Adjustment Limit <i>(given example)</i>	5%
E	(% of Price Adjustment Limit) for early completion by 1 to 2 months (Table 6.8)	10%
F	% positive offset to total payment (DxE)	0.5%
G	Maximum amount of positive adjustment (FxA)	\$50,000
H	Amount of positive adjustment (the lesser of B and G)	\$50,000
I	Nett Annual Adjustment in respect of Routine Maintenance Work (B-H)	\$175,000
J	Final Annual Payment in respect of Routine Maintenance Work (A-I)	\$9,825,000

Worked Example 4 – Example of adjustment to the scoring for notification level defects:

a	Number of Notification Defects in last month DBL <i>(given example)</i>	500	
b	Number of new Notification Defects <i>(failure to notify + total Principal OPM)</i>	22 + 1 = 23	
c	Percentage of new Notification Level defects of the total identified for the month	4.6%	c = b/a
d	Reduction of Score for Notification Level defect applied as per Table 6.3(b)	100%	
e	Therefore, score for Notification Level defects	23	e = d x b

