

1. Keolis Downer (KD) supports the sharing of best practice and providing certainty to bidders on government tenders. We do not see any systemic issues in the procurement processes in which we engage, rather some key issues of;
  - a. Lack of communication and certainty in procurement process, which can cause significant additional costs and resourcing issues if tenders are either early or late. We understand there are unavoidable issues that can cause changes in timing, but there is no restriction on the ability of government and its agencies to communicate to the market/tenderers.
  - b. The level of probity applied to procurement processes can be onerous, preventing realistic and sensible dialogue between government and tenderers, which can prevent the best solutions being put forward by tenders. A more collaborative approach with open and honest feedback on proposals and solutions will deliver better outcomes for government, taxpayers and customers.

KD do not believe there necessarily needs to be a centre of procurement excellence, but periodic reviews of best practice and sharing across government departments will likely serve the same purpose. The role of existing agencies including Infrastructure NSW, Treasury Infrastructure Financing Unit and Finance & Services would need to be considered in this regard. The key question is who drives what is best practice, how to achieve the best end result needs to be the focus, for example working through the probity issues to find solutions rather than allowing probity to dictate procurement processes.

2. There is a significant cost to tender and bid PPPs, which increase as a % the smaller the transaction size. The value of the project should be one parameter to determine the procurement model, along with others such as risk allocation, whether the project fits an availability based payments model, or revenue risk models. As a general rule, KD believes that under \$100m is too small for a PPP structure given the additional cost and complexity inherent in PPPs. However, it may be the case that funding constraints mean projects wouldn't happen unless under a PPP (or BOOT, BDOM or similar), in which case it may be preferable to follow the PPP model. A level of standardisation may assist in minimising tender costs, for example a pro-forma Project Deed upon which no mark-ups will be accepted (provided balanced document), will help reduce legal costs. Another option could be the bundling of smaller assets/projects, which happens now in schools, is another option to consider.