

**GPSC3 - Re: Inquiry into rail infrastructure project costing in NSW**

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**From:** Gavin Gatenby & Lee Hoffmann  
**To:** GPSC3 <gpscno3@parliament.nsw.gov.au>  
**Date:** 20/12/2011 8:33 AM  
**Subject:** Re: Inquiry into rail infrastructure project costing in NSW

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Dear Lynn,

In regard to the question on notice in the transcript, my further response is set out below.

Sorry for the being overtime with this.

Gavin Gatenby  
Convenor, EcoTransit Sydney

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On the issue of transparency, it would be fair to say that NSW procurement procedures, although intended to avoid graft, corruption and vested interests, lack overall public scrutiny.

Overall the problem with a lack of transparency does not just impact the procurement and cost of rail projects. There is also a lack of transparency in the entire project development and planning process. This lack of transparency is culturally systemic inside the NSW transport industry and was exacerbated during the Cross City Tunnel and Sydney Metro Authority era when secrecy and cabinet in confidence stamping of every item of documentation became a new norm. The removal of these paranoid attitudes to public scrutiny will benefit the public both in terms of the quality of the completed project and also in terms of value for money (by achieving better priced outcomes). The question remains to be answered: What is there to hide?

NSW could do better if it were to adopt the Gateway Project Management and Procurement Procedures that have already been adopted by other states in Australia and overseas.

On the issue of pre-qualification and barriers for entry into the rail construction industry, EcoTransit understands that the problem is that most big contracts require the bidding construction firms to have had some prior construction experience in NSW. So unless a small company has worked as a subcontractor with a larger company they cant get into the process, and its hard for any big companies to break into the market unless they have had some prior experience (and then they could bring their competitive advantages with them).

The smaller companies who are trying to enter on their own, on the back of having been previously a sub-contractor of one of the larger players, usually have higher overheads as a ratio of output to total costs, and hence do not often find themselves in a winning position against the larger firms who already have the market tied up. Generally this results in higher costs being passed on to the procuring agency due to a lack of "competitive tension" in the market.

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