

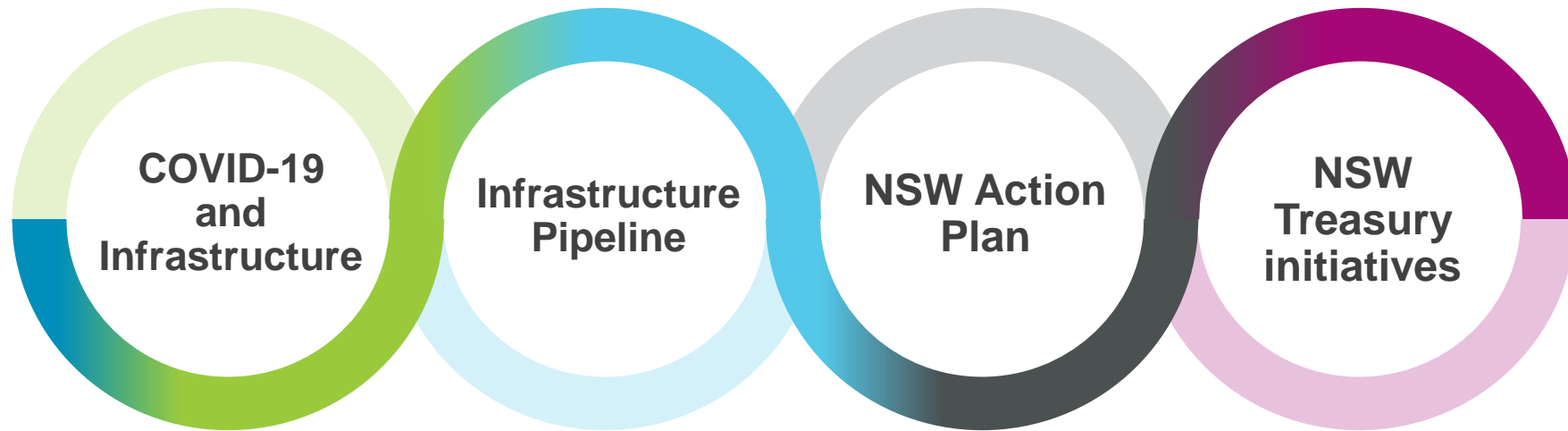
Roads Australia Policy Webinar NSW Procurement Reforms

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Overview

Key points



COVID-19 and Infrastructure

From Response to Recovery to Reform

- The urgent 'Response' to COVID-19 in the construction sector was positive.
- Treasury 'Protecting NSW Taskforce' was established to ensure NSW Government was equipped to respond from an economic and fiscal perspective. From 1 July the '**Strategy & Delivery Unit**' of Treasury has a crucial role in measuring the success of policy responses.
- The 'Recovery' phase saw:
 - **New norms** of social distancing in work places, including construction sites.
 - Infrastructure being used as an **economic stimulus**, including announcements of 'shovel ready' projects and new mega projects. This included **half a billion dollars** in **shovel and screwdriver-ready projects** – upgrading schools and hospitals, showgrounds and courthouses, social and affordable housing, roads and community facilities right across the state.
 - Existing forums, such as the NSW Construction Leadership Group, the Construction Industry Leadership Forum, and new cross-jurisdictional forums, stepping up to **share information**.
 - Continued Government and industry **collaboration** to enable the **procurement and delivery** of major projects to continue.
- The 'Reform' phase will involve turning the short-term energy of the crisis into something **longer lasting**.

Infrastructure Pipeline



\$100 billion
infrastructure
pipeline over
4 years



\$3 billion
accelerator fund
announced



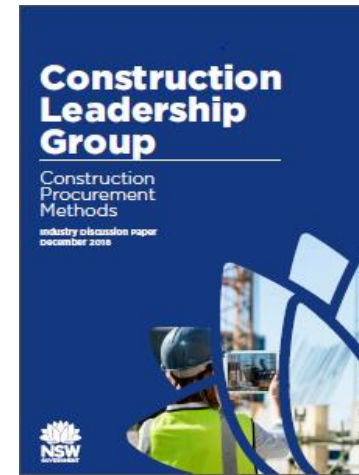
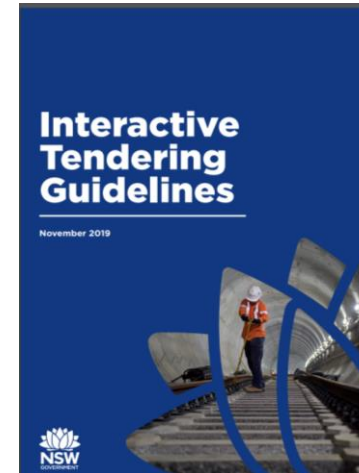
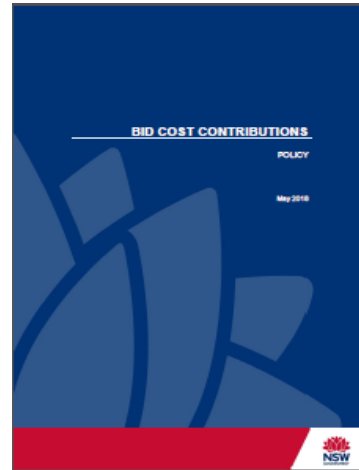
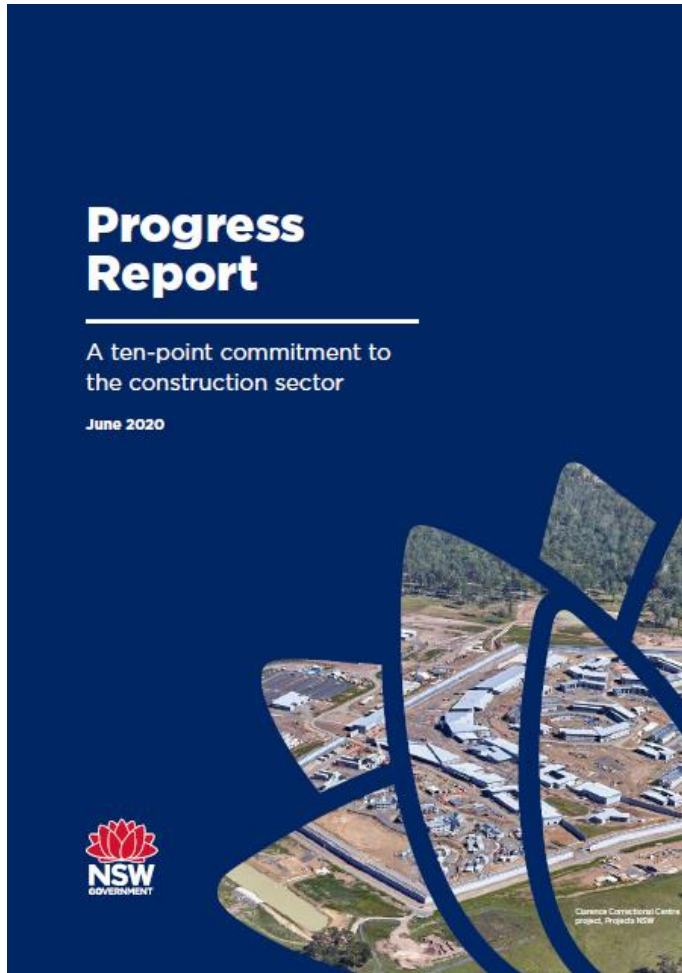
88,000
direct jobs
to be created

NSW MAJOR PROJECTS INFRASTRUCTURE PIPELINE

<https://www.infrastructure.nsw.gov.au/industry/construction-industry/pipeline-of-projects/>

NSW Government Action Plan

Progress on commitments to the Construction Sector



The 10 Point Commitment sets out actions to improve the capability and capacity of the construction sector now and in years to come.

Practice Note
Reducing procurement costs

EXPLANATORY NOTE:

This Practice Note is a product of the Construction Industry Leadership Forum. It provides a principle-based strategy with options that are available to procuring agencies in response to the identified challenge. Implementation of options may necessitate change to existing government policy or procurement rules to give them broader application.

PRINCIPLE:

Government will adopt standardised, dynamic procurement practices to reduce duplication and facilitate real time interface with industry that creates efficiencies for Government and reduces the cost of bidding for industry.

CURRENT CHALLENGES:

The volume and scale of projects in the infrastructure pipeline, and the time, logistical and resourcing costs associated with bidding these, may result in some contractors either electing to refrain from competing, or being unable to commit, appropriate and adequately qualified and experienced resources to respond effectively for each procurement. This creates a challenge for Government, which requires market capable to ensure competition.

High bid costs are attributed to:

- **Non-essential / Non-comparative data:** requirements to provide information and materials that are not highly variable across bidders, a determining factor in the evaluation outcome or relevant / required to demonstrate the bidder's capability and capacity to deliver the works (i.e. standard pre-qualification, demonstration of compliance or certification) or specific to a project.
- **Insufficient market engagement:** requirements that create potentially unnecessary burden or competition upon bidders, including engaging multiple bidders primarily to maintain increased competitive tension or minimise the impact of a bidder withdrawing, prolonged procurement periods, lack of feedback during procurement resulting in redundant design effort, or lack of awareness of available pipeline of upcoming procurements.
- **Lack of standardisation:** non-standard approach to tender documentation and process, bespoke or variable commercial and contractual principles and terms that require additional time, effort and resources to consider, appreciate and respond.

OPTIONS:

Set out below are options available to address the principle as applicable to the particular circumstances of a project. The practices identified below should not be considered mutually exclusive. An approach could be to involve a mix of options, that may vary depending on contract type and procurement model.

Collaboration between NSW Treasury & Victorian Department of Treasury & Finance

Infrastructure Procurement Reform

Act on the reform opportunity & maximise the impact of government stimulus

Ensure collaboration, fairer risk allocation & risk management, and reduce the cost of bidding

Result in initiatives that are bold, sustainable and maximise value for Governments and industry

Acknowledge and address challenges associated with efficiency and productivity in the construction industry

Expert-led, data driven understanding of pain points and opportunities for improvement, with a solution focus

NSW Treasury's Infrastructure & Structured Finance Unit

Opportunities to reform and improve PPP policy and the model

Procurement Options Analysis

Robust procurement options analysis on Tier 1 HPHR projects
Early identification of opportunities for private sector investment

Updates to the NSW PPP Guidelines

To reflect the current PPP market and best practice
Highlight importance of knowledge transfer to the operations phase

Harmonisation

Potential harmonisation of PPP contract documentation

- Lessons learnt
- Flexibility

Q&A