

# Australia

## 1. Noteworthy practices for project preparation



### EXISTING ENABLING ENVIRONMENT

**Strong project preparation enabling framework at the sub-national level, ably supported by federal institutions**

Australia's project preparation landscape aligns with its devolved constitutional set-up, with sub-national governments at the state level having established their own independent enabling frameworks to aid project development. These institutions assist and address all aspects of project preparation - setting policies and providing guidelines, drafting and monitoring long-term strategic plans and providing approvals, quality assurance, and capacity building support to contracting authorities within the state. These state level institutions are ably supported by those at the federal level: Infrastructure Australia (IA) to assist in the delivery of nationally significant projects; the Department of Infrastructure and Regional Development to provide policy advice and delivery support; the Department of Treasury to conduct independent reviews and appraisals of nationally significant projects, and the National PPP Working Group to ensure consistency and coordination across jurisdictions for PPPs.

#### Encouraging national collaboration for project development through overarching policies and coordination through the National PPP Working Group

To ensure uniformity across jurisdictions for project delivery, Australia's federal government has drafted national level PPP policies and guidelines, which are applicable for all PPP projects undertaken in the country. The National PPP Working Group, an inter-jurisdictional committee comprising representatives from the federal and all state governments, further promotes and advances coordination efforts. Through a collaborative approach, the committee works to improve the PPP processes and their implementation in Australia.



### PROJECT IDENTIFICATION AND CONCEPT DEFINITION

**Dedicated agency to identify and support nationally significant projects from the initiation stage, through a well-defined framework**

Infrastructure Australia evaluates projects for suitability and relevance, to be added to the pipeline of nationally significant projects – the Infrastructure Priority List (IPL). This evaluation is done through a defined framework, the Assessment Framework, which details the process and criteria against which projects are evaluated.

To support projects at the conceptualisation stage, Infrastructure Australia also permits 'initiatives' to be added to the IPL, which are essentially priorities that have been identified to address a nationally significant need, but require further development and rigorous assessment to determine and evaluate the most appropriate option for delivery.

#### Independent audit and long-term planning of country-wide infrastructure delivery landscape

Infrastructure Australia conducts a comprehensive audit of Australia's infrastructure needs and delivery landscape, through the National Infrastructure Audit (NIA). The NIA is undertaken every five years and is an exhaustive document which evaluates the existing infrastructure gap and estimates demand for infrastructure over a 15-year period. It also analyses the sectoral investment and regulatory climate, policy considerations, and other support mechanisms required to realise this demand. In response to this audit, Australia prepares a 15-year rolling plan, the Australia Infrastructure Plan, which provides a long-term strategic direction not only for project delivery, but also for the enabling framework for infrastructure development.



## PROJECT APPROVALS AND QUALITY ASSURANCE

### Adapting the UK's Gateway Review Process to an Australian context to enhance effectiveness and relevance

Australian state governments have adopted the United Kingdom's Office of Government Commerce (OGC) Gateway Review Process for quality assurance across all jurisdictions, adding modifications to enhance the outcome of the process and make it more relevant to the Australian context. For instance, the Department of Finance within the Government of Australia recommends a staged escalation within the review process called 'Enhanced Notification', which defines escalation actions based on specific triggers in project assurance. Further, the Government of Victoria has built upon the Gateway Review Process and added a series of additional project assurances and checks for high-value or high-risk projects.



## PUBLIC MARKETING AND STAKEHOLDER ENGAGEMENT

### Transparent disclosure of project development, with real-time reporting through government managed portals

Australian governments regularly monitor and disclose details of ongoing and proposed infrastructure projects through multiple mechanisms. While state and national individual statutory authorities publish updates in their annual reviews, the National Infrastructure Construction Schedule is an online portal which also provides information on major infrastructure projects committed to by governments across the country in a dynamic, easy-to-use manner. Finally, The Australian and New Zealand Infrastructure Pipeline, a central portal developed through a joint initiative between the Australian and New Zealand governments, provides a forward view of public infrastructure activity across Australia and New Zealand.

### Soliciting stakeholder support when designing long-term plans for infrastructure development

Unique to Australia's development planning framework is its extensive use of soliciting inputs from a wide range of stakeholders for its long-term strategic plans. Most of Australia's strategic planning documents welcome submissions and suggestions from industry associations, public interest groups, local government bodies and individuals. Planning authorities then work closely with these representatives to incorporate and address their concerns, prior to finalising the planning document.

## 2. Snapshot of project preparation activities

Australia's infrastructure development environment is amongst the most advanced and mature structures globally. It is defined predominantly by state level institutional and policy frameworks that are guided by overarching national frameworks and guidelines to provide consistency and coherency across all provinces.

### INSTITUTIONAL FRAMEWORK

Infrastructure project preparation in Australia follows the country's federal system with each state having its own institutional framework to support project development. Typically, this comprises: (i) the state treasury department, to provide quality assurance, approve projects and prepare annual budgets for government expenditure; (ii) a state level PPP unit that establishes good practice guidelines for project

preparation; and (iii) a state level planning agency, which sets the long-term vision and strategic priorities for the development of the state.

Some states have also established specialised institutions to support project development. For instance, PPP projects in the state of Victoria are supported by the Office of Projects Victoria. The office provides guidance on technical scope, engineering design, project cost, and financial and contractual risks during project evaluation. In the state of New South Wales, the state treasury department has set up its Infrastructure and Structure Finance Unit, which specialises in providing commercial and financial advice to the state government on infrastructure projects with a cost of over approximately US \$70 million (AU \$100 million).

#### STATE LEVEL INSTITUTIONAL SET-UP FOR PROJECT PREPARATION – THE CASE OF VICTORIA

**Infrastructure Victoria** is an independent statutory body that guides decision-making on Victoria's infrastructure needs and priorities. It sets Victoria's long-term infrastructure strategies and monitors and reports on its progress. It has delivered a 30-year infrastructure strategy, which outlines the infrastructure challenges that need to be addressed to meet the state's long-term goals and the guiding principles by which the strategy was developed.

**The Department of Treasury and Finance (DTF), Victoria** is the relevant PPP authority as defined in the National PPP Guidelines. DTF is not responsible for direct project delivery but provides quality assurance for projects. DTF advises implementing agencies on developing project governance arrangements and also participates at all levels of governance at all stages of the PPP lifecycle. It also sets guidelines and makes policy recommendations on infrastructure investments and PPPs in the state.

**The Partnerships Victoria** team, housed within the DTF, provides a framework for developing contractual relationships through PPPs in the state. It serves as the first point of contact for PPPs in the state and plays a central role in coordination, advisory and facilitation of the procurement process for PPPs. The team also advises Victoria's Treasurer, who presides over the State's PPP policy and approves key PPP project milestones. The Partnerships Victoria team also serves as a conduit for communication between the private sector and government.

**The Office of Projects Victoria** provides an independent review of the engineering and technical design for projects that undergo the gateway review assurance process with the DTF.

**The Office of the Victorian Government Architect** provides leadership and strategic advice to government on elements of urban design.

At the national level, the state institutions are supported by the apex agency for nationally significant projects, Infrastructure Australia (IA). Established in 2008, Infrastructure Australia is an independent statutory body which takes a long-term, national approach to infrastructure planning.

Infrastructure Australia is mandated to perform the following functions:

- scope and deliver the national infrastructure audit every five years;
- undertake evaluations of project proposals that are nationally significant or where funding of more than AU \$100 million is sought from the Commonwealth;
- develop a regularly updated Infrastructure Priority List; and
- develop guidance materials for proponents to utilise in preparing initiative and project submissions.

Infrastructure Australia works in conjunction with three government bodies at the federal level – the Department of Finance, the Department of Infrastructure, Regional Development and Cities, and the National PPP Working Group.

The Department of Finance provides approvals for projects which are classified as nationally significant or where Commonwealth funding of more than AU \$100 million is provided. It also provides guidelines for the preparation of business cases for infrastructure projects.

The Department of Infrastructure, Regional Development and Cities is tasked with designing and implementing infrastructure programs in Australia, as well as developing policies and regulations to support their development.

The National PPP Working Group comprises representatives from national and state governments and leads the development of policy and process improvements for PPPs. It is tasked with ensuring value for money in the delivery of PPPs, improving the national PPP policy, guidelines and practices, and ensuring consistency and cooperation across jurisdictions in the application of PPPs.

## PROJECT PREPARATION LANDSCAPE

Australia's project preparation landscape is concentrated at the sub-national level, with state institutions prescribing the overarching policy for project preparation in the state.

### *Project identification and concept definition.*

Projects are typically conceptualised and planned by departments and agencies of the government (contracting authorities), based on the long-term development plan set by the commonwealth and state governments, such as Infrastructure Victoria's 30-year infrastructure strategy for the state of Victoria.

**Project feasibility and structuring.** Each state prescribes detailed guidelines on the overall process to be followed for the preparation of their PPP projects, with templates and toolkits available to assist project proponents through each of the stages. The project planning and preparation process in Australia follows two broad steps. Initially, a strategic case for the project is developed and then at the second stage a full business case is prepared for the investment approval. For contracting authorities who do not have the necessary funding support or in-house capabilities to conduct a full-fledged feasibility study, the state governments also provide external support. For example, Victoria's Department of Treasury and Finance provides project development support for high-risk projects, as well as those projects that have passed the strategic assessment stage but need additional funding for developing the full business case.

**Project approvals and quality assurance.** All public spending proposals must be approved by the respective state's treasury department. In some states, a separate committee to review public expenditure proposals has been set up within the state government. Typically, all projects undergo a gateway review process established at the state level, based on the UK's Gateway Review Process. Gateway reviews consist of a series of structured reviews that examine procurements at key decision points (or gates) in the project cycle and are used to improve on-time and on-budget delivery of major projects. These reviews are conducted by dedicated teams housed within the treasury departments of state governments.

State treasury departments have also mandated additional checks and balances for projects that have been designated as higher risk projects. For instance, the state of Victoria's High Value High Risk Framework requires that all project proposals must complete preparation of a full business case, require treasury approval for funding decisions, share risk mitigation plans for risks identified through the gateway reviews, and update the treasury department on a quarterly basis as part of the Major Projects Performance Report.

### **Mapping salient features of Australia's project preparation landscape**

*Evidence-based strategic planning and vision for infrastructure development at the national and sub-national level.* Infrastructure Australia conducts a comprehensive national audit of Australia's key infrastructure and assesses future development needs to project demand for infrastructure over the next 15 years. On this basis, the Australian Infrastructure Plan is prepared on a rolling basis every five years, which encapsulates a reform and investment roadmap to achieve the vision. Projects and initiatives which aid in addressing nationally significant challenges are included in the national Infrastructure Priority List (IPL) and are given focused attention and debottlenecking to move forward. At the state level, long-term visions and strategy are prepared by state counterparts, such as the Infrastructure New South Wales State Infrastructure Strategy for 20 years, and Infrastructure Victoria's Infrastructure Plan. These strategies and plans help in shaping the project pipeline. Long-term planning for infrastructure in Australia is also done at a regional level. For example, the Greater Sydney Commission released the Greater Sydney Region Plan in 2018, setting out a 2056 vision for a metropolis of three cities. Plan Melbourne 2017 – 2050 sets a long-term plan to make Melbourne 'more sustainable, productive and livable.' ShapingSEQ 2017 sets out a 25-year long-term land use plan for the South East Queensland region and in Western Australia the 2017 Perth @ 3.5 million strategy sets out a vision for 2050 based on sub-regional land use planning and infrastructure frameworks.

### *Using Infrastructure Australia's Assessment Framework to identify and deliver national priority projects.*

Infrastructure Australia uses an Assessment Framework to evaluate projects and initiatives that are nationally significant to be included in the Infrastructure Priority List for expedited delivery. The Assessment Framework recommends a five-stage process for decision-making, starting from project identification and prioritisation, initiative identification and options development, business case development, business case assessment and post completion review. This framework serves as an evidence-based development guide for projects that seek support from Infrastructure Australia.

*Periodic auditing and review of Australia's overall infrastructure delivery landscape.* In 2015, the Commonwealth Government mandated Infrastructure Australia to prepare its first ever national audit (the National Infrastructure Audit), which is an independent assessment of Australia's infrastructure needs. The audit will be conducted every five years, and is aimed at providing recommendations on governance and policy reforms required to meet the infrastructure needs identified by the audit. One of the recommendations of the audit was to draft a 15-year Infrastructure Plan. Released by Infrastructure Australia in 2016, this is a rolling plan which provides a vision and roadmap to address existing infrastructure gaps in Australia, and lays out a comprehensive package of reforms focused on all aspects of infrastructure management – planning, delivery, investment and management. The plan identified four high-level aspirations for Australia – enhancing productiveness of its cities and regions, ensuring infrastructure markets are robust, efficient and well-regulated, developing sustainable infrastructure, and establishing a culture of robust and transparent decision-making and delivery across all infrastructure sectors.

### *Adopting UK's OGC Gateway Review Process for quality assurance.*

Infrastructure nodal agencies use the UK's Gateway Review Process for quality assurance for infrastructure projects, adapted and modified to suit Australia's institutional and strategic framework. These modifications support greater due diligence on review mechanisms. For instance, Infrastructure NSW has used the gateway process to develop the Investor Assurance Framework, a tiered approach to conducting assurance based on the risk of the project. Infrastructure Victoria has provided additional reviews for high risk projects through its High Value High Risk Framework and added design review to the gateway process through the Victorian Design Review Panel. The Department of Finance within the Government of Australia provides quality assurance through gateway reviews, as well as Implementation Readiness Assessments (IRA). IRAs essentially provide assurance on practical delivery matters for the project.

**Extensive disclosure of project pipelines and status updates.** Adequate project disclosure is one of the cornerstones of project preparation in Australia. Information on ongoing and proposed projects is easily accessible and provided across multiple portals, depending on the authority responsible for the project. Infrastructure Australia publishes an update on the IPL on an annual basis, as do state infrastructure bodies. Portals such as the National Infrastructure Construction Schedule and the Australia and New Zealand Infrastructure Pipeline provide details on government procured projects. Further, all business cases for appraisal by respective treasury departments are provided to the public for consultation prior to approval. Australian governments also routinely published post-completion reviews (PCRs) on web portals for public information.

**Capacity development on project preparation by state institutions.** Capacity development for project preparation is provided by the infrastructure bodies and treasury departments of the respective state institutions. These span the provision of guidance on the preparation of business cases, quality assurance, policy framework for fiscal management, and training support to build capacity amongst project proponents and reviewers.

### CAPACITY BUILDING SUPPORT FOR VICTORIA'S PROJECT PREPARATION LANDSCAPE

The state of Victoria, through its apex agencies for project development, has released a series of guidance documents covering all aspects of project preparation, to streamline project development in a standardised manner.

**Investment management standard (IMS)** aids decision-making for project proposals at the strategic assessment case stage, based on a four-stage workshop method.

**The asset management accountability framework** details mandatory asset management requirements for government agencies in Victoria, along with general, best practice guidance on asset management.

**The investment lifecycle guidelines** provide practical assistance to proposing investment projects in Victoria.

**Partnerships Victoria requirements** build on Australia's national PPP guidelines to develop best practice standards for PPPs in Victoria.

**The High Value High Risk (HVHR) Framework** comprises a series of project assurance checks and processes for HVHR projects to increase the likelihood that they will achieve their stated benefits and be delivered successfully, on time and to budget.

**Technical guidelines** on project governance, economic evaluations, project risk, sustainability, project budgeting.

In addition, the DTF also delivers formal programs on capacity building through Partnerships Victoria. These formal programs range from workshops on the gateway review process and business case development, to a partnership with Melbourne University to offer programs facilitating leadership development for PPPs. The Government of Victoria is also establishing a state level Major Projects Leadership Academy, to provide high-quality training to ensure that the leaders of complex major projects are at the forefront of current project delivery thinking and are skilled accordingly.

### 3. Guidance for project preparation

Guidance	ASSESSMENT FRAMEWORK
<b>Owner</b>	Infrastructure Australia (IA)
<b>Project development stage</b>	Identification, feasibility and structuring
<b>Details</b>	<p>The Assessment Framework sets out the process Infrastructure Australia uses to consider initiatives and projects for inclusion on the Infrastructure Priority List, a list of national strategic projects. The framework provides information about how initiatives and projects are assessed by Infrastructure Australia, to enable contracting authorities to develop their submissions. The framework covers five stages: problem identification and prioritisation, initiative identification and options development, business case development, business case assessment, and post completion review. For each stage, the envisaged outputs, assessment to be undertaken, templates and checklists, and detailed technical notes are provided.</p> <p><b>Link for further details:</b> <a href="https://infrastructureaustralia.gov.au/projects/make-a-project-assessment.aspx">https://infrastructureaustralia.gov.au/projects/make-a-project-assessment.aspx</a></p>
Guidance	NATIONAL PPP GUIDELINES
<b>Owner</b>	Department of Infrastructure and Regional Development
<b>Project development stage</b>	Overall PPP lifecycle
<b>Details</b>	<p>The National PPP Guidelines provide a unified national framework on key processes and requirements for the public and private sectors to undertake PPP projects. These guidelines apply across state, territory and national (Commonwealth) PPP arrangements.</p> <p>The guidelines comprise six volumes:</p> <ul style="list-style-type: none"> <li>• Volume 1: Procurement Options Analysis</li> <li>• Volume 2 : Practitioners' Guide</li> <li>• Volume 3 : Commercial Principles for Social Infrastructure</li> <li>• Volume 4 : Public Sector Comparator Guidance</li> <li>• Volume 5 : Discount Rate Methodology Guidance</li> <li>• Volume 6 : Jurisdictional Requirements</li> </ul> <p>In addition, there is a National PPP Policy Framework that details the scope and application of the guidelines across jurisdictions.</p> <p><b>Link for further details:</b> <a href="https://infrastructure.gov.au/infrastructure/ngpd/index.aspx#anc_public-private">https://infrastructure.gov.au/infrastructure/ngpd/index.aspx#anc_public-private</a></p>
Guidance	RISK POTENTIAL ASSESSMENT TOOL (RPAT) – RESOURCE MANAGEMENT GUIDE NO. 107
<b>Owner</b>	Department of Finance, Australian Government
<b>Project development stage</b>	Feasibility
<b>Details</b>	<p>The RPAT provides a standardised tool to evaluate project risk for public spending proposals. While it is not an exhaustive risk analysis model, it helps procuring authorities to determine a risk rating for a spending proposal, on the basis of which it is decided whether or not a proposal may be subject to an assurance review.</p> <p><b>Link for further details:</b> <a href="https://www.finance.gov.au/assurance-reviews/risk-potential-assessment-tool/">https://www.finance.gov.au/assurance-reviews/risk-potential-assessment-tool/</a></p>

Guidance	<b>GUIDANCE ON ASSURANCE REVIEW PROCESS – RESOURCE MANAGEMENT GUIDE NO. 106</b>
<b>Owner</b>	Department of Finance, Australian Government
<b>Project development stage</b>	Approvals and assurance
<b>Details</b>	<p>This guide provides a high-level overview of each assurance process for infrastructure projects in the Commonwealth. It also outlines the circumstances and criteria that trigger each assurance process, the general timing that would apply, and where to seek further detailed information and assistance.</p> <p>The guidance comprises the following sections:</p> <ul style="list-style-type: none"> <li>• Example list of documentation required for a review</li> <li>• Skills profile of an assurance reviewer</li> <li>• Handbook for conducting assurance reviews</li> </ul> <p><b>Link for further details:</b> <a href="https://www.finance.gov.au/assurance-reviews/guidance-on-assurance-reviews/">https://www.finance.gov.au/assurance-reviews/guidance-on-assurance-reviews/</a></p>
Guidance	<b>NATIONAL FRAMEWORK FOR TRADITIONAL CONTRACTING</b>
<b>Owner</b>	Department of Finance, Australian Government
<b>Project development stage</b>	Overall project lifecycle
<b>Details</b>	<p>The National Framework for Traditional Contracting provides a best practice framework and commercial principles for delivering infrastructure through public procurement. It is intended for procuring authorities for project delivery, and central government departments when designing intra-jurisdictional guidelines and policies.</p> <p>The Framework comprises five documents:</p> <ul style="list-style-type: none"> <li>• The Guide: Good Practice and Commercial Principles for Traditional Contracting</li> <li>• Guide 1: Project Definition and Tendering</li> <li>• Guide 2: Development of Project Budgets in Business Cases</li> <li>• Guide 3: Governance and contract management</li> <li>• Guide 4: Performance and continuous improvement</li> </ul> <p><b>Link for further details:</b> <a href="https://infrastructure.gov.au/infrastructure/ngpd/index.aspx#anc_public-private">https://infrastructure.gov.au/infrastructure/ngpd/index.aspx#anc_public-private</a></p>
Guidance	<b>INVESTMENT LIFECYCLE AND HIGH VALUE HIGH RISK FRAMEWORK</b>
<b>Owner</b>	Department of Treasury and Finance, Government of Victoria
<b>Project development stage</b>	Overall project lifecycle
<b>Details</b>	<p>The investment lifecycle and High Value High Risk Framework (lifecycle guidelines) apply to all government departments in the state of Victoria and support the development of business cases for capital investments.</p> <p>The lifecycle guidelines provide practical assistance to those proposing investment projects in Victoria. They help shape proposals, inform investment decisions, monitor project delivery and track the benefits that projects achieve. They aim to provide practical guidance and tools that assist in the process of planning, proposing and delivering investments, in turn, promoting the best investment outcomes for the state.</p> <p><b>Link for further details:</b> <a href="https://www.dtf.vic.gov.au/infrastructure-investment/investment-lifecycle-and-high-value-high-risk-guidelines">https://www.dtf.vic.gov.au/infrastructure-investment/investment-lifecycle-and-high-value-high-risk-guidelines</a></p>

Guidance	INVESTMENT MANAGEMENT STANDARD
<b>Owner</b>	Department of Treasury and Finance, Government of Victoria
<b>Project development stage</b>	Overall project lifecycle
<b>Details</b>	<p>The Investment Management Standard (IMS) Guide provides good practice to support the government to identify and select the investments that provide the most benefit to society. It is aimed at functioning as a key tool for decision-making for shaping new investment proposals, prioritising investments, developing a new policy, and monitoring and evaluating investment proposals and organisational outcomes. The Victorian State Government widely uses the IMS Guide, and it has been adopted (either wholly or in part) in many other jurisdictions, as well as by commercial, academic and not-for-profit organisations.</p> <p><b>Link for further details:</b> <a href="https://www.dtf.vic.gov.au/infrastructure-investment/investment-management-standard">https://www.dtf.vic.gov.au/infrastructure-investment/investment-management-standard</a></p>
Guidance	ASSET MANAGEMENT ACCOUNTABILITY FRAMEWORK
<b>Owner</b>	Department of Treasury and Finance, Government of Victoria
<b>Project development stage</b>	Overall project lifecycle
<b>Details</b>	<p>The Asset Management Accountability Framework details mandatory asset management requirements, as well as general guidance, for government agencies responsible for managing assets in the state of Victoria. It provides support and guidance on four stages of an asset lifecycle: planning, acquisition, operations and maintenance, and disposal.</p> <p>The framework applies to non-current (physical and intangible) assets of government departments and is mandatory for the following aspects: developing asset management strategies, governance frameworks, and performance standards and processes to regularly monitor and improve asset management. The requirements also include establishing systems for maintaining assets and processes for identifying and addressing performance failures.</p> <p><b>Link for further details:</b> <a href="https://www.dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework">https://www.dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework</a></p>
<b>NOTE:</b> This section includes guidance from the national government and the state government of Victoria on a representative basis. All state governments have their own specific guidelines, and have not been included here. They can be easily accessed on the treasury department websites, linked here.	
<b>New South Wales</b>	<a href="https://www.treasury.nsw.gov.au/projects-initiatives/public-private-partnerships/policy-guidelines-and-publications">https://www.treasury.nsw.gov.au/projects-initiatives/public-private-partnerships/policy-guidelines-and-publications</a>
<b>Australian Capital Territory</b>	<a href="https://apps.treasury.act.gov.au/infrastructure-finance-and-advisory/ppp">https://apps.treasury.act.gov.au/infrastructure-finance-and-advisory/ppp</a>
<b>Northern Territory</b>	<a href="https://treasury.nt.gov.au/homepage">https://treasury.nt.gov.au/homepage</a>
<b>Queensland</b>	<a href="https://www.treasury.qld.gov.au/growing-queensland/project-procurement-and-advisory/">https://www.treasury.qld.gov.au/growing-queensland/project-procurement-and-advisory/</a> <a href="https://www.treasury.qld.gov.au/resource/project-assessment-framework/">https://www.treasury.qld.gov.au/resource/project-assessment-framework/</a>
<b>South Australia</b>	<a href="http://www.treasury.sa.gov.au/economy/national-initiatives-and-reforms/3rd-level">www.treasury.sa.gov.au/economy/national-initiatives-and-reforms/3rd-level</a>
<b>Tasmania</b>	<a href="http://www.treasury.tas.gov.au">www.treasury.tas.gov.au</a>
<b>Western Australia</b>	<a href="http://www.treasury.wa.gov.au/Treasury/Public_Private_Partnerships/PublicPrivatePartnerships/www.treasury.wa.gov.au/cms/content.aspx?id=12659">http://www.treasury.wa.gov.au/Treasury/Public_Private_Partnerships/PublicPrivatePartnerships/www.treasury.wa.gov.au/cms/content.aspx?id=12659</a>

## 4. Project case example: Regional Rail Link Project

### PROJECT BRIEF

The Government of Victoria's Regional Rail Link (RRL) project was a large-scale revival project to remove bottlenecks in Melbourne's rail network and expand the regional rail network.

It involved the construction of 90 kilometres of new rail track, including dedicated regional tracks from the suburbs of West Werribee Junction to Deer Park and along the existing rail corridor from Sunshine to Southern Cross Station in Melbourne's Central Business District. The project also included the construction of two new platforms at Southern Cross Station; new train stations at Wyndham Vale, Tarneit and West Footscray; the upgrade of the Sunshine, Tottenham, Footscray, and Southern Cross Stations and the removal of two level crossings at Anderson Road in Sunshine. RRL was delivered through six works packages, consisting of three alliances, two design and construct (D&C) contracts and one franchisee-managed scope of works. In total, there were 16 organisations engaged directly through these agreements.

Jointly funded by the Australian Commonwealth and Victorian Governments, RRL was one of the most significant and complex infrastructure projects in Victoria, and the largest public transport development in Australia during its construction.

The RRL project demonstrates the superior project planning development practices in Australia – it was delivered eight months ahead of schedule and approximately AU \$600 million under budget, owing to meticulous planning, collaborative culture and persistent, ongoing communications with stakeholders. The project has also won numerous awards for implementation, including Infrastructure Project of the Year 2014 and Australian Construction Achievement Award 2015.

### QUICK FACTS



**VALUE  
(IN US \$ BILLION)**

**2.69**



**STATUS**

**Operational**



**PROJECT OWNERSHIP**

**Regional Rail Link Authority**



**SOURCE OF PROJECT  
PREPARATORY FINANCING**

**Government budgets**



**SUPPORT AGENCIES**

**Infrastructure Australia,  
Department of Treasury and  
Finance – Government of Victoria**

\* Estimated Exchange Rate: A \$1 = US \$0.74 (as of December 2018)

## PROJECT TIMELINE

- ⌚ **1993 –** Pre-planning activities and options identification for RRL
- ⌚ **Early-08** Identification for RRL
- ⌚ **Apr-08** Final version of the Eddington report on Investing in Transport released, proposing RRL as a solution for upgrading Melbourne's rail network
- ⌚ **Dec-08** Government of Victoria releases the Victorian Transport Plan, identifying RRL as a key initiative for implementation
- ⌚ **Dec-08 – Aug-09** Public consultations on the project undertaken in three phases
- ⌚ **Early-09** Government of Victoria submits a proposal to Infrastructure Australia (IA), to seek Commonwealth funding for RRL
- ⌚ **May-09** IA completed final assessment of priority projects for 2009, Commonwealth funding for RRL approved in the May budget
- ⌚ **Jun-09** Special division within Department of Transport, Government of Victoria established to oversee delivery of RRL
- ⌚ **Aug-09** Scheduled construction commencement date
- ⌚ **Aug-10** Regional Rail Link Authority (RRLA), a special purpose entity to deliver the project, incorporated
- ⌚ **July-11** Construction of major works commences
- ⌚ **Nov-14** Construction completed
- ⌚ **June-15** Project opened for operations

## LEARNINGS FOR PROJECT PREPARATION

### **1. Adequate strategic planning for major, complex projects can simplify implementation.**

The conceptualisation of the RRL project was anchored in a comprehensive plan for transport sector development in the state of Victoria. While the need to upgrade Melbourne's rail network was identified way back in 1993, the strategic rationale was built through a series of planning documents. In 2002, the Victorian Government released the Melbourne 2030 strategy, which helped in identifying the key challenge to be addressed – increasing public transport's share of motorised trips from 9% in 2002 to 20% in 2020, by developing a metropolitan train plan. This was followed in 2004 by the government's Linking Melbourne: Metropolitan Transport Plan, which further developed the 2002 report, diagnosing a number of rail network constraints which required attention. Subsequently, the concept that evolved into the RRL began as a recommendation in the 2008 report, Investing in Transport (also known as the Eddington report), commissioned by the state government to investigate solutions for Melbourne's rail constraints. In December 2008, in response to the Eddington report, the government released the Victorian Transport Plan. This was a 30-year integrated transport plan that replaced Meeting Our Transport Challenges, wherein the state government committed to the RRL proposed in the Eddington report.

Thus, the RRL was underpinned by a body of strong, sound policies, and a compelling need for services established during the planning process was instrumental in procuring the long-term commitment of the Victorian Government to support the project.

### **2. Effective stakeholder coordination is necessary for projects with inter-departmental involvement.**

Owing to its scope, size and complexity, developing and implementing the RRL project involved extensive inter-departmental coordination. Delivery of the RRL project involved the following agencies:

- the Government of Australia, which provided part funding for the project through the Building Australia fund;

- the Department of Economic Development, Jobs, Transport and Resources (DEDJTR), the Government of Victoria, successor to the former Department of Transport (DOT) and the former Regional Rail Link Authority (RRLA), which led the planning and delivery of the RRL project;
- the Department of Premier and Cabinet, Government of Victoria, which provided a statewide government policy and leadership function for the project and liaised with the Australian Government;
- the Department of Treasury and Finance (DTF), Government of Victoria, which provided financial oversight and project scrutiny through its gateway review process and High Value High Risk (HVHR) Framework;
- Public Transport Victoria (PTV), which was the key coordinator and planner for public transport at the time of the RRL;
- VicTrack, the owner of Victoria's public rail assets and operator of the railway telecommunications and signaling equipment; and
- V/Line, the operator of the rail services on the RRL.

However, even in this complex stakeholder and delivery environment, the project was delivered well ahead of schedule and well under budget. A key driver of the success of RRL was the highly communicative and collaborative approach to construction adopted by works packages, rail operators, key stakeholders and RRLA. This created an environment in which all parties continually looked for opportunities to align on priorities, expedite the program, coordinate resources, share knowledge and innovations, and work together to find balanced solutions for all.

### **3. Focus on the management of public perceptions and expectations for efficient delivery.**

A proactive approach to community and stakeholder engagement (including interface agreements with key stakeholders) helped ensure that all parties were kept informed of project progress and any issues were promptly addressed. Through July, August and September of 2008, the Victorian Government sought input from a wide cross-section of industry

and the community, including members of the public, community and neighbourhood groups, local councils, public transport operators, and investors and bankers. The government followed a meticulous approach to engaging with the community, through the use of a web forum, which attracted more than 200 participants across Victoria, forums hosted by the Minister for Roads and Ports, the Minister for Public Transport, the Minister for Regional and Rural Development and Members of the Parliament, and the Victorian Transport Summit hosted by the Premier of Victoria. The stakeholder consultation process resulted in more than 2000 individual comments and pieces of feedback, which helped shape not only the implementation of the project, but also the long-term strategic direction for Victoria's transport infrastructure.

### **4. For complex projects, characteristics of individual facets of work must be factored in, in the procurement plan.**

The use of a coordinated procurement strategy helped deliver significant time and cost savings for the RRL project. Prior to construction, the Victorian Government developed a strategic procurement plan to identify the preferred packaging and procurement structure for the project. Owing to the conditions and risk profiles of the various works packages, a wide range of procurement models were used. The brownfield and greenfield sections of RRL provided a clear distinction for packaging and delivery model selection. The design and construct delivery model was considered most suitable for the greenfield works packages and the alliance delivery model best suited to brownfield works packages.

Of the six packages bid out by the RRLA, the station development one was procured through the franchisee works model<sup>1</sup>, two packages which were greenfield in nature and involved laying of track lines and development of stations were procured through the design and construct model<sup>2</sup> and the remaining three, which were brownfield packages, tending to be more risky and complicated, were procured through the competitive alliance model<sup>3</sup>.

<sup>1</sup> In the franchisee model, the state government signs a project agreement with a franchise operator to deliver infrastructure works on behalf of the state.

<sup>2</sup> In the design and construct model, the state government undertakes limited design works and then invites potential suppliers to complete and construct the design.

<sup>3</sup> In the competitive alliance model, the state government collaborates with one or more private sector parties to share risks and responsibilities during the construction phase of the project.