

## **SMARTER GOVERNMENTS COULD SAVE \$2.5 BILLION: ENOUGH TO BUILD SYDNEY'S SECOND AIRPORT**

Australia's federal, state and local governments could free up an estimated \$2.5 billion in additional funds over the next 15 years just by buying smarter.

Tomorrow's NSW launch of ***More for Less - The Economic Benefits of Better Procurement Practices***, commissioned by Consult Australia, and undertaken by Deloitte Access Economics, finds significant savings for governments.

"This report has found that direct savings of around 5.4% can be achieved through common-sense improvements to policies and processes managing governments' procurement of professional services supporting infrastructure design and delivery," said Consult Australia Chief Executive, Megan Motto.

"Changes to procurement will also deliver improvements in the quality of projects in the order of 7%, delivering further value to the NSW taxpayer."

Overall, the cumulative savings of \$2.5 billion are equivalent to the cost of building the second airport in Western Sydney.

"Around \$43 billion is invested in public infrastructure each year. Approximately 53% is procured from the private sector, and professional services contribute almost 20% to the overall value of infrastructure projects. Significant savings can be realised with improvements to government project briefs, contracts and delivery models.

"In addition to saving money, governments could be delivering better projects faster. This report has found that better procurement by governments could reduce project delays by 7%.

"Alongside this additional \$2.5 billion for new infrastructure projects, GDP benefits nationally would grow by more than \$5 billion over the next 15 years, just from smarter purchasing of professional services by government."

The report identifies seven steps to shift the direction of procurement. This includes establishing procurement teams with a mix of skills, reallocating resources to better focus on project objectives and removing contract clauses that do not stack up.

The report also found that:

- Project briefs have unclear objectives in 37% of Requests for Proposals (RFPs), resulting in higher costs on 12% of all projects, and reduced competition in around 9% of public infrastructure projects;
- Project briefs that refuse to verify background information result in additional costs of around \$41,800 per firm per bid;
- Bid costs range between 0.6% and 2.9% of project value; and
- A range of onerous contractual terms are commonly encountered, leading to higher project prices for governments.

"These are significant findings. They show that there's a cost of poor procurement borne by public sector clients and taxpayers, as industry often either factors this into their bid price, or decides not to bid for work.

"Governments across Australia are digging around the back of the couch, trying to stretch each dollar to build the infrastructure we so desperately need. This report shows that better procurement policy and practice will make each dollar go further," said Consult Australia NSW Manager, Alexia Lidas.

# MEDIA RELEASE



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**ENDS**

## NOTES TO EDITOR:

### Launch Details

The details of the NSW report launch are:

- **Date:** Tomorrow - Tuesday April, 14
- **Venue:** CBP Lawyers, Level 42, 2 Park Street, Sydney
- **Time:** 7:45am registration, 8:00 - 9:00am presentation

Please confirm your attendance to Consult Australia NSW Manager, Alexia Lidas  
[alexia@consultaaustralia.com.au](mailto:alexia@consultaaustralia.com.au) 0405 977 550

### Access the Report

Copies of the report are available to download as follows:

- Executive summary. 2 MB. 5 pages. Click here: <http://bit.ly/betterprocurement-shortform>
- Full version. 1.5 MB. 78 pages. Click here: <http://bit.ly/betterprocurement-longform>

### About Consult Australia

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We represent an industry comprising some 48,000 firms across Australia, ranging from sole practitioners through to some of Australia's top 500 firms. Collectively, our industry is estimated to employ over 240,000 people, and generate combined revenue exceeding \$40 billion a year. For more information please visit: [www.consultaaustralia.com.au](http://www.consultaaustralia.com.au)