

Abstract

Title: A comparison of the time and cost performance of fixed price contracts and partnering contracts in motorway projects.

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Submission Date: August 2010

Objectives:

Following high profile cost over runs on motorway projects construction procurement was reformed by the Department of Finance. This led to the introduction of the Public Works Contract. The aim of this research was to assess the time and cost performance of the fixed price Public Works Contract used by the National Roads Authority in Ireland and compare it with the partnering NEC3 contract used by the Highways Agency in the UK. Contracts used prior to the introduction of the Public Works Contract were also investigated to determine if procurement reform was required. The main purpose was to determine the most efficient method of delivering the Department of Finance procurement reform objectives. An investigation of the preferred form of contract from the contractor's and the client's perspective was also conducted.

Methodology:

A review of literature in relation to the theory of fixed price and partnering contracts was conducted. Information was also collected on the specific contracts under investigation. Primary research consisted of a two separate case studies on a project using the Public Works Contract and the NEC3 contract. Information was collected through semi structured interviews with key personnel involved on each project.

Research Findings:

Research confirmed the belief that the previous forms of contract had not served the government well. The introduction of the new contract was required but the amount of risk transferred to the contractor attracted criticism. It was determined that the NEC3 form has many advantages over the Public Works Contract, leading all interviewees to select it as their preferred form. Based on the research findings it was suggested that the Department of Finance can more efficiently deliver motorway projects through the introduction of the NEC3 form of contract as used in the UK.