

16 July 2021

The Secretariat
Infrastructure, Transport and Cities Committee
PO Box 6021
Parliament House
CANBERRA ACT 2601

Via email: ITC.reps@aph.gov.au

Submission to:

**The House of Representatives Standing Committee on Infrastructure, Transport and
Cities inquiry into Procurement Practices for Government-funded Infrastructure**

Introducing 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 has over 150 members and brings industry, government, and communities together to lead the evolution of Australia's roads, integrated transport and mobility.

Infrastructure Pipeline and Context

Governments across the nation are investing in more transport projects and Australia is experiencing more mega-projects than ever before. These projects are being planned and delivered across all states. According to BIS Oxford Economics mega project road expenditure is expected to increase from less than \$6 billion in FY2021, to more than \$10 billion in FY2024 (see Figure 1. Major Road Projects above \$2 billion). This is based on current committed projects and is likely to increase with further project priorities and commitments.

In addition to these mega-projects, governments across Australia are investing in road and transport projects at record levels, with many new infrastructure development and improvement projects across all states and territories.

Governments are making these investments in these projects to both deliver improved transport outcomes for the community (particularly with growing populations in major east coast cities) and provide economic stimulus in response to the COVID-19 pandemic. Many of these projects are city-shaping and nationally significant. They will fundamentally improve transport systems, economic productivity and road safety. They will also improve mobility outcomes throughout the community.

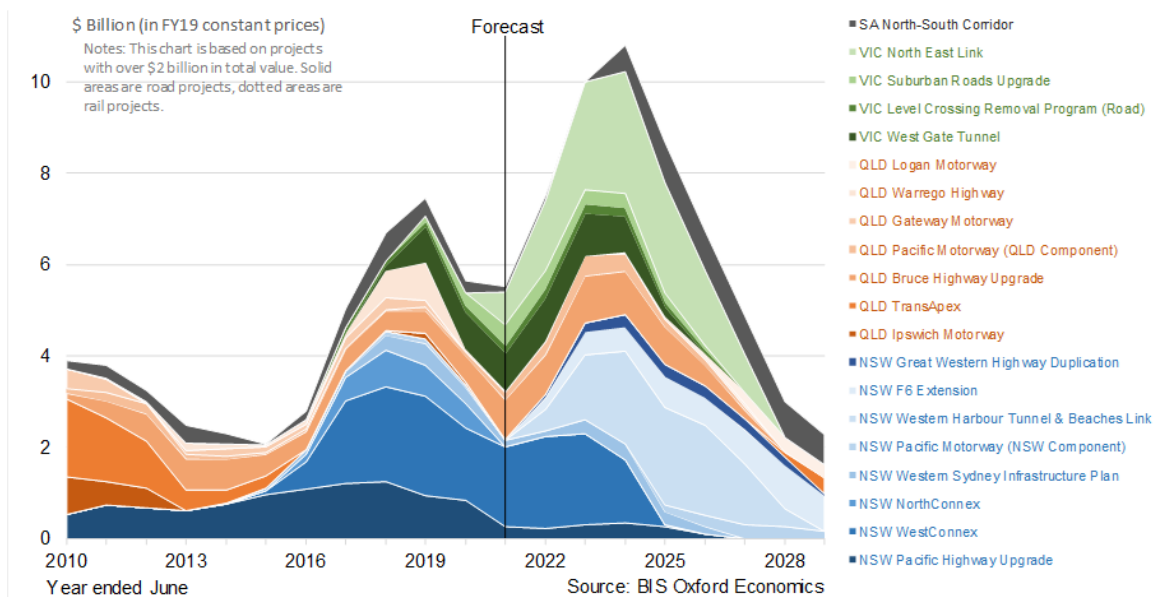


Figure 1. Major Road Projects above \$2 billion

Source: BIS Oxford Economics (2021), *Engineering Construction in Australia*, April 2021.

The planning and delivery of this significantly larger pipeline of projects presents significant challenges for governments, industry and the whole supply chain. The principal challenges include:

- a constrained workforce and competition for skills;
- more complex and larger projects;
- very low uptake of, and maturity in, digital technology and innovation;
- accelerated project planning to effect earlier delivery thereby increasing risks;
- competition across State boundaries for specialist skills; and
- increasingly demanding planning and approval processes.

It is critical that procurement of this vital infrastructure is undertaken in the most efficient and effective manner to ensure that the maximum value for the investment is realised. It is essential that government and industry work together effectively to best utilise scarce resources and ensure taxpayers' funds are invested wisely and efficiently.

In its 2019 Infrastructure Audit, Infrastructure Australia focussed on industry efficiency, capacity and capability and stated,

“Projects are getting larger and increasingly complex, and will require new approaches. How the public sector make decisions, handles procurement, selects contract models and handles risk will have significant bearing on the functionality and efficiency of our infrastructure. Alongside these changes, new demands for sustainability, resilience and security will provide opportunities to achieve better outcomes. However, this makes the planning and management of industry capacity more complex.”¹

A strong focus on innovation through the whole procurement process is vital, so that innovation is captured and locked into future procurement of road and transport infrastructure.

¹ [An Assessment of Australia's Future Infrastructure Needs, The Australian Infrastructure Audit 2019 Executive Summary, P18](#)

There has been little improvement in productivity in the procurement of infrastructure for some years and so innovation is critical to deliver the growing pipeline of projects within the constrained and changing market. There are real innovation opportunities through the increased use of technology, improved systems and tools, system and product modularisation and more collaborative contract models. Improvement in productivity is a key theme of the recommendations within the [RA Procurement Reform Report](#).

While there is some work going on in individual jurisdictions, there would be real benefit in a more coordinated and national approach to innovation - with a clear strategy and specific targeted funding to improve productivity. Currently, there is limited funding being allocated to innovation, research and development, particularly relative to the value of the road and transport asset and the ongoing investment pipeline value.

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- 1. RA recommends that the Australian Government lead and allocate funding for innovation, research and development in infrastructure procurement practices improvement with a focus on locking that innovation into procurement practices going forward.*
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Roads Australia and Procurement Reform

Following close consultation with industry and government, RA produced the *Procurement Reform Report: Recommendation & Strategies Report September 2020*. That report is included in this submission for the Committee's consideration.

The strategies and related recommendations are grouped into seven priority areas:

Ownership and Accountability	Recommendation focuses on close Industry and Government collaboration in pursuing the other recommendations.
Pipeline	Recommendations seek to improve the way government prioritises and publicises future infrastructure projects. It also encourages early engagement with industry.
Planning and Design	Recommendations focus on devoting additional time to planning and design including early engagement with industry, as well as the separation of the design and construction stages, when appropriate.
Legal and Risk	Recommendations seek to better assign risk and streamline contracting processes for the benefit of both government and industry. It is proposed there is early engagement with industry to help get ahead of project risks and that risks should be allocated to the party best able to manage and mitigate those risks.
Capacity and Capability	Recommendations seek to broaden the range of firms which can participate in procurement, and improving overseas and interstate migration for people seeking positions in the industry. It recommends working closely with external training and education providers to better match their offerings with industry needs.

Governance	Recommendations seek improvements in quality control and to look at alternative governance models. It calls for a reassessment of the role of the Independent Review within the project assurance process, and establishing special purpose companies to oversee mega-projects.
Culture and Inclusion	Recommendations aim to ensure industry seeks to attract a wider pool of prospective talent. This includes supporting the Construction Industry Culture Taskforce (CICT) with the implementation of their Culture Standard, as well as developing a culture and inclusion performance framework

The report recommendations apply to the delivery of road and transport infrastructure in every state and territory and projects delivered at a national level by the Australian Government. Several recommendations across each of the priority areas identify specific actions at a national level that would be the responsibility of the Australian Government in its own right, but also in a coordination and collaboration role with state and territory jurisdictions.

2. RA encourages the Australian Government to take a strong leadership role in procurement reform to deliver improved project outcomes for the community through close working with state and territory jurisdictions including strong engagement with industry across the whole supply chain.

Infrastructure Priorities and Planning

The Australian Government has established Infrastructure Australia to “advise governments, industry and the community on the investments and reforms needed to deliver better infrastructure for all Australians.”² It takes a national approach in providing investment advice on major projects across all infrastructure where proponents are seeking \$250 million or more in funding from the Australian Government. It develops the national Infrastructure Priority List³ – a pipeline of projects – that will deliver the best outcomes for communities across the nation.

In addition, most states have their own infrastructure advisory bodies. These, together with the state and territory transport agencies, produce various priority and infrastructure investment pipelines. Some of these pipelines are legislated by individual states and some are more ad-hoc and less rigorous. The result of this approach is that there is not a single national pipeline of infrastructure priorities and projects, but a complex range of sources of information on upcoming infrastructure projects with a variable level of detail and completeness. This presents considerable challenges both for government as client and industry in planning for and delivering these projects.

The concurrent release of multiple large tenders across several states can mean that industry is unable to best allocate its resources in responding and states may have a reduced number of bidders or bids of lower quality with less innovation for its particular project. This can result in sub-optimal outcomes for the client, industry and the community. Some transport projects require specialist skills that have limited availability, and where tenders requiring these skills are released concurrently, industry may not be able to provide those skills to every project thereby compromising the delivery and outcomes of some projects.

² <https://www.infrastructureaustralia.gov.au/about-us>

³ [Infrastructure Priority List, Infrastructure Australia](#)

These issues can also be compounded when there are significant delays to the contracting process, with contractors being uncertain about the utilisation of their skilled workforce while waiting to be advised on tender outcomes. In some cases, contractors are being asked to hold their workforce for some months through the delayed tender and contract process. This is extremely expensive for industry and is an ineffective use of scarce resources and skills.

Coordination and synchronisation of these large projects at an early stage will help reduce pipeline issues faced by industry and government and deliver an improved and achievable flow of work. First announced as an outcome from COAG in March 2020⁴ and then followed up with specific funding from the 2020-21 Federal Budget⁵, Infrastructure Australia has been tasked with completing an annual assessment of the infrastructure market capacity. This work, which RA believes will be released soon, will be invaluable to ensure projects are market tested and reviewed for deliverability early in the process and that new projects do not compound the existing issues mentioned above.

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- 3. RA recommends that the Australian Government takes a leadership role in the development and coordination of a national infrastructure pipeline in collaboration with all states and territories.*
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It is essential that projects in the priority list are well developed, planned with robust estimates of time and cost and a clear understanding of all the project risks. It is critical that adequate time and funds are allocated to project planning and development. This will ensure project outcomes are better delivered and that project risks are better understood and managed.

There has been a tendency for clients to be given inadequate time or resources to undertake this vital project planning process. Governments have been keen to commit to projects despite an inadequate development period for the project including understanding the risks, particularly stakeholder interests and environmental approval requirements. In some instances, the business case is developed after there has been a project commitment made. It is in the project development phase where assessment of the contracting options can be undertaken and decisions on a suitable contract form made to optimise outcomes and manage the risks.

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- 4. RA recommends that the Australian Government recognises that effective project planning and development is critical to project success. Adequate investment in project development is required, including risk identification, breaking projects in manageable portions, separate accommodation works to de-risk projects, proper time estimation as well as cost estimation –and, vitally, early industry engagement.*
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The Infrastructure Australia project and business case evaluation process does include procurement as a key component of the evaluation. However, the current focus of these evaluations is the front-end transport outcomes and economics of the project.

The evaluation process could be strengthened and extended to cover the whole of the procurement process.

⁴ <https://www.coag.gov.au/meeting-outcomes/coag-meeting-communique-13-march-2020>

⁵ <https://www.infrastructureaustralia.gov.au/listing/media-release/infrastructure-australia-advise-covid-19-recovery>

While the risk management plan submitted by the proponent is evaluated, potential options to de-risk the project could be part of the evaluation, with details included setting out how this has been pursued through engagement with industry. There is an opportunity to build this into the Australian Transport Assessment and Planning (ATAP)⁶ processes.

In some cases, an Environmental Impact Statement (EIS) is required as part of the project approval. The EIS will include appropriate mitigations for specific environmental impacts. These can often be very prescriptive and do not facilitate innovation either by the client or contractor in meeting the intended mitigation outcomes as the project is delivered. It would be helpful if there could be more of an outcomes focus in the EIS process that allows innovative approaches in delivery.

5. RA encourages the Australian Government to work with the states and territories to strengthen and extend the evaluation and assessment of projects to encompass the whole procurement process with a particular focus on de-risking the project through its whole lifecycle and proactive engagement with industry.

Ongoing National Procurement Reform and Initiatives

Since the release of the Procurement Reform Report in September 2020, RA has continued to champion its strategies and recommendations. Table 1 indicates the release of that report.

STAKEHOLDER	DATE
The Hon Daniel Andrews MP, Premier of Victoria and copied to <ul style="list-style-type: none"> The Hon Tim Pallas MP, Treasurer and The Hon Jacinta Allan MP, Minister for Transport Infrastructure 	22 September 2020
The Hon Gladys Berejiklian MP, Premier of NSW and copied to <ul style="list-style-type: none"> The Hon Dominic Perrottet MP, Treasurer and The Hon Andrew Constance MP, Minister for Transport and Roads 	22 September 2020
The Report was subsequently provided to: <ul style="list-style-type: none"> National Cabinet; Board of Treasurers; Transport & Infrastructure Council (TIC) (now the Infrastructure and Transport Ministers Meeting); Transport & Infrastructure Senior Officials Committee (TISOC); and CEOs of relevant Departments in Victoria and NSW 	22 September 2020
The Report and a corresponding submission were again sent to the Infrastructure and Transport Ministers to be included on their agenda for their 20 November 2020 meeting	06 November 2020

⁶ [Australian Transport Assessment and Planning \(ATAP\)](#)

Table 1. Timetable of release of Roads Australia Procurement Reform Report

RA has continued to engage with the road and transport industry through a series of webinars, presentations and discussions including at the recent RA Transport Summit in Sydney in June 2021.

In addition, RA continues to meet with Ministers and leaders in government to discuss procurement reform. RA has also engaged with Infrastructure Australia regarding procurement reforms. A recent IA [report](#)⁷ reviewing the 2016 Australian Infrastructure Plan has also highlighted the need for procurement reform (among a number of other measures) to ensure that the significant funding being put into infrastructure is not being wasted.

RA has established a Capacity Expert Panel with representatives across industry to work with all jurisdictions to pursue recommendations of the Procurement Reform Report, monitor developments and improvements in procurement in individual jurisdictions, and share those developments and lessons nationally.

It is encouraging that a number of clients and transport agencies are pursuing reform of the procurement process and more fully engaging with the industry and whole supply chain.

The NSW Government released the [10 Point Commitment to the Construction Industry](#) in 2018. In May 2021, Infrastructure NSW was directed by the NSW Government to prepare a framework containing best practice guidance for establishing effective procurement processes for large, complex infrastructure projects in this 'Framework for Establishing Effective Project Procurement'⁸ (Procurement Framework) to take the 10 Point Commitment further. Recently, the Premier of New South Wales set out more detailed expectations for the procurement for large, complex infrastructure projects, to enable sustainable delivery of the infrastructure pipeline in accordance with the framework⁹. This framework is consistent with principles and directions to the strategies and priorities in the RA Procurement Reform report.

Queensland, through the Department of Transport and Main Roads (TMR), commenced a new Collaborative Procurement and Delivery Model Taskforce in February 2021 consisting of representatives from TMR, Civil Contractors Federation, Queensland Major Contractors Association, Consult Australia and the Infrastructure Association of Queensland.

This is a joint taskforce between TMR and the civil construction industry to drive the development and delivery of a Collaborative Procurement and Delivery Model for Queensland's transport infrastructure projects. A revised version of the Queensland Government's Procurement Policy was released in February 2021 and it identifies the need to enhance the procurement process to deliver value for money and engage strongly with all stakeholders.

There has been an increase, and interest, in using Early Contractor Involvement (ECI) contracts. This approach involves the contractor in the planning and design phase and allows the contractor to look at the constructability of the project, development of mitigations for construction risks and design improvements. It provides a better understanding of real construction costs. The second phase of an ECI takes the final design to a design and construct phase where the client is able to competitively tender the project.

⁷ https://www.infrastructureaustralia.gov.au/sites/default/files/2021-05/210527_IA%20Strategy%20Review%20Recommendation%20Report_FINAL.pdf

⁸ [Framework for Establishing Effective Project Procurement](#)

⁹ [Procurement for Large, Complex Infrastructure Projects](#)

This model can reduce the tendering timeframes, reduce project variations, enhance innovation on the project and lead to better team performance. There is real potential to utilise ECI contracts more extensively in delivering the pipeline of transport and other infrastructure projects.

There are a number of specific project examples where government clients are moving to more collaborative contracting in delivering large and complex infrastructure projects and programs. These include:

- Major Road Projects Victoria's collaborative model panel approach that provides a less adversarial environment and clear sharing of risks. As the panel approach is established, it is expected it will speed up procurement and minimise protracted contract negotiations. It provides a clear pipeline of work and aligns that work where there is capacity in industry. The model is in its early stages and will take some time to reach full maturity.
- The ARTC Inland Rail Project moving to a more collaborative approach in contracting within its accelerated procurement and delivery plan, following extensive engagement with industry. There is a strong focus on aligning the work's size and complexity with the capability and capacity of industry, particularly in regional Australia along the Inland Rail corridor.
- North East Link in Victoria's approach to separate and undertake early works including service relocations to reduce risks for the main contracts.
- Transport for New South Wales using market sounding to understand the market and refine the contract and procurement approach that best suits the market.
- The Australian Minister for Defence Industry releasing the Terms of Reference for a comprehensive review of defence procurement¹⁰. The review will have an extensive engagement with industry and will provide an opportunity for the defence industry to put forward ideas, solutions and improvements.
- The Level Crossing Removal Program in Victoria has implemented a collaborative model that focuses on the longer-term relationship between suppliers and a capable client. The program uses clear mechanisms to demonstrate value and uses outcome Key Performance Indicators. Allocation of additional work is based on performance and resourcing capacity.

Reform of procurement is also a priority internationally. For example, in the UK, Project13¹¹ is a response to a number of failures in the transactional approach to delivering major infrastructure. Project13 is an industry led program and was first conceived through the Institute of Civil Engineers. It proposes a move from a transactional approach to an enterprise approach. "An Enterprise brings together owners, partners, advisers and suppliers, working in more integrated and collaborative arrangements, underpinned by long term relationships. Participating organisations are incentivised to deliver better outcomes." Several transport organisations in Australia are watching developments in Project13 and will bring some of those ideas and lessons into procurement approaches in Australia where applicable.

Waka Kotahi New Zealand Transport Agency has adopted a hybrid competitive alliance model which allocates risk across the parties in the alliance. There is an interactive and transparent tender process so that all risks can be fleshed out early. This contract model was used very successfully on the Waterview Connection tunnel and interchange project in Auckland.

¹⁰<https://www1.defence.gov.au/business-industry/procurement/contracting-templates/asdefcon-suite#ASDEFCON%20and%20Defence%20Procurement%20Review>

¹¹ <https://www.project13.info/about-project13/>

Recently the Federal Government announced the addition of 22 occupations to the Priority Migration Skilled Occupation List (PMSOL). This included several roles relevant to the delivery of transport infrastructure projects, including electrical engineer, structural engineer, geotechnical engineer and transport engineer.

This is a welcome development and is in line with recommendations RA put forward in its joint submission¹² with the Australasian Railway Association (ARA) to Federal Parliament's Inquiry into Australia's Skilled Migration Program earlier this year. RA and the ARA issued a joint media statement¹³ outlining how the changes will help our industry deliver the massive national pipeline of transport infrastructure projects.

Engaging the entire supply chain (ie. all tiers of contractors) through more effective procurement approaches is something governments have started considering but could be expanded on. Breaking large and mega projects into packages can open up a project to many contractors who may otherwise have been precluded from participating due to requirements on size and/or balance sheets to carry perceived risk.

Examples of this include the Inland Rail project that has been able to create packages of work that have allowed smaller, regionally based organisations to get involved. In Queensland, TMR has split some Bruce Highway works packages ([Caboolture-Bribie Island Road to Steve Irwin Exit 163](#) and [Cooroy to Curra Section D](#) for example) which has allowed Tier 2 contractors to directly participate and increase the size of the tender field.

6. RA commends the Australian Government's recent announcement to include a range of skilled occupations on the Priority Migration Skilled Occupation List (PMSOL) 14, with a number of those occupations critical to the delivery of transport infrastructure in Australia. RA supports the Australian Government's ongoing engagement with industry regarding the PMSOL and skills that may need to be included on the list in the future.

Infrastructure Procurement Needing National Leadership

There are several critical issues identified in the RA Procurement Reform report and these continue to emerge as impediments to effective procurement of infrastructure. These issues, and others that have been subsequently raised, are not currently receiving the attention they warrant. With infrastructure contracting a global business, especially for large and mega projects, there is a need for national leadership and work to incorporate best-practice (internationally and locally) across all Australian projects. A positive response to these issues would improve productivity in infrastructure procurement and contribute to a long-term sustainable industry.

Definition of 'Value for Money'

The current model and definition of Value for Money (VfM) is not serving governments or industry well. The current model which equates VfM to lowest price may be suitable for smaller, lower value, straightforward projects where risk is well known and understood.

¹² [Joint Submission Australia's Skilled Migration Program](#)

¹³ [Joint Media Statement](#)

¹⁴ <https://minister.homeaffairs.gov.au/AlexHawke/Pages/supporting-australia-covid-recovery-through-skilled-migration.aspx>

However, projects and portfolios are now much larger and more complex, and often the scope is not fully developed. In these instances, it is not possible to predict outcomes, or know and understand the risks, and yet contractors are being required to commit to a price and accept unknown and unquantifiable risks.

This situation is unsustainable and results in an adversarial contract environment and poor financial outcomes for both supplier and client, together with sub-optimal project outcomes.

There needs to be a more sophisticated approach to the use of VfM and its definition - one that better aligns with the size, complexity and risk profile of the project and the adopted contract model. Value can be demonstrated using a range of metrics that align with the planned project outcomes and project delivery outcomes, and include commercial and financial performance, innovation and improved environmental outcomes among others.

7. RA recommends that the Australian Government works with the states and territories to develop a more contemporary definition of Value for Money in infrastructure procurement that meets the needs of the larger, more complex projects and programs of works being delivered in Australia.

Building skills and maturity in digital, technology and innovation

Broader than the innovation in procurement mentioned earlier in this submission, technology and innovation have the potential to massively increase productivity in the design and construction of new infrastructure, as well as ongoing operations and maintenance. However, low ownership and authority around digital technology and risk-adverse government clients have led to a low uptake and maturity in this field. Limited consistency and specifications across Australia are also inhibiting the use of innovation and digital tools in project development, delivery and operations.

In a recent speech to the Committee for Brisbane titled “*Harnessing transformative technology and digitalisation*”¹⁵, Infrastructure Australia CEO Romilly Madew AO stated that the 2021 Australian Infrastructure Plan will include a call for governments and industry to move to a “digital by default” operating model. This approach, if led from a national perspective, could deliver significant improvements not only in the delivery of infrastructure, but also in government decision making and planning for new infrastructure.

8. RA encourages the Australian Government to take a strong leadership role supporting innovation in the delivery of infrastructure and the use of new digital tools, including putting in place common systems and process to ensure collaboration between government and industry.

Digital engineering is a new innovative tool that is transforming the way infrastructure is designed, constructed and managed, and there are many opportunities that would benefit clients and industry that are not currently being realised. In many cases, digital technology is used in one phase of a project - but this technology, data and information is not extended through the whole process and is disjointed in its use and application. This is an inefficient use of the technology and results in a loss of information which presents risks at every interface of the project phase.

¹⁵ <https://www.infrastructureaustralia.gov.au/listing/speech/harnessing-transformative-technology-and-digitalisation>

For example, a road or bridge is designed using a digital model. This model may then be translated into paper drawings for field construction with annotations made regarding on-site design changes. Often, these changes are not fed back into the digital model to ensure it is complete and accurate. As a result, the operators or managers of the infrastructure receive incomplete and inaccurate information on the infrastructure asset and do not have the ability or the tools to utilise the digital model in managing the asset.

Some jurisdictions are developing state-based digital strategies, but there needs to be a nationally consistent approach to maximise the benefits of this digital technology.

9. RA encourages the Australian Government to take a strong leadership role in a comprehensive and nationally consistent approach to digital engineering in the procurement, operation and management of infrastructure.

Culture and Inclusion

The RA Procurement Reform report identified three challenges under this strategic theme:

- A culture of mistrust between government and industry is holding us back.
- Work-life balance and mental health challenges are an industry-wide issue.
- The industry's workforce is not diverse nor inclusive enough.

It is imperative that the roads and transport industry is one where people want to work and one where they can be innovative, work as whole teams, experience personal safety and personal growth and where they are included and valued.

The industry has recognised that it needs to do a lot more in this area. There is some movement, but there is scope for major improvement.

The Construction Industry Leadership Forum (CILF) is a partnership with the Australian Constructors Association and the NSW and Victorian Government formed due to the commercial, capability and capacity pressures due to the significant pipeline of government funded infrastructure projects¹⁶. CILF has established the Construction Industry Culture Taskforce (CICT) with a focus on improving the culture within the construction industry. This includes the development of a new culture standard to lift productivity and performance of the industry and address significant issues of excessive work hours and fatigue, poor mental health, and the failure to attract a diverse workforce.

The Australian Government as a client and a significant funder should be concerned about the culture and welfare of those delivering transport and infrastructure projects on their behalf.

10. RA encourages the Australian Government to take a national leadership role in improving the culture of the industry and ensure that it becomes a more inclusive workplace and one that is highly attractive to a diverse workforce.

¹⁶ [Construction Industry Leadership Forum](#)

Standard Contracts

One of the major issues facing industry is the lack of standardisation of contracts. There are different contract forms within each state and territory and at a national level. Even within jurisdictions, contracts can vary significantly between similar types of projects. Project contracts are becoming more bespoke, complex and difficult for industry to fully understand and compliant.

This is a significant burden for industry, adding costs and often taking on risks of which it is unaware or even unable to manage. In many cases the commercial contractual conditions being used for projects are no longer fit-for-purpose. These conditions have reached the point where they are useless and provide almost no protection for either clients or industry suppliers.

An example of this is the Professional Indemnity insurance regime that is demanding increasingly higher liability insurance which neither the insurance industry nor suppliers are able to adopt. In some cases, industry is unable to obtain the insurance cover required by the contract. The participation by small players in the industry is inhibited where their balance sheet is threatened by the insurance and liability requirements.

There is a real need for simplification and consistency of contract conditions across all jurisdictions.

In a similar way that the Australian Government has been able to achieve consistency for the freight industry through the establishment of the National Heavy Vehicle Regulator¹⁷, there is an opportunity for the Australian Government to lead reform in contract standards.

11. RA encourages the Australian Government to take a strong leadership role in the harmonisation of contract standards across Australia in collaboration with the states and territories. The development of specific Australian standard contracts would provide significant benefits to government as client, the whole supply chain including designers and construction industry and better value for the Australian community both as users of infrastructure and as taxpayers.

Standard Technical Specifications

In the road and transport sector each jurisdiction has its own technical specifications. These specifications dictate the technical standards that contractors and suppliers must meet with regard to materials, quality, production and construction techniques and testing regimes. This means that a road that crosses a state border will have different technical requirements for the section of the road in each state. A national contractor in the roads industry will need to be able meet different standards in each state and territory and fully understand those differences.

This presents a significant cost to industry with flow on costs to transport clients across the nation. There has been some effort to standardise technical specifications over the last few years with the most significant development being Tasmania's adoption of VicRoads' technical specifications with appropriate accommodation of Tasmanian state legislative requirements.

¹⁷ [LNHVR](#)

There has been some ongoing work to harmonise and standardise specifications, but this has been very slow with no real timeframe for comprehensive nationally consistent technical specifications. Nationally consistent technical specifications would reduce the risk for clients and industry in compliance.

12. RA encourages the Australian Government to take a strong leadership role in the harmonisation of technical specifications across Australia in collaboration with the states and territories. There would be of significant benefit to the whole supply chain, with reduced costs that would flow through to government as client and to the community.

Emerging Issues Impacting Infrastructure Procurement Practices

The impacts of climate change will require changes to the planning, delivery and procurement of infrastructure. This will include ensuring that infrastructure is adequately resilient to deal with those impacts. This will necessitate modifications to technical standards to build in appropriate performance so that infrastructure and its performance is not compromised by the impacts of the changing climate.

As governments pursue increased levels of waste recycling and move to a circular economy, there is an opportunity for infrastructure to make an increased contribution to recycling. This can have the added benefit of reducing the use of scarce virgin materials, for example quality rock sources for concrete aggregates.

Transport and infrastructure ministers at their meeting of 5 June 2019 noted the opportunity through the increased pipeline of transport projects to re-purpose waste in support of the COAG Waste Export Ban and the National Waste Action Plan.¹⁸ It is critical that there be consistent and national standards and appropriate targets for recycling.

13. RA encourages the Australian Government to include the need to respond to climate change and incorporate recycling into the procurement of infrastructure and in particular the development, acceptance and consistent application of nationally consistent technical specifications.

Conclusion

The Committee's inquiry is very timely. There is real evidence of an appetite for reform across the industry and there are positive signs that change is happening even though not consistently across all jurisdictions. Some critical areas are lagging and the opportunity for national leadership is very evident.

Australia is delivering the largest and most ambitious pipeline of transport projects in history – vital projects that will improve productivity, improve our cities, reduce road injury and trauma and move freight more efficiently.

¹⁸ [Transport and Infrastructure Council 5 June 2020](#)

Now more than ever, it is critical that procurement of this vital infrastructure is undertaken in the most efficient and effective manner to ensure that the maximum value for the investment is realised. It is essential that the government and industry work together effectively to best utilise scarce resources and ensure that taxpayers' funds are invested wisely and efficiently.

The Australian Government is currently delivering three nationally significant projects – Inland Rail, SnowyHydro 2.0 and Western Sydney Airport. This is an opportunity to introduce real reform in infrastructure procurement through these projects in the areas identified in this submission and in the RA Procurement Reform Report.

14. RA encourages the Australian Government to utilise its procurement of the Inland Rail, Snowy Hydro 2.0 and Western Sydney Airport projects to leverage best practice in infrastructure procurement and that the lessons learnt are taken into future projects delivered by all Australian jurisdictions.

RA is pleased to make this submission to the Committee, including its Procurement Reform Report of September 2020. RA has made a number of recommendations through the submission for the Committee's consideration.

Should you wish to discuss this submission further, please feel free to contact me on (03) 9821 5255 or email me at michael@roads.org.au.

Yours sincerely



MICHAEL KILGARIFF
Chief Executive Officer

ATTACHMENT: [Procurement Reform Report: Recommendations & Strategies, Roads Australia, September 2020](#)