



**RA Submission  
to the  
Independent  
Review of the  
National  
Partnership  
Agreement on  
Land Transport  
Infrastructure  
Projects**



# Submission to the Independent Review of the National Partnership Agreement (NPA) on Land Transport Infrastructure Projects

## INDEPENDENT REVIEW OF THE NATIONAL PARTNERSHIP AGREEMENT (NPA) ON LAND TRANSPORT INFRASTRUCTURE PROJECTS

Thank you for this opportunity to submit to the NPA review. Roads Australia is pleased to make the following points.

### Introduction

Roads Australia (RA) is Australia's peak body for roads within an integrated transport system. We bring industry and government together to lead the evolution of Australia's roads, integrated transport and mobility networks.

As the nation's only roads champion, Roads Australia's 150+ members include all of Australia's road agencies, major contractors and consultants, service providers and relevant industry groups. Roads Australia strives to achieve a robust, integrated transport system that values and invests in all land transport modes, including roads, vehicles, freight, public transport, rail, cycling and walking. Roads Australia upholds the principles of a safe, inclusive, sustainable, economically and socially valuable road industry for all Australians.

Road projects funded through the NPA are contributing to Australia's economy and social connections. Oxford Economics produced the [2021 Value of Roads report](#) for RA which showed that the roads industry contributes \$236 billion of value per year to the economy and supports 1.4 million jobs. Roads are also important connections providing access to jobs, families and friends.

Over recent years RA has produced reports relevant to this review, calling for improved procurement methods and

processes and to assist in the [decarbonisation of the transport sector](#). Selected areas of those reports are included below. RA's 2022 [Procurement Reform Report Update](#) also includes examples of good practice taken from across Australia.

### National, coordinated pipeline of work

It has been acknowledged, as part of the [Infrastructure Investment Program Review](#), that the Australian construction market is overheated and facing market capacity issues. The substance of these issues has been well canvassed in [RA reports](#) and in the [Market Capacity](#) research undertaken by Infrastructure Australia.

To respond to these issues RA, along with other industry associations, has called for a nationally coordinated pipeline of work that is aligned with the industry's capacity to deliver. The pipeline should cater for all tiers of the industry through spread of project size and complexity including by breaking larger programs of work up into smaller contracts. A long-term pipeline of this nature would provide certainty for industry to invest in the capacity and capability of the workforce to deliver upcoming projects.

This could be achieved by aligning the Commonwealth Government's funding of projects to projections of market capacity taken from Infrastructure Australia and industry reports.

### Contracting, risk assessment and allocation

As the Productivity Commission pointed out in their recent 5-year Productivity Inquiry, [Advancing Prosperity](#), early contractor involvement and the use of

collaborative and alliance contracting (for example Incentivised Target Cost contracts and hybrid Design & Construct that have recently been tested by some state governments) can reduce risk and deliver greater productivity outcomes in the delivery of major infrastructure projects.

This form of contracting can also build in flexibility for unforeseen circumstances, such as the recent hyper-escalation of material costs, as well as incentives for projects achieving certain standards or targets.

Managing the capacity of the industry and government to procure and negotiate these newer contract types, and the different requirements of projects, means each should have a contract type that best suits it. Importantly, both industry and government clients, along with any Commonwealth Government involvement, should bring a collaborative attitude through a “best for project” approach in the project development and delivery.

### **National frameworks for value for money, social procurement and the use of alternative materials**

The governance framework for the NPA provides a valuable opportunity to improve coordination in the selection and delivery of infrastructure in Australia. Value for money is much broader than simply the lowest price is the best price. The approval of projects and the tender requirements need to be clear on what is being sought from the investment to ensure that the community and industry are aware of what is required to be delivered. The NPA, through its objectives, can help produce a clearer view on the national value for money proposition being sought by the Commonwealth Government from its funding of transport projects.

Social procurement is currently a part of the NPA, with Indigenous and local participation requirements. Differences in requirements, definitions, assessments and measurement from project to project and between jurisdictions can reduce the ability of the sector to deliver high quality outcomes for communities. While various clients may have different social outcome goals, a national approach to the inclusion of social procurement requirements in the procurement process, including consistent terminology, metrics and assessment criteria, would be of benefit to the industry across the country.

The use of alternative materials, such as recycled materials, is increasing. The NPA review is an opportunity to benchmark recycling outcomes on projects and provide straightforward mechanisms for the approval of innovative and recycled materials during the procurement process.

### **Decarbonisation and diversity**

Australian governments are focussed on decarbonisation with the Department of Infrastructure, Transport, Regional Development, Communications and the Arts leading work on a [decarbonisation plan for the transport sector](#).

We need to rethink and reshape the way we plan, design, build and operate transport infrastructure in Australia. The objectives of the NPA, which is to be signed by the Commonwealth and all jurisdictions, are a golden opportunity to include decarbonisation objectives that meet the national commitment to reduce emissions.

In some cases, it may be more productive to deliver the solution to an infrastructure demand through a low or no-build program. This step, which can also assist in reducing carbon emissions from construction, was raised in the [Journey to Net-Zero](#) report prepared jointly by RA, the

Infrastructure Sustainability Council and the Australasian Railway Association.

We also invite the review to consider the need for NPA projects to have as a key objective the inclusion of gender diversity in the design and construction process. The participation of more women in our industry and how projects enable this participation should be measured and reviewed as part of the approval and delivery of all projects.

**National Land Transport network maintenance allocation – resilience, risk and dependency for regional areas**

RA's [submission](#) to the Federal Parliamentary Inquiry into regional, rural and remote road resilience noted the need for a long-term strategic approach to the maintenance of our road networks. This could be achieved by revisiting the principles under which the allocation of resources for the maintenance of the land transport network are provided, such as the formulae included in section 6.5 page 25 of the Notes on Administration for Land Transport Infrastructure Projects 2019–2024.

Beyond traffic flows, the new NPA should include objectives for road maintenance that highlight the role, as part of critical infrastructure, each link of the network plays. This is particularly important for regional infrastructure that, in some cases, might have a low level of traffic flow but play a vital role in maintaining connectivity for local, regional and national centres.

The [Road and Rail Supply Chain](#) report released by the Bureau of Infrastructure and Transport Research Economics has started some of this consideration by investigating key freight routes for road and rail and the risks and vulnerability of those routes.

**Conclusion**

We look forward to continuing our role in strengthening collaboration between industry and government to ensure Australians are provided with high-quality infrastructure that addresses community needs and expectations.

Should you wish to discuss this further, I can be contacted on 0418 986 206 or [ehssan@roads.org.au](mailto:ehssan@roads.org.au).

Yours sincerely





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