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Progressing Procurement Reform

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ABOUT ROADS AUSTRALIA

[Roads Australia](#) (RA) is the peak body for roads within an integrated transport system, representing an industry that contributes \$207 billion annually to the economy and supports 1.3 million jobs.

RA brings industry, government and communities together to lead the evolution of Australia's roads, integrated transport and mobility.

The nation's only roads champion, RA's 150+ members includes all of Australia's road agencies, major contractors and consultants, motoring clubs, service providers and other relevant industry groups.

RA's current policy focus extends across five activity streams: Safety; Capacity; Transport Reform; Customer Experience; and Sustainability with Diversity and Inclusion an underlying commitment across each stream.

Register for [upcoming policy events](#) to contribute to the debate.

BACKGROUND

On 30 September 2020, RA publicly released the [Roads Australia Procurement Reform Report](#).

This Report draws on outcomes from two RA workshops in November 2019 and March 2020 which focussed on procurement and risk issues, as well as further direct engagement with a wide range of RA members and stakeholders.

It brings together perspectives from a wide spectrum of national and regional industry participants including engineering and design consulting firms, project managers, legal and commercial advisors, government agencies, and construction and related services companies.

The Report sets out 21 recommendations for government and industry to collaboratively pursue to enhance the way Australia plans and delivers transport infrastructure projects.

This Policy Webinar drew together a range of recognised industry experts to highlight the significance of the Report's recommendations and discuss what needs to occur next to progress its reform proposals.

EVENT SUMMARY

Over 225 people joined the Policy Webinar on Wednesday 28 October to hear from the following speakers:

- [Corey Hannett](#), Director General, [Major Transport Infrastructure Authority](#) (MTIA)
- [Clare Gardiner-Barnes](#), Head of Strategy, Planning and Innovation, [Infrastructure NSW](#)
- [Scott Olsen](#), CEO, [Fredon](#) Industries
- [Sarah Marshall](#), General Manager – Operational Support, [Fulton Hogan](#)
- [Kate McDonald](#), Transport Infrastructure Market Leader, [pitt&sherry](#)

The discussion was hosted by RA President [Michael Bushby](#).



POLICY INSIGHTS

The webinar commenced with RA President **Michael Bushby** providing an [overview](#) of the **RA Procurement Report** and its key recommendations.

Mr Bushby highlighted that in the current environment, it was more important than ever for industry and governments to work together to ensure projects are delivered in a way that maximises benefits to the community and enables industry to get the best use of its capital and people.

F1. Roads Australia Procurement Reform Report



He also noted the burgeoning national infrastructure pipeline highlights that governments are relying on the effective delivery of projects to stimulate Australia's post-COVID economic recovery. The urgency of the task and the scale of the challenge makes procurement reform of critical importance – so that projects can get moving quickly and the economic benefits can begin to wash through the economy.

Corey Hannett, Director-General, **Major Transport Infrastructure Authority (MTIA)** outlined the significant range of transport infrastructure projects being undertaken as part of Victoria's 'Big Build'. These include the ongoing [Level Crossing Removal Project](#), [Metro](#)

[Tunnel](#), [West Gate Tunnel](#), [North East Link](#) and major road projects. He noted that the continuing expansion of the infrastructure pipeline could create pressure on the construction sector to meet the demand. This capacity challenge is one of which industry and governments should be especially mindful.

Mr Hannett explained the review of procurement and delivery models for transport infrastructure mega projects in Victoria that is currently being undertaken by MTIA and Victoria's Department of Treasury and Finance (DTF). The review is examining a wide scope of matters, including project packaging, staging, procurement processes, delivery models and underlying approaches to risk allocation. It is anticipated the review will make a series of recommendations to Government.

According to Mr Hannett, greater emphasis needs to be placed on making certain the commercial framework for projects is fit-for-purpose and risk is appropriately allocated, specifically in the place where it can be best managed. This means companies bidding for work need to adopt a responsible approach to risk, and only take on projects if they are confident they can deliver.

He emphasised that all parties must clearly understand the risk allocation before contract terms are agreed. He also acknowledged that a more collaborative and comprehensive approach to scoping projects and work packages would help to avoid contractual issues that may lead to time and cost pressure, particularly on complex mega projects. This could be progressed through the development of a system for categorising capacity and risk profiles that can be applied to all infrastructure companies, as outlined in Recommendation 3 of the [Procurement Reform Report](#).

Clare Gardiner-Barnes, Head of Strategy, Planning and Innovation, **Infrastructure NSW** strongly supported this point, encouraging open and honest discussions between parties on risk prior to agreements being drafted and executed. She noted this was a key area of focus of the work currently being led by NSW Treasury, which is also examining whole-of-government procurement reform.

Ms Gardiner-Barnes outlined core aspects of the NSW Government's [Ten Point Commitment](#) to industry for improving procurement.



This includes a focus on early market engagement to establish industry's view around the most suitable procurement pathway for major projects and their associated work packages.

She noted there has been some [significant progress](#) in this respect since the Ten Point Commitment was released in 2018. Using a sample of 35 major projects, it was revealed that 69 per cent of projects are now undertaking early market engagement to elicit industry views and 48 per cent of projects are now using collaborative contracts, versus 46 per cent using traditional contracts.

The Ten Point Commitment also includes strategies to enhance the capacity, culture and diversity of the industry, which is also an important strategic focus in the [Procurement Reform Report](#), which contains a series of recommendations that address the industry's capacity and capability (Recommendations 12-16) as well as culture and inclusion (Recommendations 19-21).

Ms Gardiner-Barnes reflected on the critical importance of these matters to maintaining a viable sector moving forward, highlighting the NSW Government's [Infrastructure Skills Legacy Program](#) as a practical measure that is providing more opportunities for women in trade work, enhanced access to work opportunities for young workers under 25 and indigenous involvement in the delivery of infrastructure projects. She encouraged industry participants to partner with local community organisations to help create opportunities for engagement on projects.

She also highlighted the importance of working with other state jurisdictions to progress procurement reforms, and noted that this would be a key priority for the work of the [Construction Leadership Group](#) in NSW over the next 12 months.

Scott Olsen, CEO, Fredon Industries emphasised the need for a more visible and sustainable infrastructure pipeline which allows companies to plan their business operations and maximise the opportunity for involvement in planning discussions and shaping the timing of the delivery of projects.

He noted the risk of a lag effect – where initial announcements about projects are made, but



then a lack of corresponding detail and planning causes delays, leaving contractors struggling without sufficient continuity of work as government decision making slows. He stressed that if governments expect the post-COVID economic recovery to be driven by delivery of infrastructure projects, then those same governments must commit to bringing projects to market under a more efficient process from planning to the procurement phase. If the work dries up, then substantial parts of the industry's skilled workforce will move to other sectors, and the hoped-for economic stimulus may not be realised as quickly.

Mr Olsen also spoke about the importance of mentoring and coaching (in addition to training programs) within the industry to support its long-term sustainability. It is vital that the 'best and brightest' feel they are supported in their work and have a clear pathway for career development and personal growth within their work environment. He also supported the view that the industry will continue to rely on skilled migration to support the delivery of some technical aspects of major projects. Travel restrictions and other limitations imposed by COVID-19 have reduced the availability of these workers – and this is something governments will need to rectify to ensure projects can be delivered in a timely fashion.



Sarah Marshall, General Manager – Operational Support, **Fulton Hogan** built on this theme by underscoring the complexity of modern infrastructure projects, calling for a more focussed approach to training that ensures industry has access to a workforce equipped with the skills needed to deliver projects safely and efficiently. This entails applying an ‘industry-wide lens’ to training matters, rather than just applying a narrow individual project focus.

As part of this, Ms Marshall encouraged industry to think about skills as being far more than simply apprenticeships and traineeships, noting there is a critical need to enhance the industry’s skills base in the digital and technology space, as well as specific technical skills such as tunnelling. She also emphasised the importance of developing soft skills, particularly in relation to culture and leadership, a key recommendation in the [Procurement Reform Report](#).

She also urged particular attention on enhanced access to training opportunities for Tier 2 and 3 contractors, so they can more effectively compete for work opportunities on major infrastructure projects. She concluded by suggesting that greater harmonisation and recognition of skills and qualifications across jurisdictional boundaries would be of significant assistance in this regard.

Kate McDonald, Transport Infrastructure Market Leader, **pitt&sherry** spoke to the attractions of collaborative contracting models for designers, noting they offer enhanced opportunities for innovation that allows designers achieve a greater degree of involvement early enough in project delivery. This is essential for all design consultants and can result in very significant cost savings before certain aspects of the project are essentially locked in.

Ms McDonald emphasised this is not only important from a job satisfaction and talent retention standpoint, but also delivers practical benefits for construction as potential issues are identified and solutions found far earlier in the process.

As well as reducing the risk and potential cost of litigation, it also reduces the likelihood of delays in project delivery, which provides a whole-of-industry benefit. This point is also emphasised in the [Procurement Reform Report](#), with Recommendations 9 and 11 prioritising the development of collaborative models for risk assessment.

While broadly agreeing with previous speakers on the need for a more effective approach to skills training, Ms McDonald highlighted the challenge for consultants working in the industry in committing to pursuing training opportunities in between project engagements.

It was suggested that with a more stable and visible pipeline, and enhanced planning, more time and resources could be dedicated to training and development. Furthermore, there was an opportunity for government and industry to work on addressing this issue collaboratively, including through the establishment of a training and development fund. Importantly, design consultants need to have certainty regarding the profitability of work they undertake, as this gives them the ability to invest in their own training and growth.

EVENT OUTPUTS & NEXT STEPS

An overview of the events and the broad themes addressed by each speaker was circulated via RA’s [LinkedIn](#) feed.

RA is continuing to actively engage with Ministers, senior officials and transport and infrastructure bodies across all jurisdictions to identify opportunities to work collaboratively in the implementation of the Report’s recommendations.

This includes providing a [submission](#) to the Infrastructure and Transport Ministers Meeting held on 20 November 2020.

Similarly, RA is continuing to meet with a number of allied industry bodies to discuss the content of the Report, identify areas of strategic alignment and explore opportunities for collaboration in securing procurement reform.

