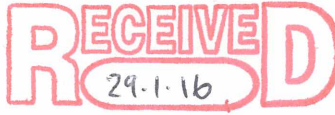


**Submission  
No 3**

## **PROCUREMENT OF GOVERNMENT INFRASTRUCTURE PROJECTS**

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**Position:** Group General Manager NSW  
**Date Received:** 29/01/2016



22 January 2015

Mr Alister Henskens SC MP  
Chair  
Legislative Assembly Committee on Transport and Infrastructure  
Parliament of New South Wales  
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Dear Chair,

**RE: Procurement of Government Infrastructure Projects**

Thank you for the Committee's invitation to make a submission to the Legislative Assembly's Inquiry into the Procurement of Government Infrastructure Projects.

Transurban is a company that is focused on providing effective transport solutions to support the growth and wellbeing of our cities. This is why we work hard to be a "partner of choice" for governments in the delivery of world class infrastructure projects.

Transurban, as an Australian Top 20 ASX-listed company, has a portfolio of road investments across Sydney, Melbourne, Brisbane and the United States. In New South Wales we are focused on developing, maintaining and operating a number of toll roads in the greater Sydney area. These include the Hills M2, Lane Cove Tunnel and the Cross City Tunnel as a sole concession holder, and the Eastern Distributor, Westlink M7 and the M5 South West with consortium partners. Nearly 600,000 vehicles use our Sydney roads each day.

Our roads deliver an annual economic, social and environmental benefit of around nearly \$2 billion. Transurban strives to achieve world's best practice in the delivery and operation of our motorways.

We would welcome any move to standardise and simplify the procurement process across Australia, as these represent a significant cost and present a barrier to the construction of new infrastructure - not just in the roads sector, but right across the economy.

As you would be aware, Transurban partnered with Westlink M7 to put forward a successful unsolicited proposal to the NSW Government to build NorthConnex, linking the Hills M2 Motorway with the M1 Pacific Motorway.

The NSW and Australian Government are contributing up to \$800 million towards the construction cost of the \$3 billion project. The 9km twin tunnel motorway is now under construction and due for completion in 2019.

The project will deliver significant benefits:

- Provide the missing link in Sydney's motorway network and the National Land Transport Network between the M1 Pacific Motorway and the Sydney Orbital road network;
- Save up to 15 minutes of travel time compared with using Pennant Hills Road;
- Bypass 21 sets of traffic lights along Pennant Hills Road;
- Improve air quality, reduce traffic noise and traffic congestion along Pennant Hills Road;
- Improve productivity and efficiency of intrastate and interstate freight movements through travel time savings and reduced operating costs;
- Improve safety of motorists, cyclists and pedestrians on Pennant Hills Road through the reduction of around 5,000 heavy vehicles;
- Improve local amenity and connectivity for people living, working and travelling along Pennant Hills Road;
- Provide opportunities for future public transport improvements and the reinvigoration of the Pennant Hills Road corridor.

Initially, NorthConnex will operate with two lanes in each direction but will be built to cater for three lanes in the future. Provision for a future connection to the Hills M2 city bound is also being provided.

In cooperation with our partners, Transurban developed and implemented an innovative accelerated procurement process to meet the specific requirements of the NSW Government and the project sponsors which we believe could form an excellent template for future projects.

It delivered cost savings to the government and the contractor, provided maximum flexibility for innovation, and shortened infrastructure delivery timeframes, all at a competitive price.

The benefits of the accelerated procurement approach are:

- earlier award of contract – it is estimated that the construction of NorthConnex commenced nine months earlier than it would have via a traditional procurement process;
- elimination of change proposals – as the Planning Approval EIS was based on the successful tenderer's concept design, further delays to commencement as a result of having to submit supplementary change proposals to the planning authority were avoided;
- maximises innovation by industry - multiple design teams competed to produce the best project outcome including functionality and minimising environmental and community impacts. As there was no reference design, all the tenderers' design teams had maximum flexibility to innovate, and receive feedback from the client to ensure the overall objectives were being met;
- design costs are reduced – the client did not commission a reference design, however tenderers were still committed to preparing tender designs, and therefore the optimum result was obtained at the minimum design cost;

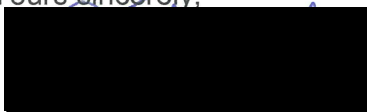
- better relationships – the interactive process used during the contractor procurement process developed significantly better relationships between client and contractor with a better understanding of each other's drivers and objectives;
- Minimised environmental impact – the planning team was involved throughout the procurement process which enabled guidance to be provided to tenderers to achieve acceptable environmental impacts without compromising the commercial deal.

We believe the successful implementation of the accelerated procurement process and obtaining planning approval has created a new paradigm of how major infrastructure can be developed.

This is an excellent example of the Unsolicited Proposal policy working for the benefit of the community, taxpayer and government. The flexibility allowed by this process meant the construction of the project was brought forward by several years.

Thank you for the invitation to make a submission and for the good work of this Committee.

Yours sincerely,

A black rectangular redaction box covering the signature of Andrew Head.

Andrew Head  
Group General Manager NSW