



FIDIC
ASPAC
NEWSLETTER

September 2015



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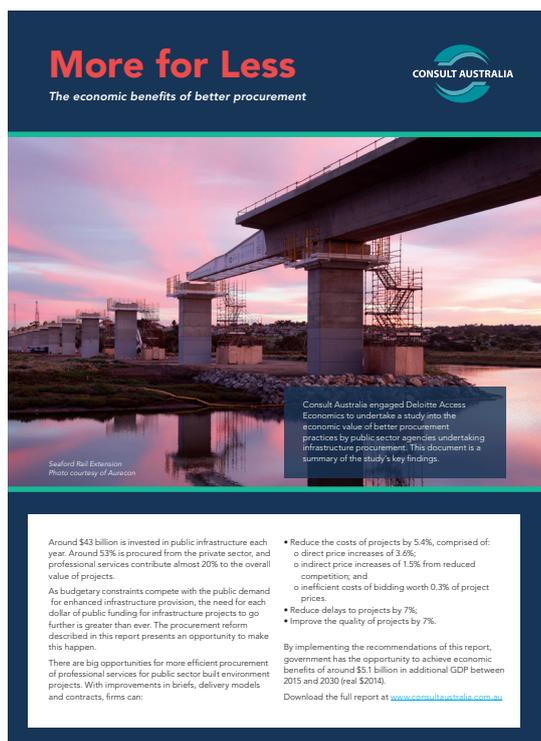
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More for Less: 100 Days into our Campaign for Better Procurement

Consult Australia's More for Less campaign, and our flagship report commissioned from Deloitte Access Economics', The Economic Benefits of Better Procurement Practices, was launched in Parliament House in Canberra with Assistant Infrastructure Minister The Hon. Jamie Briggs MP and attended by 17 Members of Parliament from all major parties alongside representatives from the Department of Infrastructure, the Australasian Procurement and Construction Council and senior industry leaders.

More for Less gives definitive answers as to how much extra public sector clients pay for less desirable procurement practices – including onerous contract terms – that our industry are frequently faced with. The report also offers concrete recommendations for improvement, which together with Consult Australia's existing policy platform, provide a foundation for longstanding reform.

Generating widespread media coverage the full report and summary version have now been downloaded over 2000 times: a great testament to the interest and value placed on Consult Australia's thought leadership in this space.



More for Less
The economic benefits of better procurement

CONSULT AUSTRALIA

Seaford Rail Extension
Photo courtesy of Aurecon

Consult Australia engaged Deloitte Access Economics to undertake a study into the economic value of better procurement practices by public sector agencies undertaking infrastructure procurement. This document is a summary of the study's key findings.

Around \$43 billion is invested in public infrastructure each year. Around 53% is procured from the private sector, and professional services contribute almost 20% to the overall value of projects.

As budgetary constraints compete with the public demand for enhanced infrastructure provision, the need for each dollar of public funding for infrastructure projects to go further is greater than ever. The procurement reform described in this report presents an opportunity to make this happen.

There are big opportunities for more efficient procurement of professional services for public sector built environment projects. With improvements in briefs, delivery models and contracts, firms can:

- Reduce the costs of projects by 5.4%, comprised of:
 - direct price increases of 3.6%;
 - indirect price increases of 1.5% from reduced competition; and
 - inefficient costs of bidding worth 0.3% of project prices.
- Reduce delays to projects by 7%.
- Improve the quality of projects by 7%.

By implementing the recommendations of this report, government has the opportunity to achieve economic benefits of around \$5.1 billion in additional GDP between 2015 and 2030 (real \$2014).

Download the full report at www.economicaustralia.com.au

OUR SEVEN RECOMMENDATIONS FOR BETTER PROCUREMENT:

To improve public sector procurement outcomes:

- 1) Set up procurement teams with a mix of practical, legal and procurement experience.
- 2) Reallocate procurement resources towards better specification of project objectives, including early engagement with industry, identifying end user needs, and re-testing business case objectives.
- 3) Remove contract clauses that don't stack up, whether from a cost-benefit perspective, or through the behaviour shaped by the inclusion of those terms.
- 4) Develop and apply limited liability guidelines to assist agencies with ensuring that liability requirements do not add unnecessarily to project costs.
- 5) Verification of brief information by government to avoid costly duplication by tenderers.
- 6) Streamline compliance processes to reduce bid costs.
- 7) Evaluate and adapt procurement frameworks to encourage innovation, including being open to new delivery models, early market sounding options and continuing to provide opportunities for unsolicited proposals.

Consult Australia has long been engaged in the policy discussion about improving procurement practices around Australia. More for Less shows reforms to procurement will not only support our industry, but will yield benefits for public sector clients and ultimately the broader public who use that infrastructure. It is critical that the procurers of public projects are aware of these benefits, and factor them into their decisions as our industry works to develop tomorrow's infrastructure.



The first 100 days of Consult Australia's More for Less campaign has seen the report launched at events across the country which have served as the foundation for further engagement at the highest levels of government and with client agencies.

Advocacy across Australia

In New South Wales:

- Andrew Constance MP, Minister for Transport and Infrastructure;
- Michael Daley MP, Shadow Treasurer together with Ryan Park, Shadow Minister for Transport and Infrastructure;
- Health Infrastructure NSW;
- Office of Rob Stokes MP, Minister for Planning;
- Greg Pearce MLC, Member of the Legislative Council;
- Office of the Small Business Commissioner;
- Sydney Water;
- Department of Justice and Attorney General;
- Department of Finance and Services; and
- Sydney Opera House.

In Victoria:

- Jacinta Allan MP, Minister for Public Transport, together with Department of Economic Development, Jobs, Transport and Resources;
- the office of Treasurer Tim Pallas;
- The Department of Treasury and Finance;
- the office of Lily D'Ambrosio MP, Minister for Industry, Energy and Resources;
- David Southwick MP, Shadow Minister for Energy and Resources, Innovation, and Renewables;
- Ryan Smith MP, Shadow Minister for Roads and Infrastructure;
- Municipal Association of Victoria; VicRoads;
- Regional Development Victoria; and
- Major Projects Victoria.

In Queensland:

- Office of the Deputy Premier and Minister for Transport, Minister for Infrastructure, Local Government and Planning and Minister for Trade Trade Jackie Trad MP;
- Rob Molhoek MP, Shadow Minister for Housing and Public Works;

- Housing and Public Works Procurement Transformation Team;
- Chief Procurement Office and Program Management and Delivery, Transport and Main Roads;
- Jennifer Howard MP, Member for Ipswich; and
- Trevor Watts MP, Member for Toowoomba.

In South Australia:

- South Australian Government Financing Authority;
- Stephen Marshall MP, State Opposition Leader;
- Ian Nightingale, Industry Participation Advocate;
- SA Water;
- Local Government Association of South Australia;
- Department of Planning, Transport and Infrastructure; and
- the Office of Industry Participation Professional Services Advisory Panel.

In Western Australia:

- Department of Main Roads;
- Office of Building Management and Works,
- Department of Finance; and
- the Western Australian Local Government Association.

In Tasmania:

- Senator David Bushby;
- TasWater;
- and the Department of State Growth.

In Northern Territory:

- Dave Tollner MP, Treasurer and Minister for Lands and Planning, Mines and Energy
- Dave McHugh, Chief Executive, Department of Infrastructure
- Brendan O'Dowd, Chief Executive, City of Darwin
- Ewan McKenzie, Industry Engagement Officer, NT Power and Water Corporation
- Peter Chandler, Minister for Transport and Infrastructure

In addition to high-level and detailed meetings across government we have held additional private sector engagement on our key recommendations advanced through More for Less. These are ongoing

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Australia - Consult Australia



and include productive discussions with senior representatives from: Society of Construction Lawyers; Laing O'Rourke; Lend Lease; Civil Contractors Federation; the Australian Sustainable Built Environment Council; the Australian Construction Industry Forum and Leighton Holdings.

The advocacy outlined above has been extensive and represents just the start of our campaign. The majority of these meetings have generated increased awareness of the challenges our industry faces in dealing with poor procurement processes, and the opportunity for governments to get better value for money from every dollar they are spending. We are confident that this advocacy will translate into real wins for our industry and better procurement in the long-term. We encourage you to support the campaign, raise awareness and ensure your firm is an advocate for the recommendations we are taking forward with government.

For more information on our More for Less campaign, contact Robin Schuck, Senior Advisor Policy and Government Relations.



DOWNLOAD THE REPORT

LONG FORM

<http://bit.ly/betterprocurement-longform>

SHORT FORM

<http://bit.ly/betterprocurement-shortform>

CONSULT AUSTRALIA ASPAC CEO CONFERENCE SYDNEY, AUSTRALIA 28-29 April 2016



Consult Australia's 2016 ASPAC CEO Conference provides a unique networking platform for the top echelons of the major consulting and engineering firms in the Asia Pacific region.

Designed as an exclusive forum for CEOs and senior business leaders within the industry, this invitation-only event provides an opportunity for insightful debate and discussion between peers from over 25 nations in the region.

52nd Annual General Meeting

ACEM's 52nd AGM was held on 13 June 2015 at the Sime Darby Convention Centre Kuala Lumpur. Over 50 members made time for the meeting chaired by Ir. Wong See Foong (President, Session 2014/2015). The President and Chairmen of the Standing Committees presented the Council Annual Report giving members a brief on ACEM's involvement in the industry for the past year and the activities of the Association. The election of four new Council Members was announced during the AGM filling the vacancies caused by retirement of Ir. Wong Loo Min, Datuk Ir. Mohd Adnan b Mohd Nor, Ir. Walter Sim and Ir. Mohd Aman b Hj. Idris. The ACEM Council for session 2015/2016 comprises:

President:	Ir. Prem Kumar
Deputy President:	Ir. Dr. Wong Wai Wah
Honorary Secretary:	Ir. Anuar b Mohd Aris
Honorary Treasurer:	Ir. K. Sundraraj
Immediate Past President:	Ir. Wong See Foong
Council Members:	Dato' Dr. Ir. Hj. Abdul Rashid b Maidin
	Ir. Ahmad Izdihar b Supaat
	Ir. Ahmad Rashidi b Zainudin
	Ir. Chen Chean Sin
	Ir. Chong Chew Fan
	Ir. Chua Eng Thye
	Ir. Romesh Srinivasan
	Ir. Shaik Abdul Wahed b Dato' Hj. Rahim
	Ir. William Tan Khoon Lee
	Ir. Paul Yap Kok Wai



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ACEM - The Association of
Consulting Engineers Malaysia



Seated (L – R): Ir. William Tan, Ir. Ahmad Rashidi, Ir. Wong See Foong, Ir. Prem Kumar, Ir. Dr. Wong Wai Wah, Ir. K. Sundraraj and Ir. Paul Yap.

Standing (L – R): Dato' Dr. Ir. Hj. Abdul Rashid, Ir. Chong Chew Fan, Ir. Ahmad Izdihar, Ir. Romesh Srinivasan, Ir. Chua Eng Thye, Ir. Shaik Abdul Wahed and Ir. Chen Chean Sin.



ACENZ HOSTS ASPAC 8 – 11 May, 2016

Join your fellow delegates from the ASPAC countries, and indulge your senses in the superb lifestyle experience of Queenstown, the Southern Hemisphere's premier four season lake and alpine resort. From 2012-2015, Queenstown won TripAdvisor's Travellers' Choice Awards for being both New Zealand's and the South Pacific, 'Number One Destination'. Come and decide for yourself!

Queenstown's stunning scenery, range of activities and renowned warm welcome cement its reputation as New Zealand's favourite visitor destination. Whether you're after the adrenalin-seeking of bungy jumping, jetboating, paragliding, or mountain biking, or a more relaxed pace of enjoying New Zealand's best wineries, galleries, boutiques and restaurants, and the stellar night-life, Queenstown has it all. Surrounded by majestic mountains and set on the shores of crystal clear Lake Wakatipu, the beauty and energy of the region create the perfect setting for a trip full of adventure, exploration or rejuvenation. www.queenstownnz.co.nz / www.acenz.org.nz

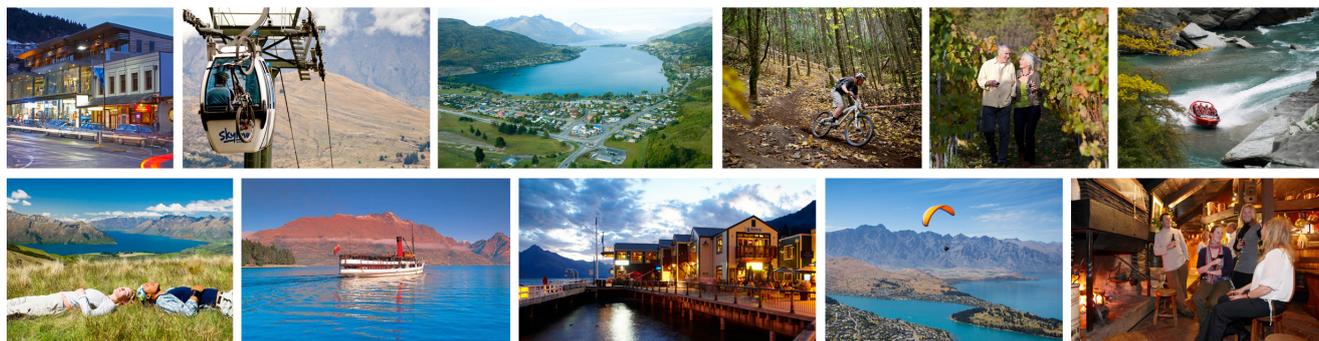
A SHIFT IN GLOBAL FOCUS...

Globally, we are seeing significant shifts in our industry. Our conference theme, "A shift in Global Focus", provides the opportunity to hear from industry leaders, academics and innovators and motivators, who will share their views and insights on challenges and opportunities the industry is facing.

There is a shift in market focus from the Northern Hemisphere to the Southern Hemisphere; a shift in the focus of company structures and strategy; a generational shift – with approaching 50% of engineering professionals worldwide now under 35 years old; a shift in procurement focus with increasing private public partnerships; and finally, a significant shift in the profile of health and safety.

Join ASPAC delegates from 8-11 May 2016, to be inspired and informed, network, build relationships, and meet possible future project partners.

TO FIND OUT MORE, PLEASE VISIT: WWW.ACENZ.ORG.NZ.



ACENZ ANNUAL CONFERENCE, 31 JULY - 1 AUG 2015

ACENZ has just wrapped up our highly successful annual conference in Hanmer Springs. The conference theme, “Our Industry, Our Future”, attracted a full-house of delegates from engineering consultancies around the country. We were honoured to have the pleasure of hosting our esteemed guests from Australia, Tony Barry - Managing Director at Aurecon, Dick Kell - Senior Consultant at Cardno, and John Gamble, President of ACEC, from Canada.

Industry leaders from private and public sector delivered insightful presentations ranging from specific local business challenges to wider issues such as social, economic, environmental and geopolitical challenges and trends internationally.

ACENZ INNOVATE NZ Awards Gala Dinner was held in Christchurch on August 1st, with 17 projects receiving awards, and the honour of being recognised for engineering excellence by their peers in the industry. Read more at: www.acenz.org.nz/Content_8.aspx



Above left: ACENZ President Keryn Kliskey, Hon Min Nick Smith, Mrs Susie Shaw; 2nd on left: Tony Barry, Dick Kelly and John Gamble,

Centre: Transitional Cathedral interior, 2nd photo from right: Tony Barry, Hon Nick Smith & Keryn Kliskey, Far right: The Awards Gala entrance.



Risk Management of a Power Plant Project with Multiple Main Contractors: A Case Study of DCAP Cogeneration

Yosapol Rathamarit Ph.D
Electricity Generating Authority of Thailand
YPF 2014, Thailand

The District Cooling and Power (DCAP) gas turbine replacement project was a consultancy project undertaken by the Electricity Generating Authority of Thailand's (EGAT) Engineering Division from 2008 to 2012, in which EGAT engineering conducted technical studies, provided tender document preparation, tender evaluation, engineering and contract management services for DCAP. DCAP, which is a joint venture between EGAT, the Metropolitan Electricity Authority (MEA), and PTT Public Co Ltd., is a powerplant that holds a concession to provide chilled water and electrical power to Suvarnabhumi Airport.

The DCAP project was initiated to replace its existing GE gas turbine, which had been in use for over 20 years and had dropped in efficiency to 20 percent, with newer gas turbines that are able to achieve up to 40 percent efficiency. DCAP realized from feasibility studies conducted by itself and from EGAT's technical studies that the replacement of the existing turbines were technically viable and proved financially beneficial. Additionally, the rising cost of natural gas since the plant first became operational in 2006 was eating into the company's operating profit.

The main project objectives DCAP was pursuing for this project was to keep cost within a set budget, have minimal shutdown and interruption of plant operation during the replacement of the gas turbines, and complete the project in the shortest time possible. In an effort to minimize its investment costs, DCAP decided to separate the project works into two contracts, instead of proceeding with a single contract to cover all engineering, procurement, and construction (EPC) works related to the gas turbine and necessary modifications and additions to accommodate the new gas turbine. Of the two contracts, one contract was for the new gas turbines, which was evaluated to be the main cost of the project, and the second contract was for the addition of new equipment and modification of existing equipment to accommodate the new gas turbines.

Considering the technical and managing complexity of the project with EGAT Engineering having to manage and coordinate the work of two contractors and oversee the gas turbine replacement work which is rarely done in the power plant industry, EGAT Engineering had to integrate risk management processes into its project consultancy work to allow both pre-emptive and pro-active measures to be taken to mitigate the risks identified in the project.

Identification and assessment of the various unique and common risks involved in this consultancy project was undertaken during the technical study period, prior to tender document preparation. Brainstorming



of EGAT Engineering personnel both involved and not involved in the project and reviewing of EGAT’s knowledge management database were methods used to identify and assess the probability and severity of the risks. Site visits to existing power plants with gas turbines similar to the model to be purchased were organized to interview plant operators to gather opinions and knowledge about the strengths and weaknesses of the intended replacement gas turbines. Major results of the risks identification and assessment are given in the Table 1.1 below.

Table 1.1 Risk Identification and Assessment

Risk	Probability	Severity
1. Wrong Interface Works	High	Severe
2. Shutdown During Replacement	Certain	Very Severe
3. Scheduling Conflicts	Medium	Medium
4. Uncontrollable Parameters such as LHV	Medium	Medium
5. Technical Limitations of Gas Turbine	Low	Medium
6. Regulatory Restrictions	Low	Severe
7. Substandard Equipment Vendor	Very Low	Low

Decisions on methods suitable for management of each risk were undertaken with the owner, DCAP. The methods employed include mitigating the probability and severity of each risk, accepting the risk, or transferring the risk to the project contractor. Risk avoidance was not an option for most of the risks identified by EGAT Engineering and thus was not considered. The resulting decision undertaken was to accept each risk with a low probability of occurrence. For risks with a high or medium probability of occurrence, risk mitigation or transfer was implemented as summarized in the Table 1.2.

Table 1.2 Risk Management

Risk	What We Did
1. Wrong Interface Works	Reduce
2. Shutdown During Replacement	Reduce and Transfer
3. Scheduling Conflicts	Reduce
4. Uncontrollable Technical Factors	Accept
5. Technical Limitation of Gas Turbine	Accept
6. Regulatory Restrictions to Project	Transfer
7. Subpar Vendor	Reduce

In conclusion, the fact that EGAT Engineering was able to complete the project two months ahead of planned project schedule and meet or exceed the main project objectives in terms of cost, and quality provides insight into the critical factors that must be dealt with by the consultant in such a power plant project. The integration of risk management into the consultancy work also enabled EGAT Engineering to effectively coordinate the flow of technical information at the interface points of each contractor; adjust and set the procurement, work tasks, and milestones of the overall project schedule; and conduct dispute investigation and resolution in the case that both or either contractor is involved in mishaps or have wrong technical designs that have a cost impact or cause damage to the project. The effective management was enabled by the risk management processes undertaken during the pre-tendering period which effectively prepared EGAT Engineering to monitor, face and control each possible risk before it became a severe issue in the project.



Picture 1. Existing GE Frame V gas turbines before replacement work



Picture 2. New LM-6000PD gas turbines after COD of replacement work