



# Progressing Procurement Reform

## Roads Australia

### Background

[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.

RA has 5 policy priorities across: Safety, Capacity, Journey Reliability, Customer Experience and Sustainability. Due to space constraints, this submission will cover only one policy priority of procurement reform.

Throughout 2020, procurement reform has been a significant policy focus for RA and its members. Indeed, 65% of respondents to RA's survey regarding the industry impacts of COVID-19 rated procurement reform in their top 1 or 2 strategic issues for driving economic recovery.<sup>1</sup>

The significant investments being made by governments at all levels in the delivery of transport infrastructure to stimulate economic activity and employment growth should add to the impetus for procurement reform, to make certain projects are delivered in a way that maximises benefits to the community and enables industry to get the best use of its resources.

RA convened a major workshop in Melbourne on Thursday 5 March 2020 to discuss issues around five key themes:

- Issue 1: Work Pipeline
- Issue 2: Risk, Commercial & Contractual
- Issue 3: Capability & Capacity
- Issue 4: Design Process
- Issue 5: Culture & Inclusion

Following this workshop, RA worked with its members, governments and other industry stakeholders to develop the [Roads Australia Procurement Reform Report](#).

The Report was provided to Roads Australia members on 24 September 2020, with copies also provided that week to National Cabinet, all treasurers and infrastructure ministers, as well as other senior transport and infrastructure officials across all jurisdictions. The Report was released publicly on 30 September 2020.

### Key issues

The main issues identified by the Report are:

1. The **process for risk definition and allocation**, particularly on large projects.
2. The **size and complexity of projects** has increased significantly and as a result, small to medium contractors are unable to effectively participate.

<sup>1</sup> Further information on the RA COVID-19 survey results can be found in the RA media releases dated [27 March](#) and [27 April](#) as well as from our May 2020 industry CEO workshop, available [here](#).

3. Governments do not lay out a **long-term pipeline of work** so that companies can invest and gear up.
4. The **time available during procurement** is often not long enough to allow for sufficient risk assessment.
5. The **time available during the design phase** for most big projects is often not adequate for design firms to innovate or explore better engineering solutions.
6. Current **procurement models which apply 'hard edged' risk transfer** can often result in significant and complex legal disputes which ultimately create a lose-lose scenario.
7. **Governments do not engage with industry early enough** in the design stage.
8. **State and territory education systems and the Federal immigration model are not coping** with the increased demand for skilled labour and industry does not do enough to encourage women and people from diverse backgrounds into the industry.

## Recommendations

The Report presents solutions as recommendations and proposed strategies across seven broad areas:

1. **Ownership and Accountability.**
2. **Pipeline Visibility.**
3. **Planning and Design.**
4. **Legal and Risk Framework.**
5. **Capacity and Capability.**
6. **Governance.**
7. **Culture and Inclusion.**

## Next Steps

Roads Australia is continuing to engage with Ministers and key departmental leaders across all jurisdictions to discuss the contents of the Report, and how its recommendations can assist Ministers to secure collaborative-based approaches to procurement and risk allocation.

Roads Australia recommends that the 20 November meeting of Infrastructure & Transport Ministers consider the following matters to advance procurement reform:

- 1) *Explore how the recommendations in the Report could be advanced through the National Cabinet and meetings of Infrastructure & Transport Ministers to enable a more rapid and effective delivery of the national infrastructure pipeline to stimulate post-COVID economic recovery.*
- 2) *Ensure infrastructure funding is equally focussed on 'shovel-ready' projects, as well as the need to ensure planning/design on the forward pipeline.*
- 3) *Examine opportunities for Tier 2 contractors to be involved in pipeline projects and how those opportunities can be better communicated to industry participants by all governments.*
- 4) *Ensure that discussion of progress on procurement reform initiatives forms part of the regular agenda for all meetings of Infrastructure & Transport Ministers.*
- 5) *Noting that Infrastructure Australia (IA) has been given [responsibility](#) to expand the 2021 Australian Infrastructure Plan to respond to COVID-19, Ministers should recognise that Roads Australia and other industry organisations are key parties in this work and actively seek their views to ensure alignment between policy settings and industry capacity.*