



22 February 2019

NSW Construction Leadership Group  
PO Box R220  
Royal Exchange  
NSW 1125

Via email: [CLG@treasury.nsw.gov.au](mailto:CLG@treasury.nsw.gov.au)

Dear NSW Construction Leadership Group,

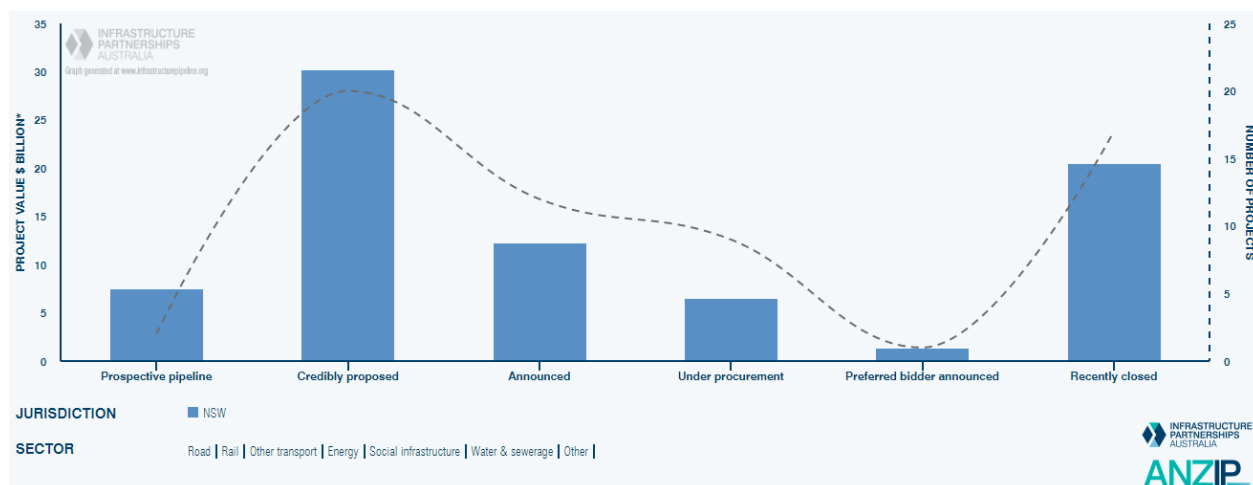
**RE: NSW CLG CONSTRUCTION PROCUREMENT METHODS INDUSTRY DISCUSSION PAPER**

Infrastructure Partnerships Australia is pleased to provide a submission in response to the NSW Construction Leadership Group's *Construction Procurement Methods Industry Discussion Paper*.

Providing clarity on the methods of construction procurement in NSW is timely, given that at least \$50 billion in major projects (greater than \$300 million capital cost) are expected to enter procurement in the next five years (see Figure 1). With industry capacity already under pressure, new domestic and international entrants to the market will be required to address the construction challenge ahead.

We commend the CLG's efforts to demystify elements of procurement in NSW, with the lessons learned applicable across Australia. By providing greater clarity of procurement practices and guidelines will assist NSW in attracting international investors and contractors to support our growing pipeline of work and facilitate greater international understanding of Australia's infrastructure sector. This will lead to greater competition to deliver major projects, benefiting Australian taxpayers and the end-users of infrastructure.

**Figure 1: NSW pipeline by status**



Source: [infrastructurepipeline.org](http://infrastructurepipeline.org)





## RECOMMENDATIONS

We submit that in developing the final guidance on construction procurement methods the CLG consider the following:

- infrastructurepipeline.org should be supported and promoted by the NSW Government, including procuring agencies, to promote early market engagement opportunities on potential procurement approaches, industry briefings, and related project information. The infrastructurepipeline.org resource is the leading industry platform for infrastructure opportunities, where website views have surged up to 25,000 per month. The platform is endorsed by the Australian and New Zealand governments
- procurement method selection should provide the greatest value for money possible to the community and taxpayers, accounting for the complexities of specific projects and economic and industry conditions at the time. The private sector should be engaged on this process as early as possible
- a procurement method should not be disregarded by a procuring agency due to political or ideological opposition. This is particularly important for Public Private Partnerships, where political or ideological headwinds can deprive taxpayers and users of significant savings and innovation
- emphasis should be placed on defining, allocating and pricing risk appropriately. Procurement method selection should be guided by an understanding of appropriate risk transfer and the potential impacts this has on government and industry at a later time, and
- government needs to be cognisant of the resourcing requirements for each procurement method to ensure they and the contractor have the appropriate skills and expertise to meet their obligations and perform their proper roles where challenges arise.

Thank you for your consideration of this submission. If you require any further information please contact our Senior Policy Adviser, Michael Twycross on 02 9152 6012 or at [michael.twycross@infrastructure.org.au](mailto:michael.twycross@infrastructure.org.au).

Yours sincerely,



ADRIAN DWYER  
Chief Executive Officer

