

December
2023

2023 Progress Report

Tracking progress against the
NSW Government 10 Point Commitment
to the construction sector

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1 Introduction

The 2023-24 Budget included a record \$116.5 billion in infrastructure investment over the next four years. The increase in total investment is due to additional funding for health and education, as well as funding for government priorities to support housing supply and the energy transition. Investment in transport infrastructure remains strong to support housing growth and to connect communities.

The infrastructure program is now slowly shifting away from complex and large megaprojects, towards a more sustainable mix of infrastructure investment, including prioritising asset management and maintenance.

Maintaining a productive, collaborative relationship between government, industry and workers, is a priority for the NSW Construction Leadership Group and essential to delivery of the NSW Government infrastructure pipeline.

This annual report documents progress against the *NSW Government Action Plan: A Ten Point Commitment to the Construction Sector* (10 Point Commitment), setting out progress made over the period 1 July 2022 to 30 June 2023 by NSW Government agencies in embedding the 10 Point Commitment throughout the project lifecycle. The report is compiled using data from 'Implementation Statements' which NSW Government infrastructure delivery agencies are required to prepare at key project milestones for projects with a contract value over \$50 million.

The 10 Point Commitment was published in 2018. Since then, there has been significant progress in implementing the Action Plan, and new challenges have emerged that require a refresh of commitments. Infrastructure NSW will soon release the NSW Government Construction Leadership Group Construction Industry Playbook (CLG Construction Industry Playbook), which declares new NSW Government priorities for the construction sector, including next steps and areas for future reform.

Key activities over the past 12 months include:

- ▶ 2023 Strategic Infrastructure Review into priorities for the NSW infrastructure pipeline.
- ▶ Release of the *2023-24 State Infrastructure Plan* which outlines drivers and market context for the NSW Government's infrastructure program over the next five years. The 2023-24 Plan includes specific recommendations to Government to ensure a sustainable industry and delivery of new objectives in the housing and renewable energy sectors.
- ▶ Comprehensive update to the NSW Major Infrastructure Pipeline portal, providing industry with more detailed information to enable planning and resourcing for the next three to five years. The updated Pipeline provides a new feature, with information on asset maintenance, upgrade and renewal opportunities with a minimum capital value of \$50 million.
- ▶ Launch of four Construction Leadership Group workstreams on key priority areas: commercial procurement, environmental sustainability, construction industry culture and diversity, and work health and safety (WHS). These workstreams include regular engagement with industry.
- ▶ Launch of a new contract framework for NSW Government agencies when buying infrastructure advisory services, introducing a set of standardised contracts and procurement templates to provide a consistent approach to infrastructure advisory procurement.
- ▶ Streamlined processes around the collection of data to support disaster response and recovery for infrastructure impacted by natural disasters.
- ▶ NSW Government Women in Construction Program including new reporting requirements for women in trade and non-traditional roles for all NSW Government infrastructure projects over \$10 million. See *Case Study on page 21* for further detail.

We look forward to continuing our partnership with industry as we deliver the ambitious infrastructure pipeline for the people of NSW.

More information on recent NSW Government major infrastructure projects and policy initiatives is available on the Infrastructure NSW website [here](#).



Allyssa is a formwork apprentice at the Sydney Metro Victoria Cross Station site

2 Executive Summary

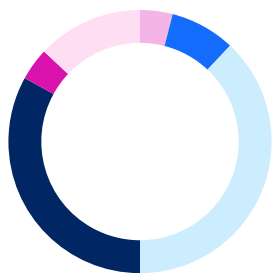
General Statement on Progress

The purpose of this report is to provide an update on progress made by the NSW Government to embed the 10 Point Commitment throughout the project lifecycle for major infrastructure projects and associated enabling actions. This report draws on data provided in Implementation Statements from NSW Government delivery agencies across **24** major infrastructure projects between 1 July 2022 and 30 June 2023. These projects represent a total value of over \$52.7 billion.

Implementation Statements

Implementation Statements are completed for NSW Government infrastructure projects and contracts with a value over \$50 million at Investor Assurance Gateway Approval Gates 2, 3, 4 and 6 (or agency equivalent).

Statements received by Agency



- ▶ Create NSW **8%**
- ▶ Transport for NSW **38%**
- ▶ Health Infrastructure **33%**
- ▶ School Infrastructure NSW **4%**
- ▶ Sydney Metro **13%**
- ▶ Western Parkland City Authority **4%**

Progress in 2022/23

Good progress continues...

Commitment 1: procuring and managing projects in a more collaborative way

- ▶ Early contractor involvement and interactive market engagement processes are becoming business as usual for major infrastructure projects.

Commitment 4: develop and promote a transparent pipeline of projects

- ▶ The NSW Major Infrastructure Pipeline has now been updated to provide more detailed information to enable industry planning and resourcing for the next three to five years.
- ▶ The updated Pipeline now also includes major asset maintenance, upgrade and renewal opportunities.

Commitment 7: monitor and reward good performance

- ▶ Contractor Performance Reporting is now business as usual for major infrastructure projects.

Additional progress has been made...

Commitment 2: adopting partnership-based approaches to risk allocation

- ▶ Increased very early market interaction processes have helped identify project risks early and allocate risks appropriately.

Commitment 10: increasing industry diversity

- ▶ The Women in Construction Program has enabled an increased focus in growing gender diversity in the construction sector. Positive engagement between NSW Government and industry to date, though there is much work to do.
- ▶ The draft Construction Industry Culture Standard is now being trialled in full on two NSW Government projects under academic review.

Areas of focus for 2024...

As outlined in the State Infrastructure Plan 2023, Infrastructure NSW is producing an overarching Construction Industry Playbook to improve consistency across NSW Government delivery agencies and increase transparency for industry on current NSW Government policy positions and priorities. Specifically, the Playbook outlines three overarching priorities for the construction sector:

1. Enhancing construction industry productivity and financial sustainability
2. Improving industry culture, diversity and wellbeing
3. Decarbonising infrastructure delivery to achieve Net Zero objectives.

Productivity

The construction industry has historically lagged the rest of the economy in terms of productivity. In terms of project delivery, higher productivity means doing more work for less: cheaper and quicker construction.

There are significant opportunities to reduce cost and improve productivity across the lifecycle of infrastructure investment, starting from planning and business case development, through to managing and operating assets. A number of enabling actions will be pursued under this priority area in order to improve productivity in the sector, including:

- ▶ optimising the tender process and procurement models,
- ▶ review of specifications and standards,
- ▶ enhancing the effectiveness of early market and stakeholder interactions,
- ▶ measures to address industry liquidity including potential for advance payments and performance bonds;
- ▶ embedding digital practices and tools; and
- ▶ increasing the use of modern methods of construction (MMC).

Industry culture, diversity & wellbeing

Similarly, improving the culture, diversity and wellbeing of the construction sector is a critical priority. The construction sector has struggled to increase gender diversity and equity in its workforce. Women still account for a very small proportion of the construction industry workforce. The NSW Government is taking active steps to make the construction industry a more diverse, inclusive and safe workplace and will continue to do so.

Decarbonisation

Action on climate change and decarbonisation of the infrastructure delivery process is important to communities and is necessary to support the broader commitment by the NSW Government to net zero emissions. The procurement power of the NSW Government infrastructure pipeline can and should be harnessed to transform industry and supply chains.

In 2024, Infrastructure NSW will consult with government and construction industry participants including contractors, sub-contractors, unions and workers throughout the construction supply chain to further inform these priorities and key actions.

The remainder of this Report outlines progress against each of the 10 Point Commitments, using data from previous years to track progress over time. Examples of good practice are showcased and areas for improvement are highlighted. All KPI data for 2023 is sourced from the 24 project level Implementation Statements received over the reporting period.

3 2022/23 Progress

Commitment 1: Procure and manage projects in a more collaborative way

Performance has been good against Commitment 1. Over the past four years there has been a steady increase in the number of projects using early market engagement processes. This is now considered business as usual for most major infrastructure projects.

Data in 2023 suggests that early market engagement is now happening prior to formalised procurement processes, allowing greater collaboration between industry and government from project inception. Increasingly, past lessons learnt are incorporated into the procurement planning processes. This trend is reflected in the increase of early market engagement in the KPI below, which is now considered the key

KPI for Commitment 1. Previously, an additional KPI was included which focused on contract form, but this did not take into account other forms of market engagement that take place in earlier project stages.

It is also important to highlight that the percentages below are based only on project-level Implementation Statements received over the reporting period. Early market engagement occurs across all agencies and regarding their portfolios. These interactions are not captured via individual project Implementation Statements, therefore not reflected in this data.

Key Performance Indicators

KPI	2020	2021	2022	2023
Number of projects that used or will use early market engagement to elicit industry views on either project and/or work packages.	69%	75%	91%	95%

Exemplars

- ▶ All **Health Infrastructure** projects surveyed in 2023 held a series of interactive sessions during the tender period to provide tenderers the opportunity to present any innovative design ideas and value engineering solutions. During the tender process, Health Infrastructure also sought tenderers' approaches to some of the key project challenges, including water proofing, green roof and staging.

Areas for focus

- ▶ The CLG Playbook will outline a renewed commitment to enhancing the effectiveness of early market interactions and stakeholder engagement (including community engagement) to improve project outcomes from the start.

Case Study: Future of Rail Manufacturing

Transport for NSW is working with Investment NSW, Industry Capability Network, and local industry organisations across NSW and Sydney Trains, to map manufacturing capability across key rail subsystems, components, and activities.

In July 2023, Transport for NSW helped run an industry workshop in partnership with the Office of National Rail Industry Coordination on the future of rail manufacturing. As part of the development of the National Rail Manufacturing Plan, the workshop brought together more than 100 of the most important and influential representatives of Australia's rail manufacturing sector.

It was an opportunity for the NSW Government to hear directly from the rail manufacturing industry about what is working, while also discussing barriers to establishing a sustainable pipeline of work in NSW and nationally. The insights gained at this workshop will be used to inform strategic priorities for the industry and will help devise a path to the local manufacturing of safe, fast and sustainable rail in Australia.



Transport for NSW Pipeline event 2023

Commitment 2: Adopt partnership-based approaches to risk allocation

Good progress against Commitment 2 has continued. Many NSW Government agencies engaged in the delivery of major infrastructure projects now routinely use of early works packages to de-risk main works packages and allow wider participation by industry.

Key Performance Indicators

KPI	2020	2021	2022	2023
Number of projects that required or will require the best placed party to manage risk or shared risk when necessary.	88%	95%	97%	100%
Number of projects that used or will use risk-sharing mechanisms to incentivise both parties and not put the contractor's viability at risk.	71%	85%	88%	100%

Exemplars

- ▶ To minimise design risk, **Health Infrastructure** facilitates collaboration across its integrated project team of Health Infrastructure representatives, specialist advisors and contractor during the design finalisation element of the proposed Design Finalisation & Construct (DF&C) contract will enable a partnership-based approach to risk allocation to residual risks.
- ▶ **School Infrastructure NSW** engaged ADCO under a managing contractor arrangement on the Northern Rivers flood recovery projects. The contract was awarded for the management of the design and construction of works at six public schools that need to be rebuilt after the flooding in the Northern Rivers area. The managing contractor arrangement is a risk sharing and collaborative means of delivering the projects quickly while the scopes and designs continue to be refined.
- ▶ **Transport for NSW** adopted flexibility on commercial positions based on market feedback for the Coffs Harbour Bypass and M1 to Raymond Terrace (M12RT) projects. To ease the cost burden on contractors as part of the Request for Tender process on the Coffs Harbour Bypass project, Transport for NSW reduced requirements for management plans and design deliverables. On both projects, interactive commercial and technical tender processes were adopted to better understand industry's concerns around specific project risks and how they could be addressed. This led to a form of Collaborative D&C Contract being applied for both projects that incorporate high degrees of risk sharing, particularly on issues including contamination and utilities relocation.
- ▶ **The Sydney Metro West** project has adopted a collaborative approach to risk allocation. In the development of the commercial documents for Hunter Street Station & Precinct, Sydney Metro will continue to seek feedback from tenderers on the commercial principles and risk allocation and provide an opportunity for tenderers to discuss potential commercial departures with Sydney Metro through an interactive process during the Request for Tender (Stage 2).

Areas for focus

- ▶ The CLG Playbook will encourage use of collaborative and innovative contracting models including incentivised target cost/pain share/gain share models, where appropriate.

Commitment 3: Standardise contracts and procurement methods

Of the projects surveyed in 2023, a variety of procurement strategies are represented, including Design and Construct (D&C), Design Finalisation and Construct (DF&C), Alliance, Early Contractor Involvement (ECI) and Public Private Partnership (PPP).

It is important to note that while some contract models are commonly considered more collaborative than other ‘traditional’ models, genuine collaboration can be achieved under any contract model. This is possible when project governance is structured in a way which promotes a culture of trust and collaborative behaviour on the project.

As such, previous KPIs around contract model will no longer be incorporated under this Commitment. The KPI has been updated to reflect departures from standard forms of contract. In this year’s report, 56% of projects used standard forms of contract, with 44% of projects in procurement or delivery noting departures from the standard form of contract.

Some projects deviate from standard form contracts by necessity due to complexity and uniqueness of specific project conditions, and to reflect feedback received from industry during the tender process. However, movement towards increased use of standard contract forms and consistent behaviours across NSW agencies will be an area of focus in 2024.

In August 2023, the NSW Government introduced a new contract framework for NSW Government agencies when buying infrastructure advisory services, introducing a set of standardised contracts and procurement templates to provide a consistent approach to infrastructure advisory procurement (IA Contract Framework). The development of this IA Contract Framework is the result of several months of consultations with industry stakeholders and NSW agencies. The framework includes a short form contract, long form contract and accompanying tender templates, to make it easier for industry to do business with the NSW Government. It is also accompanied by a user guide to help NSW agencies and industry to understand the framework.

Key Performance Indicators

KPI	2023
Number of projects with departures from the contract form during the project	44%

Exemplars

- ▶ All **Health Infrastructure** (HI) projects surveyed use a standard GC21 contract with HI special conditions.
- ▶ All **Transport for NSW** (TfNSW) projects use a standardised set of tender documents. When using GC21, TfNSW uses the standard versions with TfNSW special conditions.
- ▶ **School Infrastructure NSW** (SINSW) uses the standard GC21 contract with standardised special conditions related to SINSW, including the same tender schedules. This allows contractors dealing with SINSW to understand the model in which

the engagement will be undertaken. SINSW has standardised evaluation criteria for all construction projects which allows the market to understand the expectations when tendering.

Areas for focus

- ▶ Moving forward, the Infrastructure NSW Coordinator-General will play a stronger role via the Construction Leadership Group to ensure whole-of-government infrastructure priorities are implemented consistently across the portfolio.
- ▶ The CLG Playbook will also provide updated guidance to agencies to support standardisation.

Commitment 4: Develop and promote a transparent pipeline of projects

The NSW Infrastructure Pipeline brings together all the NSW Government infrastructure projects expected to come to market with a minimum capital value of over \$50 million over the next three to five years.

The pipeline includes projects for which funding has been fully committed ('pipeline' list) and projects that have been allocated funding for planning ('planning' list).

For the first time, the pipeline also includes asset maintenance, upgrade and renewal opportunities with a minimum capital value of \$50 million ('asset management' list).

The pipeline has a new look and feel, as well as updated functionality, to make it easier for audiences to find what they need.

The NSW Government recognises that it is important to provide industry with the best possible information to enable planning and resourcing. This highlights the collaborative partnership between government and industry required to deliver infrastructure projects for the people of NSW.

Producing the pipeline requires significant cross-agency collaboration for each six monthly update cycle. These efforts promote transparency for the entire construction sector supply chain, from Tier 1 builders, through to smaller contractor firms, subcontractors, suppliers of equipment, materials, and consultants.

It is important to acknowledge that in 2023, several reviews were announced by both the Commonwealth and NSW Governments into the forward infrastructure pipelines. This created significant uncertainty across industry. As review findings are released, it is expected that these pressures will be reduced.

The NSW Government is committed to the continued transparency of its project pipeline, to attract investment and early participation in the design, construction, management, and operation of major infrastructure projects across the whole of NSW.

Exemplars

- ▶ **Health Infrastructure** uses a variety of communication and engagement channels to notify the construction industry of its projects, including industry briefing events, statements of participation, updates on the Health Infrastructure website and through the eTender platform.
- ▶ **Transport for NSW Pipeline 2023:** Transport for NSW hosted its annual Pipeline event on 30 October 2023 in Western Sydney. This included detailed focus sessions to share information on priority projects like Sydney Metro, Parramatta Light Rail Stage 2 and the Zero Emission Buses program. Asset maintenance, upgrade and renewal opportunities were also showcased. The event was attended by 500 industry professionals, indicating how important pipeline visibility is for industry partners.
- ▶ **Sydney Metro:** In conjunction with TfNSW, and to contribute to the wider NSW Infrastructure Pipeline being shared with industry, Sydney Metro has finalised a program-wide Procurement Pipeline including planned design and construction dates. This pipeline has been provided as part of Sydney Metro's industry briefings, and is subject to ongoing coordination, review and update to be reflected in market-facing information and interactions.

Areas for focus

- ▶ The bulk of asset management work is conducted via smaller value contract packages and moving forward, consideration will be given to lowering the threshold of the asset management pipeline list to more comprehensively capture the pipeline of available work in this space.

Pipeline In Planning Asset Management

The NSW Infrastructure Pipeline provides a forward view of infrastructure under development by the NSW Government. It includes infrastructure projects with a minimum capital value of \$50 million.

*Some projects listed are subject to the ongoing Federal Government Infrastructure Review and ongoing Sydney Metro Review.

Search project name... Filters View key Download

Project	Estimated Value	Procurement Strategy	Current Phase	2023		2024				2025				2026				2027				2028				2029							
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Arts & Culture																																	
Barangaroo Cutaway fitout works	\$5	D&C	Construction Procurement	█	█																												
Barangaroo Harbour Park	\$	TBA	Design	▨																													
Powerhouse Ultimo Renewal	\$55	TBA	Design	█	█																												
Commercial																																	
Advanced Manufacturing Research Facility in Bradfield City Centre	\$5	ECL D&C	Design	█																													
Bradfield City Centre Stage 1 Enabling Works	\$5555	CO, D&C	Rolling Program	█																													
Moree Special Activation Precinct	\$5	ECL	Design	█																													
Snowy Mountains Special Activation Precinct	\$5	Various	Design	█																													
Wagga Wagga Special Activation Precinct	\$5	Various	Design	█																													

NSW Major Infrastructure Pipeline preview, Infrastructure NSW



Transport for NSW Pipeline event, October 2023

Commitment 5: Reduce the cost of bidding

Performance has been good against Commitment 5. 100% of projects surveyed only shortlisted bidders with a demonstrated capability to deliver, and 100% used full electronic lodgement to reduce documentation requirements.

There was a slight reduction in bidders kept on ‘hot standby’ for a long period, which was an area of focus for 2023. While most projects are using a streamlined prequalification scheme to reduce credential requirements of bidders, the proportion decreased slightly since 2022.

Key Performance Indicators

KPI	2020	2021	2022	2023
Number of projects that used a streamlined prequalification scheme to reduce credential requirements for bidders where available.	84%	77%	95%	81%
Number of projects that only shortlisted contractors for the Expression of Interest process who could demonstrate an ability to deliver the project.	83%	85%	100%	100%
Number of projects that used full electronic lodgement to reduce documentation requirements.	91%	97%	97%	100%
Number of projects where unsuccessful bidders were kept on ‘Hot Standby’ for less than 12 weeks.	100%	75%	89%	92%

Exemplars

- ▶ To reduce costs for contractors, **Health Infrastructure** implements a shortlist process with three identified tenderers to submit a bid. Health Infrastructure utilises a full electronic tender lodgement system. The tender review process is completed within defined timeframes. The procurement process has open two-way communication to ensure tenderers receive timely and consistent updates throughout procurement.
- ▶ **Productivity Packaging (Transport for NSW):** In late 2022, Transport for NSW released a Productivity Packaging discussion paper for industry feedback. The proposed new procurement pathway seeks to streamline the design and procurement of projects into three phases, a registration of interest phase, a design phase and pricing phase. There is

also increased emphasis on collaboration, which will see Transport for NSW work with selected contractors –one designer and two construction contractors –to deliver detailed designs, giving contractors more certainty of the project risks ahead of pricing. Transport for NSW is exploring this model and opportunities to trial on upcoming projects.

Areas for focus

- ▶ The incoming CLG Playbook will offer new guidance to agencies on best practices for optimising the tender process, including guidance on transparency for tender criteria weighting and guidance on tender debriefs for both successful and non-successful tenderers.

Commitment 6: Establish a consistent NSW Government policy on bid cost contributions

The NSW Government implemented the NSW Bid Cost Contributions Policy in 2018 to address some of the financial barriers to bidding, by reimbursing a portion of the expenses borne by the unsuccessful proponent to partially offset the cost of bidding for infrastructure projects in NSW during the procurement stage.

A review of the policy commencing late 2021, identified that whilst the existing policy was supporting contestability and value-for-money outcomes, there were still opportunities for refinement. This included further analysis of the costs which tenderers incur during the bidding process.

In 2023, more data was gathered from tenderers with a view of supporting agencies to continuously improve their procurement processes to reduce cost of bidding. In 2024, contractors can expect continued focus on the collection of bid cost data from unsuccessful tenderers. More detail in collected data will help inform future refinements of the policy and identify opportunity areas to minimise the cost of bidding.

Year	No of new projects with payable bid cost contributions	Range of estimated contract value	Range of bid cost contributions payable (per unsuccessful bidder)*
2018	4	\$100M–\$5B	\$600K–\$10M
2019	2	\$200M–\$1B	\$400K–\$2M
2020	7	\$500M–\$8B	\$1M–\$8M
2021	16	\$100M–\$5B	\$100K–\$50M
2022	7	\$100M–\$5B	\$1M–\$12M
2023	3**	\$100M–\$500M	\$200K–\$1.5M

*Data has been adjusted in accordance with new methodology from 2023.

**As at 20 November 2023.



Artist impression – Hunter Street Station Entrance

Commitment 7: Monitor and reward high performance

Good performance against Commitment 7 has continued in 2023, with consideration of Contractor Performance Reports now business as usual in assessing performance. Similarly, 100% of surveyed projects continued to report that weight was given to a bidder's past collaborative behaviour and used standardised approaches to dispute resolution.

Progress against this commitment has been consistently good for several years, which reflects efforts from both government and industry to monitor and reward high performance.

Key Performance Indicators

KPI	2020	2021	2022	2023
Considered Contractor Performance Reports to assess performance.	89%	94%	100%	100%
Gave weight in the tender evaluation to a bidder's commitment to collaborative behaviour based on their proven track record.	100%	100%	100%	100%
Used standardised contractual approaches to dispute avoidance and resolution.	100%	100%	100%	100%

Exemplars

- ▶ All **Health Infrastructure** projects surveyed considered the tenderers' performance on previous projects during the tender evaluation process. This includes an assessment of previous project experience and performance in the submitted tender, and review of the contractor performance reports on Health Infrastructure's internal database as well as cross-government discussions through the Construction Leadership Group. Reference checks may also be conducted to verify performance.
- ▶ **Transport for NSW** projects review contractor performance reports as part of the tender assessment process, with past performance being a consideration for future contract awards.

Areas for focus

- ▶ In 2024, the Construction Leadership Group will pilot a new whole of NSW Government contractor performance reporting methodology for major projects. This will increase transparency and lead to improved information sharing across agencies.

Commitment 8: Improve the security and timeliness of contractor payments

Performance against Commitment 8 remained steady in 2023, with 100% of projects surveyed continuing to require transparent proof of payments across all contractor levels (where applicable). This is now considered business as usual and incorporated into normal processes for all major infrastructure projects.

Key Performance Indicators

KPI	2020	2021	2022	2023
Number of projects that provided transparent proof of payments across all contractor levels.	79%	100%	100%	100%

Exemplars

- ▶ **Health Infrastructure** has a uniquely defined and standardised contract payments administration process, which aligns to the legislative requirements of the *Building and Construction Industry Security of Payment Act 1999*. This enables the securitisation of payments down the subcontracting chain in an efficient manner and supports the project team to ensure all invoices are paid efficiently throughout the course of the project.
- ▶ **Transport for NSW PMWeb:** Following an external audit in early 2023, the Transport for NSW's Rail Delivery Team updated end-to-end processes and are continuing to action audit recommendations to ensure best practice. Issues identified included the follow up and escalation of significant and/or repeated invoice payment delays, as well as the segregated nature of the procure-to-pay processes

which created challenges in the identification of relevant teams that sit across Transport for NSW divisions and understanding of their role in the end-to-end process. Noting the recommendations in the Audit, the Transport Shared Services (TSS) Finance and Procurement Services Team and Commercial Teams are investigating solutions to close out recommendations, ensuring continuous improvement and timely contractor payment are achieved.

Areas for focus

- ▶ The Construction Industry Playbook will include a renewed commitment to financial sustainability throughout the construction industry supply chain and review of potential actions such as use of bank guarantee/parent company guarantees, performance bonds and advance payments.

Commitment 9: Improve skills and training

The Infrastructure Skills Legacy Program (ISLP), led by the Department of Education, aims to capitalise on the NSW Government's record levels of infrastructure investment to boost the number of skilled construction workers and create additional pathways to employment. There are 20 projects that have reported on skills training via the ISLP. From June 2016 to 30 December 2022, there have been 29,240 learning workers and 2,086 apprentices engaged under this framework. All ISLP projects have exceeded the targets for skills training.

Of the projects surveyed, all but one invested in developing leadership and commercial skills of its projects and contract managers at all levels of the project. This is a new KPI included in this year's Progress Report, which emphasises the importance of investing in public sector capability.

Key Performance Indicators

KPI	2020	2021	2022	2023
Number of projects that included or will include tender evaluation criteria for inclusion of apprenticeship and learning workers.	N/A*	N/A*	N/A*	100%
Number of projects that included or will include incentive arrangements to credit bidder who exceeded the skills target for apprentices and learning workers.	N/A*	N/A*	N/A*	50%
Number of projects where contracts require at least 20% of 'learning workers' for their labour force.	72%	72%	97%	100%
Number of projects that require on-site training for learning workers in the contract or promoted it using other methods.	79%	82%	100%	100%
Number of projects that monitor and publish data relating to skills development, including reporting on best practice case studies	N/A*	N/A*	N/A*	100%

*Data not available - new KPI from 2023.

The ISLP targets are mandated via a NSW Procurement Board Direction which sets out the following skills, training, and diversity targets for major construction projects. The Board Direction was updated to include mandatory reporting for women in trades and women in non-traditional roles from 1 September 2023.

Target	Contract Value \$7.5-\$10 million	Contract Value \$10 -100 million	Contract Value > \$100 million
Apply Aboriginal Procurement Policy	✓	✓	✓
20% of the Trades Workforce to be Apprentices		✓	✓
20% of the Project Workforce to be Learning Workers			✓
2% of the Trades Workforce to be Women		✓ (Report only, no target applies)	✓
Report on Number of Women in Non-Traditional Roles		✓ (Report only, no target applies)	✓ (Report only, no target applies)
8% of the Project Workforce to be aged under 25		✓ (Report only, no target applies)	✓
Report on Local Employment Outcomes			✓

Note that agencies or contractors may also adopt additional targets on the project to support disadvantaged and underrepresented groups into employment including; people with a disability, long-term unemployed people, Refugees and Asylum Seekers or returned service men and women.

Exemplars

- ▶ All **Health Infrastructure** projects surveyed seek to improve skills and training through the procurement process by ensuring all relevant skills and training requirements and policies are embedded into procurement documentation and processes. The Request for Tender requires tenderers to identify minimum training targets for the project and their approach to meet Health Infrastructure's priorities and aspirations in the skills and training space, which will be regularly monitored following contract award.
- ▶ The **Sydney Metro City & Southwest** project is a demonstration pilot for the Infrastructure Skills Legacy Program. To date, the project has achieved the following: over 62,000 workers with almost 25% of workers being upskilled and 18% of trade roles being filled with an apprentice.
- ▶ In 2023, 67 people participated in **Sydney Metro pre-employment programs** which support long-term unemployed and under-represented groups into sustainable employment.
- ▶ The **Sydney Metro – Western Sydney Airport** project is focusing on driving local employment outcomes through workforce development and industry participation requirements. To date, the project has achieved the following local outcomes: 54% of the workforce reside in Greater Western Sydney and 78 Australian and New Zealand small to medium enterprises have been contracted, 10 of which are Recognised Aboriginal Businesses from Greater Western Sydney.
- ▶ **Transport for NSW M6 Stage 1 project:** 500 women are employed on the project and 150 of those are working in non-traditional and frontline construction roles. CPB, which is part of the delivery partner consortia are up-skilling female talent through the 'Women in Construction' program and creating new career pathways into the industry. The project also has significant community benefits including a strong commitment to work with Aboriginal businesses. This commitment is also demonstrated in efforts to recognise significant cultural days. Earlier this year, NAIDOC Week was celebrated with presentations and artwork across all project sites.

Areas for focus

- ▶ There will be a shift to up-skilling and re-skilling across both industry and the public sector to achieve ambitious new priorities in the housing and energy sectors.

Case Study: Health Infrastructure Shoalhaven Hospital Redevelopment

To improve skills and training and stimulate local economic activity across the South Coast of NSW, Health Infrastructure and its Shoalhaven Hospital Redevelopment delivery partner, John Holland, undertook extensive consultation with local community groups, employment providers and stakeholders to develop a comprehensive plan to address current and emerging skills and labour gaps across the construction sector. Through these consultation efforts, the project team has identified a number of Government, non Government and Aboriginal employment and training organisations to collaborate with during the construction phase of the project.

Project specific workforce initiatives include:

- ▶ 'Women in Construction' pilot project: focusing on increased female participation in trade and non-traditional roles throughout the project.
- ▶ Ensuring 50% of the project labour workforce are locally employed.
- ▶ Ensuring 6% of the project labour workforce is of Aboriginal and Torres Strait Island background.

- ▶ Ensuring 40% of trade hours are undertaken by apprentices to upskill young workers and enable a pipeline of future trade workers, which will help address the nationwide skills shortage.
- ▶ Facilitating opportunities for local high school students to gain insight on a potential career in the infrastructure and construction sectors.
- ▶ Focusing on wellbeing, diversity and inclusion by facilitating ongoing training initiatives for the project workforce.



John Holland apprentices on site at Shoalhaven Hospital



Aerial view of the Shoalhaven Hospital construction site

Commitment 10: Increase industry diversity

Improving construction industry diversity has been a key area of focus for 2023. Progress in improving gender diversity is detailed in the Women in Construction Program Case Study on page 21.

All projects are demonstrating good progress against the KPIs below, many of which are now mandatory requirements for NSW Government projects over \$100 million under the Infrastructure Skills Legacy Program (ISLP). In 2023, a review of the Aboriginal Procurement Policy also took place, with recommendations to improve the effectiveness of the policy expected to be implemented in 2024.

The NSW Government is also a key funding partner for the Culture in Construction Taskforce to improve industry culture and workplace flexibility. This includes piloting the draft Construction Industry Culture Standard, including a 5-day work week, on select major government infrastructure projects. It is expected that improvement in culture and wellbeing in construction will help to attract more women to the sector, in addition to driving improved outcomes for all those currently working in the industry.

Key Performance Indicators

KPI	2020	2021	2022	2023
Number of projects where agencies worked with contractors to measure and report on workforce diversity.	89%	92%	100%	100%
Number of projects that require contractors to contribute to at least 2% of the trades workforce to be women in trades, as described in the Procurement Board Direction 2020-03.	83%	66%	100%	93%
Number of projects that required the contractor to meet or exceed Aboriginal participation requirements.	91%	92%	97%	100%
Number of projects that required at least 8% of the project workforce to be aged under 25 years.	N/A*	N/A*	N/A*	100%
Number of projects that required reporting on employing and training people from the local area.	N/A*	N/A*	N/A*	100%

*Data not available – new KPI from 2023.

Exemplars

► **Health Infrastructure** is committed to supporting diversity in the construction sector. All Health Infrastructure projects surveyed require the tenderers to submit Aboriginal Participation Plans to demonstrate their compliance with the Aboriginal Procurement Policy (APP). Additionally, Health

Infrastructure is taking a leading role in championing the NSW Government Women in Construction Program with six projects participating and piloting increased targets for women in trade and non-traditional roles on site.

► **Transport for NSW’s Mulgoa Road Culture**

Standard Trial: The Mulgoa Road project has hosted one of the country’s first trials of the Construction Industry Culture Taskforce (CICT) draft Culture Standard. Some of the measures being introduced as part of the trial include:

- providing mental health first aiders;
- identifying and disclosing gender pay gaps across roles; and
- setting clear targets for the appointment of women.

This trial is aimed at improving the work environment for all employees –by addressing, not only issues that stop women from entering the construction industry, but also issues that negatively impact those already in the industry. The learnings taken from the trial will be implemented across the project and scaled where appropriate.

- Sydney Metro held its annual **Aboriginal Business Forum** at Penrith Panthers Stadium in October 2023, to support its commitment to increasing the number of Recognised Aboriginal Businesses in the wider supply chain for Sydney Metro projects. The event provided an opportunity to facilitate engagement between Sydney Metro delivery partners, operators, supply chain representatives, business

intermediaries and local Aboriginal businesses through a unique business matching session. This session provided an opportunity for more than 100 Recognised Aboriginal Businesses to have meaningful conversations and pitch the suitability of their business directly to procurement experts.

- **The Sydney Metro City & Southwest** project is a demonstration pilot for the Infrastructure Skills Legacy Program. To date, the project has achieved the following: over 10,000 workers are under 25 years of age, which equals over 17% of the total workforce; almost 5% are women in non-traditional trade roles or occupations; and Aboriginal participation is 2.6% of the total workforce. Sydney Metro Aboriginal procurement spend on the Sydney Metro City & Southwest project is currently \$175 million, which is over 4% of eligible spend (against the NSW Aboriginal Procurement Policy target of 1.5%).

Areas for focus

- The CLG Playbook will reiterate construction industry culture, diversity and wellbeing as a key priority. As such, work will continue in 2024 on the Women in Construction program and to support the Culture in Construction Taskforce. This will include efforts to harmonise industry culture and diversity improvement initiatives across jurisdictions.



Sydney Metro Aboriginal Business Forum, October 2023

Case Study: NSW Government Women in Construction Program

The NSW Government Women in Construction Program (the Program) aims to improve diversity and culture in the construction industry and attract more women into the sector in trade and non-traditional roles. This is important as more women in the male-dominated construction industry will help to reduce industry segregation and enhance gender equality.

Infrastructure NSW and the Department of Education are responsible for delivering the Program and are working collaboratively with NSW Government infrastructure agencies and the construction industry to achieve program objectives.

Currently, women make up approximately 13% of the construction sector, yet only 2% of trade-based roles are held by women. The Program is trialling a target of 4% women in trade roles and 7% women in non-traditional roles on select government infrastructure projects for 2023-24. Early reporting indicates that these targets are on track to be met.

In 2023, Infrastructure NSW and the Department of Education progressed a number of key actions under the Program:

- ▶ Year 1 of the Women in Construction Industry Innovation Program provided grants to 21 successful construction industry applicants. This is a grants program which will allocate up to \$10 million over three years to support industry initiatives that encourage female participation and retention in the construction industry.

- ▶ Placement of 16 Women in Construction Project Officers across 21 major NSW government infrastructure projects to pilot increased targets for women in trade and non-traditional roles on site.
- ▶ Launch of the Women in Construction website, which outlines career path information for students and parents, and acts as a key resource hub for industry and employers
- ▶ Strong participation in Year 1 of the Construction Industry Business and Workforce Survey, which gathered data on baseline participation levels and sentiment across the sector.
- ▶ Launch of a gender diversity campaign to raise awareness of the benefits of diversity on construction sites.
- ▶ Increased reporting on the participation of women in construction. From 1 September 2023, all new NSW Government construction projects valued more than \$10 million are now required to report on the number of women working in trade and non-traditional roles.



Transport for NSW M6 Stage 1 Project

Contact

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