Input paper: [[1]](#footnote-1) ENG9-2.1.18

Input paper for the following Committee(s): check as appropriate Purpose of paper:

**□** ARM **x** ENG **□** PAP **x** Input

**□** ENAV **□** VTS **□** Information

Agenda item [[2]](#footnote-2) (from agenda) 2.1

Workplan Task Number / Technical Domain 2 1.2.1……………… …………………

Working Group WG 2…………………………

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AMSA experience in managing third party AtoN providers

# Summary

Provision of current and previous information from Australian Maritime Safety Authority (AMSA) as input to task 1.2.1 Develop Guidance on checking that 3rd party AtoN providers are providing what they are obliged to provide– 3rd party AtoN provider quality control.

## Purpose of the document

To detail AMSA’s experiences in outsources AtoN maintenance services and views around contract management.

## Related documents

ENG9-2.1.18.1 Attachment 1 - IALA 2014 Conference paper-Outsourcing of AtoN maintenance services\_AMSA.

ENG9-2.1.18.2 Attachment 2 - EEP19-25 Key Performance Indicators

ENG9-2.1.18.3 Attachment 3 – Navigation Safety Site Audit Checklist

# Discussion

Information and aspects relating to AMSA’s outsourced maintenance services.

Key aspects for AMSA:

The key aspects relating to a successful outsourced third party AtoN provider model is the following:

1. Contractor with experience and capability.

2. Detailed contract, technical specification and at risk money related to performance.

3. AtoN Authority to retain sufficient contract management and engineering capability.

Paper attached “*Attachment 1 - IALA 2014 Conference paper-Outsourcing of AtoN maintenance services\_AMSA*” was presented at the IALA conference. This paper describes at a high level some aspects relating to the delivery model, contract management, innovation experiences and conclusions.

## Contractor with experience and capability

AMSA decided to engage one contractor to deliver the following services, a single national contract was adopted for more efficient administration of the contract, less contract management overhead and allowed for consistent delivery of services:

There are four primary Services, which comprise the AtoN Maintenance Services. These are:

* Asset management;
* AtoN Routine Maintenance (Planned Maintenance and Corrective Maintenance);
* AtoN Fault/Failure response and restoration; and
* Inventory management.

A contractor must have the capacity to both manage the works program and any unforeseen events.

The tenderers were required to demonstrate they are capable of managing all technical and engineering requirements of the maintenance services including maintenance scheduling and mature business management systems such as safety, environmental and quality.

## Detailed contract, technical specification and assessment of performance (KPI’s).

It is important to consider and implement the following:

* Clear definition of the maintenance services within the contract.
* Define contract mechanisms when maintenance becomes the Authorities responsibility, like Major maintenance and/or repairs.
* Define asset ownership for anything delivered under the contract.
* Robust and regular audit scheme, onsite, inventory management in stores and business management systems (quality, safety and environment).
* Define clearly performance parameters that will be used to assess KPI payments.
* For long term contracts methods for managing changes in AtoN numbers.
* Regular meetings between the Authority and contractor to review performance and discuss issues.

## AtoN Authority to retain sufficient contract management and engineering capability.

AMSA employs a small team of engineers, technical officers and mariners to perform its AtoN functions. Their prime responsibilities are management of the AtoN Network in accordance with defined standards through contract and project management, strategic and operational planning, development of AtoN policy, liaison with the commercial shipping industry and liaison and participation in regional and international standard setting organisations such as IALA and the IMO. The team is knowledgeable regarding all aspects of AtoN and is responsible for managing all of AMSA’s AtoN related contracts.

## Performance requirements, KPI framework AtoN maintenance services

AMSA measures contractor performance against KPI’s.

Areas include:

* AtoN Availability
* Innovation and Information Management
* Quality, Safety, Environment, Heritage Management
* Contract and Transition Deliverables & Disengagement

Paper attached “*Attachment 2 - EEP19-25 Key Performance Indicators*” was an input paper to EEP 19. This document provides examples of key performance indicator (KPI) models that were used in Australia and Papua New Guinea for measuring the performance of Aid to Navigation (AtoN) maintenance and management activities. AMSA utilises similar a KPI framework as noted in the attached document.

## Auditing and notifications:

AMSA also reviews the Contractor's performance of the Contract, including performance of the AtoN Maintenance Services, through an audit program. The audit program covers areas such as:

* AtoN Maintenance Services;
* Inventory management;
* management systems; and
* reporting.

A past audit checklist is attached “*Attachment 3 – Navigation Safety Site Audit Checklist*”

AMSA may issue the following notifications to the Contractor under this Contract at any time:

a) Observation notification

Positive or negative comments (not considered a non-conformance) that AMSA wishes to bring to the attention of the Contractor. The Contractor will be required to respond to these notifications within certain timeframes specified in the notification.

b) Minor Non-conformance notification

Notification of a minor deficiency in the Contractor's performance of this Contract.

c) Major Non-conformance notification

Notification of a major deficiency in the Contractor's performance of this Contract, including a deficiency which may adversely affect quality or safety.

The Contractor must provide a written response to Minor Non-conformances and Major Non-conformance notifications within 14 days of receiving the notification, or a timeframe agreed by AMSA, to notify AMSA of the action that has be taken to remedy the deficiency.

A Major Non-conformance or Minor Non-conformance may result in a reduction in the Contractor's performance result against the KPIs. AMSA may also exercise any other rights available to it under this Contract in respect of Major Non-conformances or Minor Non-conformances, including termination for default in accordance with the Conditions of Contract.

AMSA will issue the Contractor an AMSA AtoN audit report following an AtoN Site or desktop audit, detailing any issues identified as a result of the audit that the Contractor must address to AMSA's satisfaction. The Contractor must respond to the AMSA AtoN audit report with proposed corrective actions and the timing for rectification within 30 days of receiving the report, or a timeframe agreed by AMSA.

## AMSA and contractor meeting schedule

Below details the scheduled meetings with the AtoN Maintenance Services contractor, it is important to have regular meetings scheduled to enable effective communication between the Authority and Contractor.

| **Meeting type** | **Frequency** |
| --- | --- |
| Catch-up and discuss contractor performance, safety and environmental incidents and outstanding issues list | Monthly |
| Quarterly performance review – Assessment against agreed KPI’s | Quarterly |
| Annual Review including assessment of changes in the level of AtoN services required to be delivered as a result of new AtoN being installed of AtoN being decommissioned | Annual |

## Challenges and risks

One of the biggest challenges is ensuring the structural and building assets are maintained to the same or better condition for the duration of the contract. Significant effort and cost would be required to document the detailed condition of each asset at the start, and end of the contract.

A need to retain sufficient corporate knowledge, if this declines too far the risks are:

* Difficult to manage assets and evaluate KPI’s.
* Unable to implement strategic asset management.
* Challenges in evaluating the technical worth of new tender submissions.
* If the Contractor holds too much corporate knowledge and asset information, they will have an advantage as at retendering and this may discourage competition.
* Risk of contractor walking away from the contract leaves the Authority venerable.
* Changes in AtoN services like DGPS, SBAS makes it more complex and difficult to manage a contract with changing requirements.

# Action requested of the Committee

To be used as reference for working group 2 in development of a new guideline for quality control of 3rd party AtoN provider and 3rd party providers of services related to AtoN.

1. Input document number, to be assigned by the Committee Secretary [↑](#footnote-ref-1)
2. Input papers should be assigned to a work task as listed in the Committee work plan which is available in input papers. Leave open if uncertain but consider how the paper is to be processed if not relevant to a work task [↑](#footnote-ref-2)