

A view of the ALT issue from the contracting industry

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Outline of my presentation

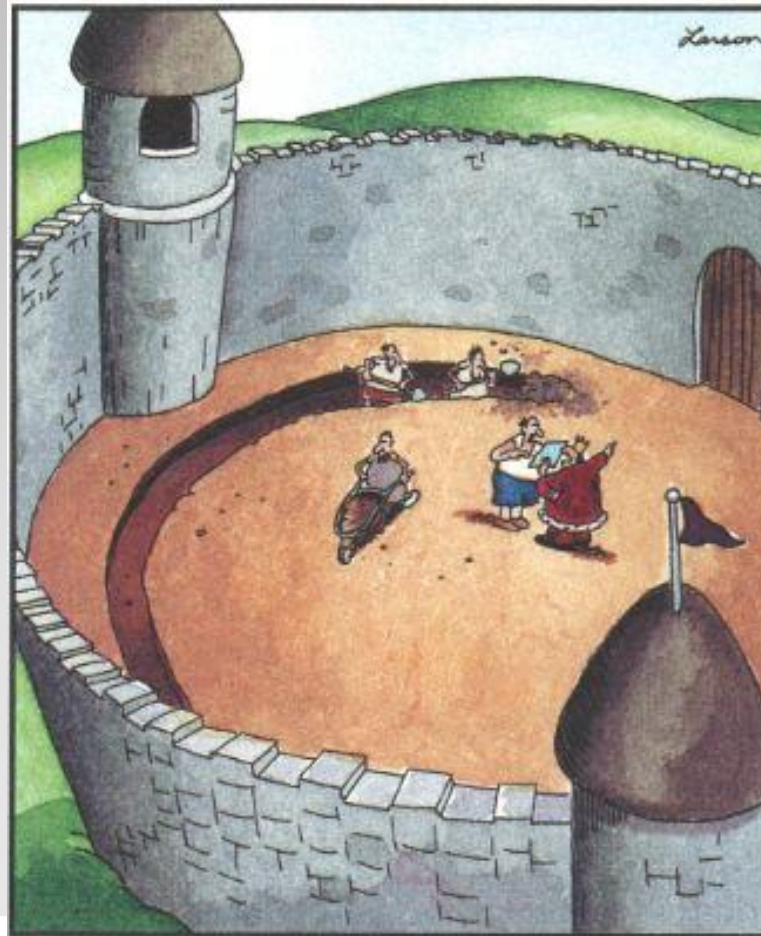
- Presentation of CICA – « Well-Prepared Project »
- Definition of ALTs
- Identification of ALTs
- Possible reasons for submitting an ALT
- How to deal with ALTs



CICA – « Well-Prepared Project »

- Confederation of International Contractors' Associations
- WPP
 - Started with joint discussions with HoPs on quality issues
 - Tentative WG at worldwide level involving :
 - CICA
 - FIDIC
 - PIARC (World Road Association)
 - Rationale : the interest of the project Based on risk assessment

CICA WPP – Preliminary studies



Suddenly, a heated exchange took place between the king and the moat contractor.



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Definition of ALTs

Cheminement ministériel de réalisation de projets routiers

Éléments déclencheurs d'un projet: Demandes du milieu, observations et inspections, Plan de transport et Plan d'action du MTQ, rapports d'enquête, etc...



Definition of ALTs

- Reference to the client's estimate
 - How detailed are design studies?
 - What degree of accuracy?
- Insufficient design studies increase the risk of :
 - Contractors gambling
 - Claims
 - Increased final project cost



Identification of ALTs

- My recommendation
 - Request detailed price breakdown
 - Manpower
 - Equipment
 - Supplies
 - Overheads
- Not a silver bullet, but a tool for transparency
 - A tool to detect ALTs
 - A tool to deal with claims

Possible reasons for ALTs

- Error
- « Survival strategy »
- Compensation expected through future claims
- « Foot in the door » : entering a new market
 - No longer a policy for listed companies



How to deal with ALTs

- Identification (price breakdown)
- Request for clarification
- Risk assessment
- Performance security
 - Bank guarantee
 - North America-type performance bond (« Surety »)



Thank you for your attention!



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