



Cheaper, better, faster?

Expectations of SMEs contracted to work on major rail projects

A presentation by Andrew Lezala, Chief Executive Officer
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Metro view of Melbourne



- It's a big city
- Maintenance of liveability status is wholly dependent on mobility
- Public transport usage has been growing strongly for the past decade
- Rail patronage expected to double again in the coming decade

International comparison



	METRO	METROPOLITAIN	MTR	UNDERGROUND
Number of lines	15	16	10	11
Number of stations	212	300	85	270
Route length	372kms	428kms	175kms	402kms
Population	4.0 mil	11.8 mil	7.0 mil	7.5 mil
Daily ridership	0.4 mil	4.5 mil	3.9 mil	3.0 mil
Ridership % (of city population)	10%	38%	56%	40%

About Metro



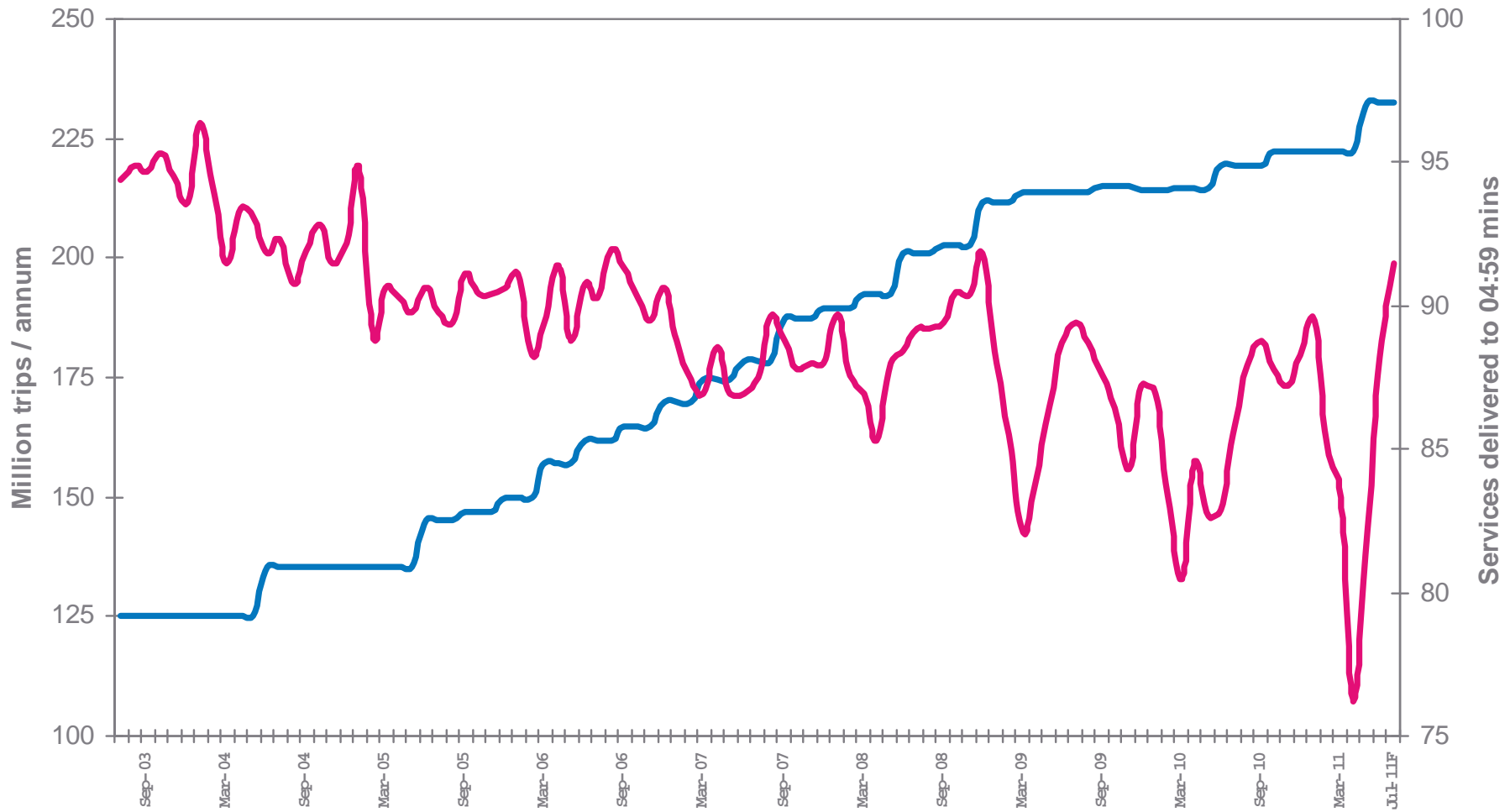
- ## Metro network
- 15 lines
 - 186 six-carriage trains
 - 212 railway stations
 - 372 kms route length
 - 830 kms of track
 - 2,200 weekday services
 - 4,000 employees
 - 815,000 daily journeys



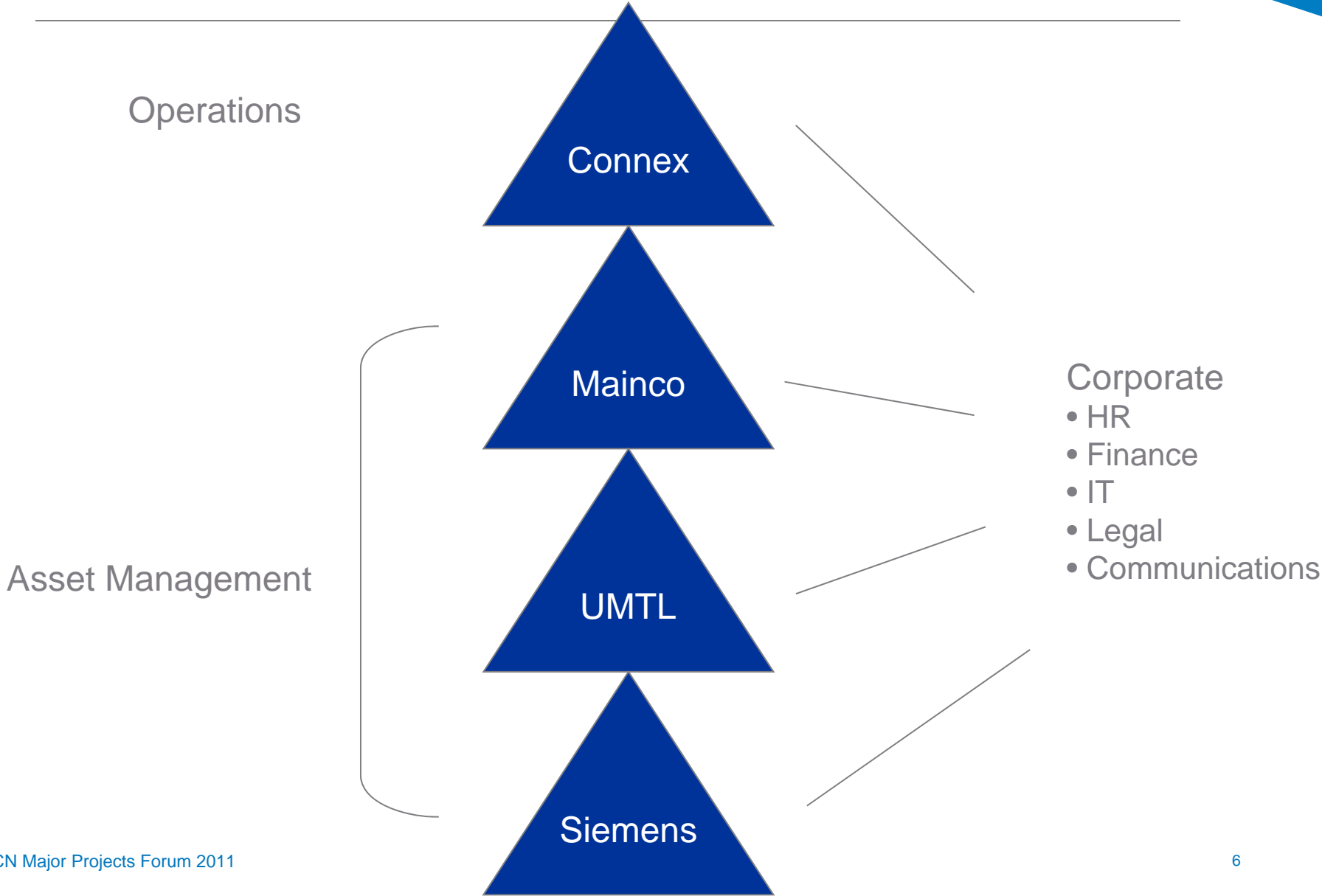
MAP NOT TO SCALE
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Longer-term performance

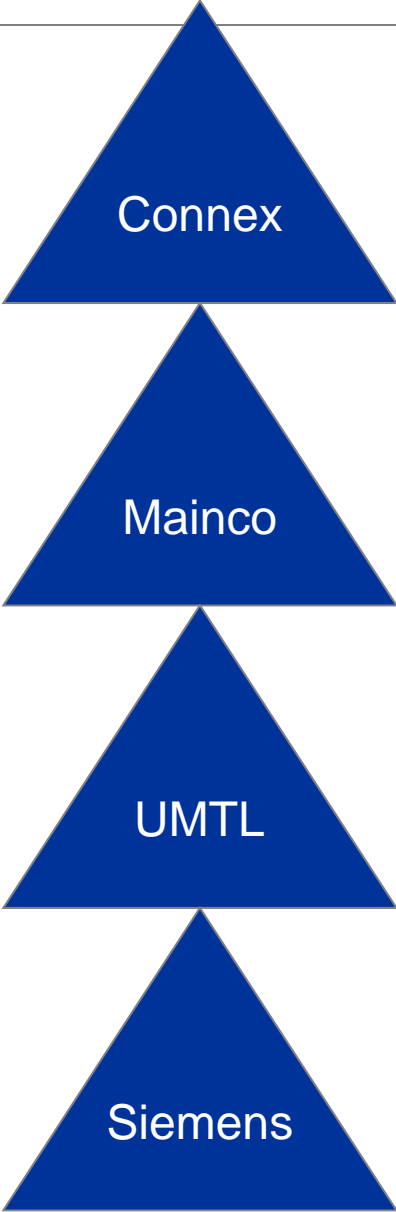
Patronage growth vs on time reliability



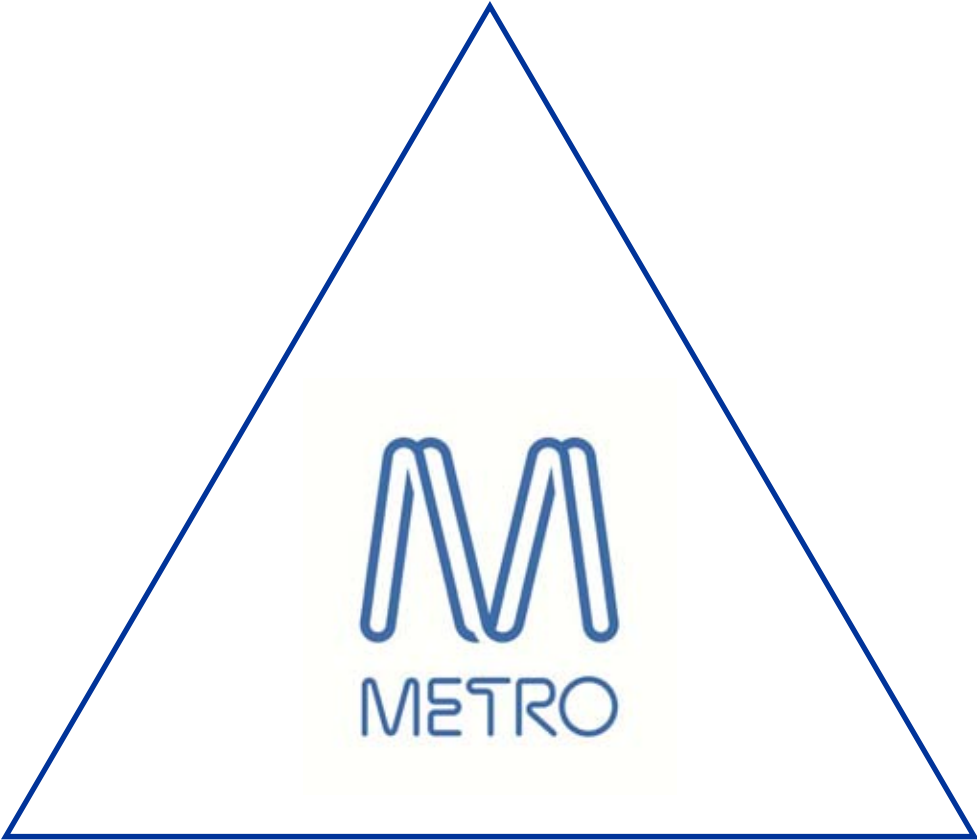
Previous franchise structure



Previous franchise structure



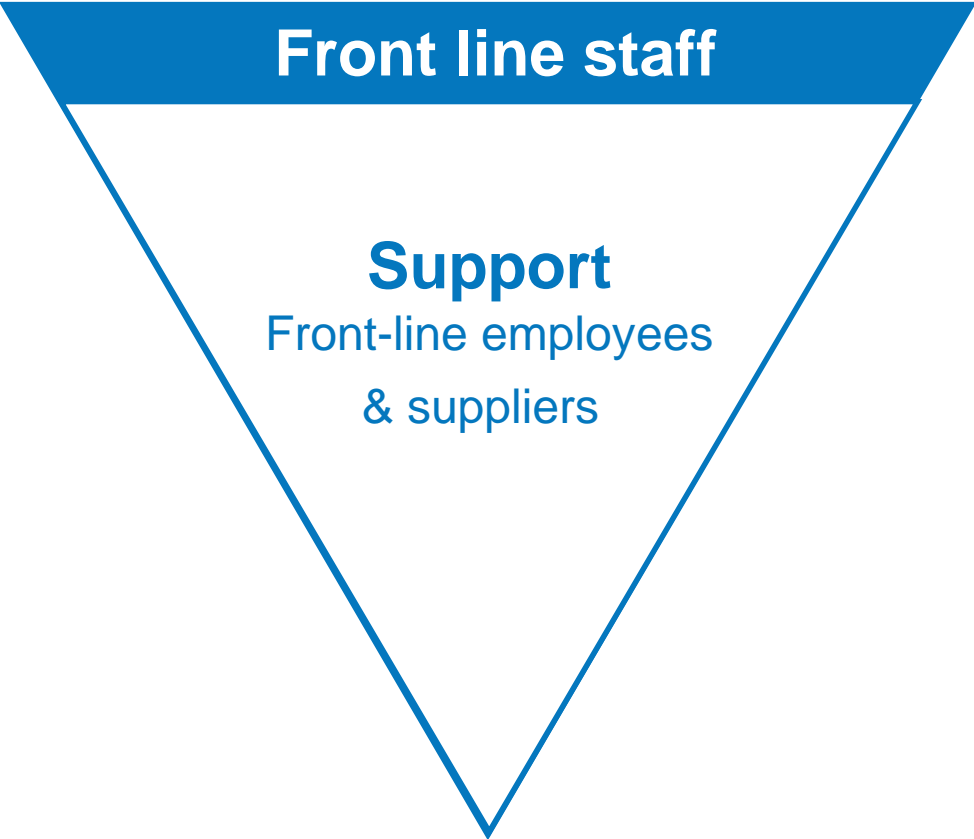
Metro structure



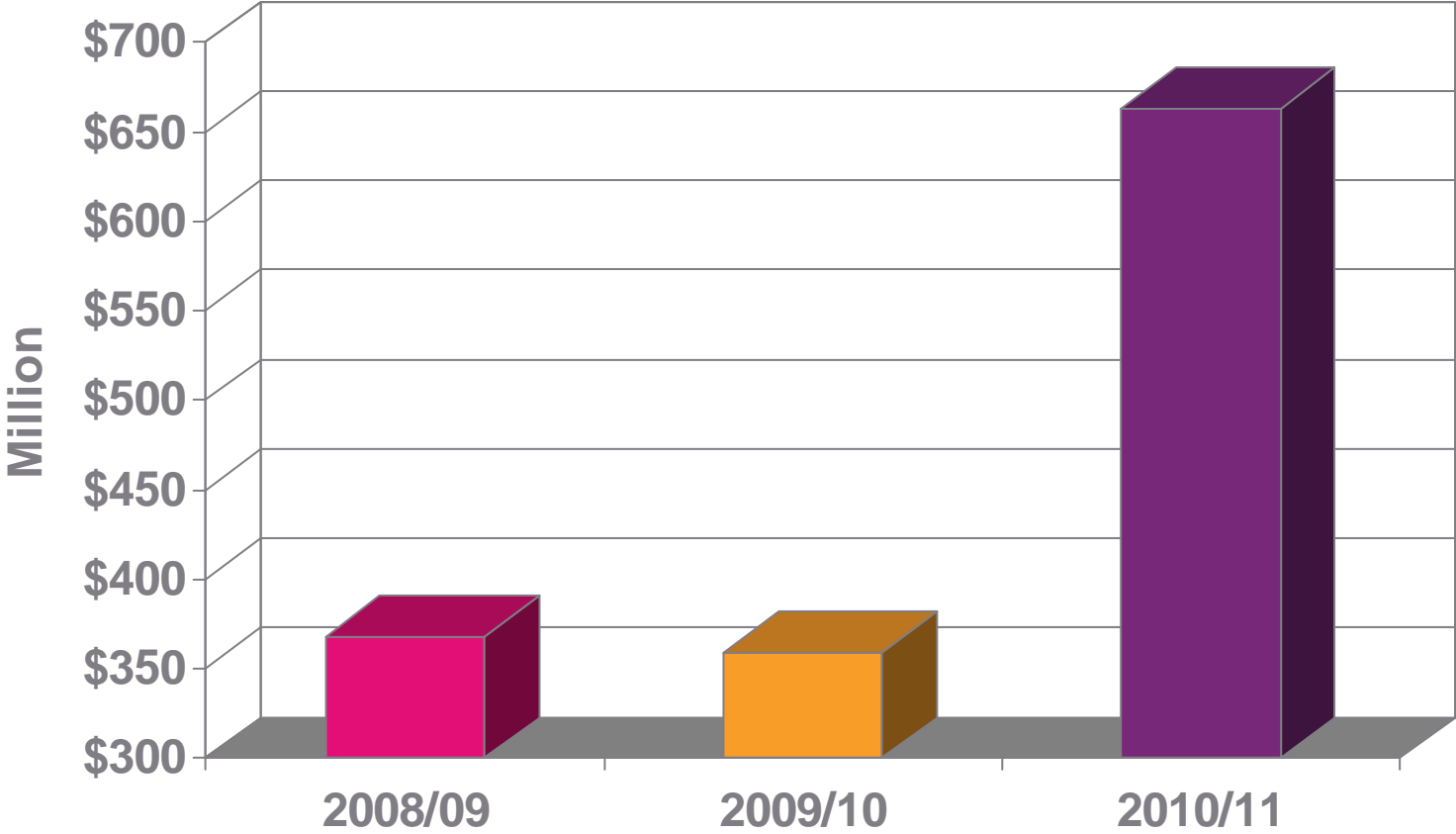
Metro structure



Customers



Significant boost to railway investment

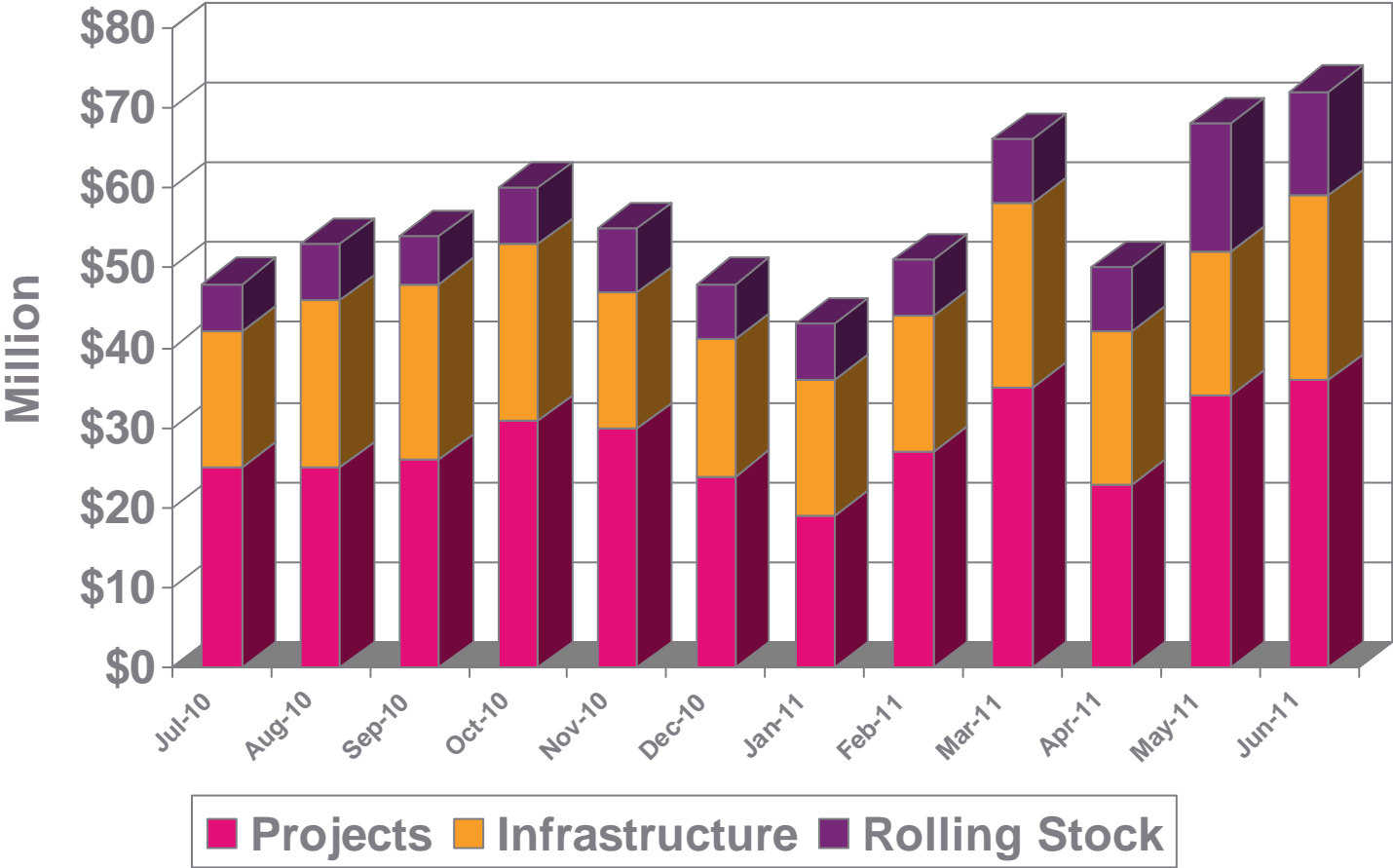


Including projects, infrastructure and rolling stock

Significant boost to railway investment



Total \$668 mil



Significant boost to railway investment



Procurement strategy development



- Metro is a private company providing a public service
 - Being private provides increased flexibility in developing and adopting a procurement approach, but
 - Being private increases taxpayer expectations that our approach will be very efficient with robust governance processes



Integrated Procurement Approach



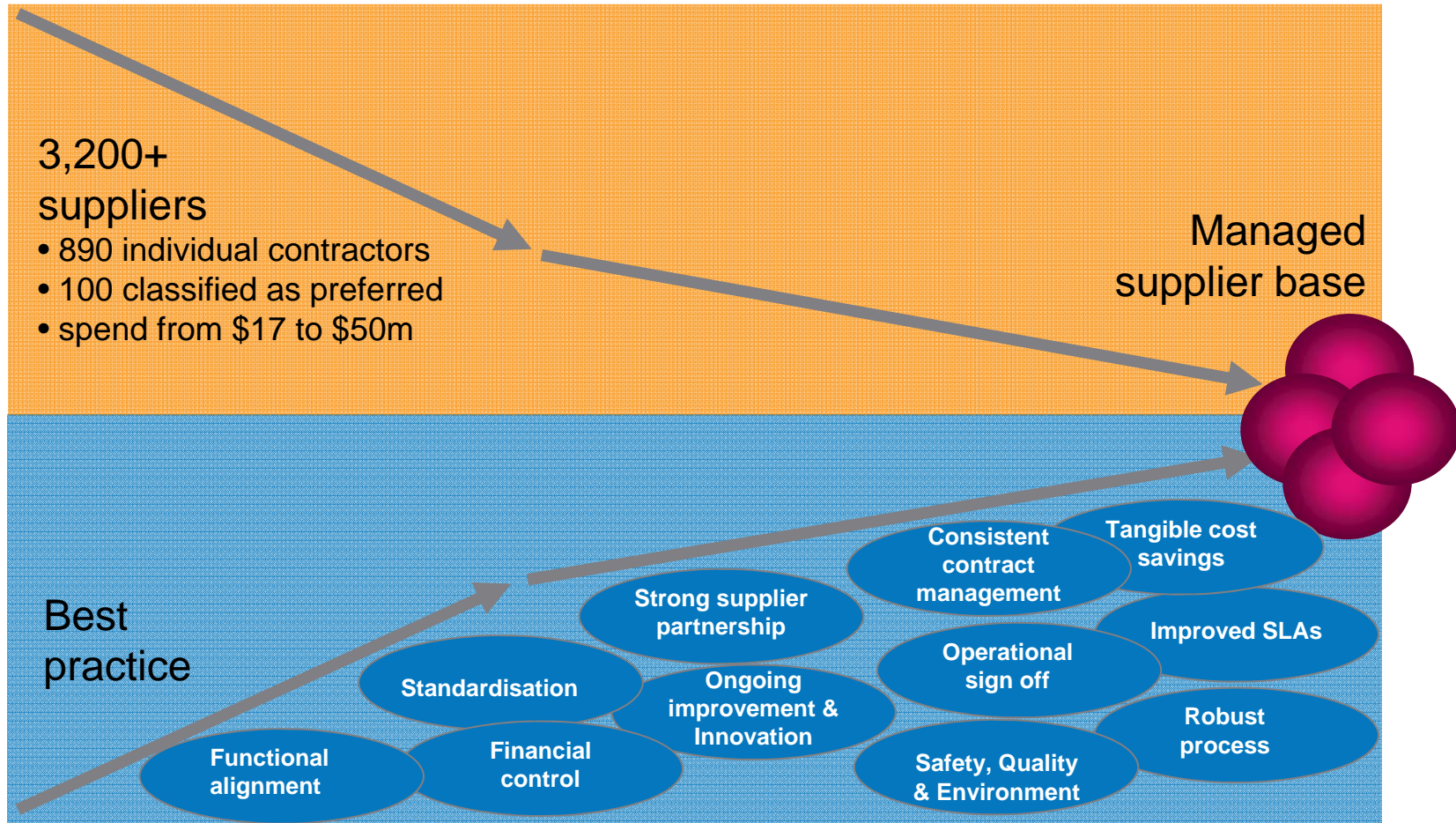
- Establish centralised whole-of-business procurement function
- Adopt a strategic sourcing approach to meet expectations of shareholders and taxpayers
 - Obtain best overall value for each purchasing dollar spent
 - Assure timely delivery of goods and services
 - Focus on quality of local content from local suppliers
 - Cultivate mutually beneficial and sustainable supply chain relationships
 - Single face for suppliers – easier to deal with

Current to future procurement state

Leveraging experience from aerospace industry

Current State

Future State



Opportunity for efficiency

Eg Bundling of services at railway stations



- 212 railway stations
- Separate service contracts for:
 - Cleaning
 - Graffiti removal
 - Vegetation control
 - Waste removal
 - Security
 - Heritage advisory
- Obvious opportunity to identify efficiency improvements



NORTH
MAP NOT TO SCALE
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Tender Response Expectations



- Follow the RFP
- Needs to be a conforming tender
- Ensure completion of the pricing tables and all schedules as provided
- Ensure you are familiar with the evaluation criteria
- Satisfactorily documented QA and OHS systems
- Direct agreement with State requirement in some cases
- Security
- Retention required
- Defects Liability Period \geq 12 months
- Insurances – Public Liability, Workcover, PI (as required)
- State and Federal requirements
- Other – OPR liability, liquidated damages

Expectations for SMEs



- Suppliers who will enjoy long-term and successful partnerships with Metro will deliver
 - Safety
 - Quality
 - Innovation
 - Responsiveness
 - Speed to market
 - Price transparency
 - Probity



Desired outcomes



- **Cheaper** – sustained supply chain cost competitiveness
 - Local suppliers to be globally competitive
- **Better** – maintenance of supply chain quality
 - Blend internal expertise with supply chain expertise
- **Faster** – align supply chain with network priorities
 - Deployment of resources when and where needed most



Thank you

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