

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into Effective Decision Making for the Successful Delivery of Significant Infrastructure Projects

Melbourne — 23 August 2012

Members

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Deputy Chair: Mr M. Pakula

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Executive Officer: Ms V. Cheong

Witnesses

Mr D. O'Shaughnessy, Project Director (sworn), and

Ms K. Ragel, Senior Legal Counsel (sworn), Lend Lease.

**Necessary corrections to be notified to
executive officer of committee**

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the inquiry into effective decision making for the successful delivery of significant infrastructure projects. On behalf of the committee I welcome from Lend Lease Mr David O’Shaughnessy, project director, and Ms Karin Ragel, senior legal counsel. Members of Parliament, departmental officers and members of the public and members of the media are also welcome. In accordance with the guidelines for public hearings, I remind members of the public that they cannot participate in any way in the committee’s proceedings. I remind the media that they should only record what they are allowed to record according to the guidelines. Just for the record, please note that these proceedings are not being webcast.

All evidence taken by the committee is taken under the provisions of the Parliamentary Committees Act 2003, which attracts parliamentary privilege, and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is taken under oath or affirmation and is being recorded. Witnesses will be provided with proof versions of the transcript within 15 working days of the hearing, which are to be verified and returned to the committee secretariat within 2 working days of receipt. The verified transcripts will then be placed on the committee website.

Following a presentation, if any, by Mr O’Shaughnessy, members of the committee will ask questions. Hopefully it will be more of a discussion than a question-and-answer session. I ask that mobile telephones be turned off. I now invite Mr O’Shaughnessy to make a brief introduction and to give us some context.

Mr O’SHAUGHNESSY — Thank you for that. As mentioned, my name is David O’Shaughnessy, and I am from Lend Lease project management and construction. My role with Lend Lease for this particular project was as project director, and Lend Lease’s role in the project was the overall responsibility for the design, the construction, the commissioning, the transfer and the handover of the facility. I was involved in the project as the single point of accountability for it from when we were awarded the project — so after it had been converted — right through to the completion of the project, and I still have an involvement on a day-to-day basis representing the company to make sure that all our obligations are met. I have not been involved in the bid phase, from that side of things, but I was given the charter once the project was awarded to deliver it and represented our company throughout the process.

The CHAIR — One of the issues we will probably grapple with a little bit here because the project is being delivered as a consortia structure is understanding the actual engagement — the role of Lend Lease — within the consortia and therefore its relationship to government, and the interface between Lend Lease and government as a client. Obviously this inquiry is about issues around accountability, transparency, relevant skills and capacity, and in particular that is an issue about which we are seeking input from the private sector partners to various major projects. That is so we have a better understanding about the capacity of the Victorian public sector to manage its end of these projects, and we are relying, if you like, on lessons learnt. We are looking at projects that either have been delivered well, or others which have not been delivered very well. The RCH project is in the former basket — that is, it is a project which has gone according to plan.

I am interested in one thing, though, before we pursue those relationship with government issues. Firstly, if you could, explain in more detail your engagement, or your relationship, with the government as the ultimate client and how that impacted as opposed to your engagement in the consortia.

Mr O’SHAUGHNESSY — Sure. Maybe my value to this committee in my role is somewhat limited. But I suppose in relation to the bid phase for the project in the consortia that has been set up, Children’s Health Partnership was established as an entity. As subcontractors to that consortia, Lend Lease was a subcontractor to Children’s Health Partnership, responsible for the design and the construction of the building. So in that relationship they subcontracted to us that responsibility, and from a facilities management point of view Spotless were engaged as a subcontractor to Children’s Health Partnership in order to deliver the facility services. Children’s Health Partnership had a contractual arrangement with the government, and the agreements there were with Children’s Health Partnership and the government; so in a lot of cases in our role we are one step removed in relation to the transactions.

The CHAIR — But nevertheless for the time being at least you still are part of the consortia?

Mr O'SHAUGHNESSY — Absolutely, yes. We represent the consortia there. In relation to the engagement with government, whilst we have Children's Health Partnership as the overview, in the project delivery phase that involved two people. It would involve a senior representative and a design manager, so in the process of user engagement, decision making regarding project scope and the like, everything in our discussion and everything in the communication was with the government. Whilst we had a layer there above us, we were totally in communication with the government in the design process, approvals, construction process and modifications. There were many arrangements, agreements and deeds between us, obviously there are contractual relationships with government and the builder to step in if there are issues. So there are many arrangements for the state to get involved, but they were not called upon in this project.

The CHAIR — Therefore to some degree your commentary about what I have described as the capacity of the public sector in terms of that interface is muted?

Mr O'SHAUGHNESSY — To a certain extent, yes.

The CHAIR — Nevertheless I will invite you to reflect on that, and it is probably good that it is muted because you do not have the conflict which some other witnesses would have about prejudicing an ongoing relationship in that sense. Perhaps you can enlighten us more objectively and I will invite you to make some comment about that, and particularly on your overall experience in dealing with the government as a client.

Mr O'SHAUGHNESSY — To comment on that relationship, it was a very successful project and obviously the government in its role plays an enormous part. One of the key parts in the foundation of this is the establishment of a comprehensive brief. At the end of the day the development of a brief for the delivery of this project obviously is something that has originated from the government in discussions with the users — in this case being the hospital, the Murdoch Children's Research Institute and the University of Melbourne as partners. Development of that brief is essential to successful delivery there. That really enables you to provide the protection for the government from the point of view of making sure that what it wants is delivered, but it also provides the ability to look for innovation in the process of the bidding phase. So if the brief is stifled in certain ways — if it is written in certain ways that stifle such innovation — then the private sector has difficulty in actually complying with the higher aspirations of innovation which I think the government is seeking there.

The ability to have a strong brief is very important, and I think from the point of view of that project it is was very strong from the Department of Health's view. It was a strong team. Jill Howard and some very senior people there spent a lot of time putting together a very detailed brief, which I think really provided great assistance, guidance and protection for government through the process. Then the leadership of the department in providing overall governance of the project — leadership and effective decision making — obviously is instrumental in going through there. We found on that project with that strong protection of the brief and with the strong leadership to be able to look at conflicting interests through these projects, from my point of view, it was very successful.

Whilst there was that gap, as I explained before with the Children's Health Partnership and the government, I found that the relationship and communication lines were very open and transparent. I would like to think from the Lend Lease side that we tried to be as open and transparent as we could. It is essential in successful delivery of a project that the project leadership is there. It needs to understand not to ignore what is in the documentation, as that contractual arrangement certainly is there, but to have clear decision making is a vital part of a successful PPP project.

I think in relation to the people the government put forward, as well as the hospital, they had a tremendous degree of experience. Tony Lubofsky was the project director. He had previous successful PPP experience, and Jill Howard had successful PPP experience. Having that input into the brief and having a process in the implementation worked very well, so we were very happy in relation to the dealings there.

The CHAIR — That is a very positive experience compared to some others. I just want to introduce another issue before I invite my colleagues to put some questions. In discussion with the CEO of the Children's Health Partnership, Mr Kirkland, I put a question to him about the impact of labour cost pressures in Victoria and he deferred to Lend Lease — —

Mr O'SHAUGHNESSY — That was nice of him.

The CHAIR — I thought it was a very nice handpass. He deferred to Lend Lease on the basis that there is no direct impact on CHP because of the contractual relationship with Lend Lease for the delivery of the build.

Mr O'SHAUGHNESSY — Yes.

The CHAIR — So effectively what I put to him was that we know that there is a labour cost pressure for a number of reasons, not least of all a skills shortage in the resource sector in the state and also the new benchmark in the construction industry established by the desalination plant at Wonthaggi. I am interested in a perspective about whether it impacted specifically in terms of your delivery of the project in terms of the cost pressure, but more generally a view about the impact on labour costs in Victoria.

Mr O'SHAUGHNESSY — If I can talk about the project from a labour point of view. When we approach these projects you are asked in the bid phase to put a fixed lump sum on something where you really need to start and originate something in a PPP process from something that is really a brief document that is many, many inches thick. You have a huge responsibility to develop a design process. You have a responsibility then to convert that as best you can, without it being resolved to a fixed price. You make allowances for what you think is their escalation, what you think the labour rates will do over time and what you think the cost of materials will do over time. So you have your best assessment of what that is through the process. In there you are always without a fully defined scope, a full drawing, as part of your ability to forecast those areas. You go into a project with what you think are the right allowances there.

Once you have been awarded the job you really need to start the design process again. The process that is outlined from the government is that you conduct the user group process, the three-stage process, where the government and the users that are involved and review what you have done in the bid phase and they may through the process change that design and change the thinking that you have. The risk is mainly related to scope because that is really the area that can change. You may have assumed something in the bid phase, despite the fact that it had been discussed; there may be something that you have assumed may change.

In relation to labour pressures, we have had a general understanding of where labour rates were going. Even though it was a four-year construction period we had a general understanding of how labour rates were going. The way that enterprise bargaining agreements are done at the moment is that there is a general understanding. Quite often the agreements are three years in advance, so you will generally know what the labour rate issue is there. I will not comment as to whether that is the right increase or not — that is for someone else to debate — but you have a general understanding of where you have got to with regard to that. From the labour point of view we had a general allowance, and it comes back then to the impact of the market: how solid the market is; is it very busy in other areas?

The CHAIR — In terms of availability.

Mr O'SHAUGHNESSY — In terms of availability of resourcing. That is probably the key issue rather than the labour rate, the competing interest there.

The CHAIR — So you factored in a projection of labour costs.

Mr O'SHAUGHNESSY — We go through and try and predict what the volume of work that is happening at the time is; just look at availability.

The CHAIR — Sorry to interrupt, but I am just trying to clarify it. In terms of the bid process, making a reasonable assumption about forecasting for labour costs takes that as a significant variable risk out of the equation, but it leaves the issue of availability of arms and legs basically.

Mr O'SHAUGHNESSY — Absolutely. So that has more of an impact rather than the rising costs of labour. It is more the availability of the workforce and how busy the workforce is.

The CHAIR — And in terms of this project, were there issues about availability?

Mr O'SHAUGHNESSY — We had particular issues related to some trades, but generally we went very well. I think we were very fortunate that the children's hospital was an iconic project and that everyone had the desire to work.

The CHAIR — To be part of the project.

Mr O'SHAUGHNESSY — To be part of the project. It was such a great outcome and positive thing for the state. I think we were fortunate in such a way to be able to deliver a project where I think, not everyone wanted to work on it, but it had that emotional attachment to many.

The CHAIR — And as a worksite centrally located.

Mr O'SHAUGHNESSY — Centrally located, it was iconic and interesting, and people wanted to be part of it. That certainly helped, but at the end of the day their business was trying to make money to work there, so that is not part of that. We were fortunate in such a way.

Building a desalination plant or a prison might be a different issue in relation to availability of not only workers but also subcontractors and their appetite to either travel or whatever. So that is a long answer to a short question. From a labour and wage point of view, we were OK. We generally managed through that process OK, but I think there were other circumstances that helped us along the way.

Mr SCOTT — To follow up an issue that has been raised a number of times with a number of witnesses before the committee, I would be interested in the view of Lend Lease regarding the benefits of having an ongoing pipeline of infrastructure projects in terms of retaining within the Victorian economy the sorts of skills required to deliver large complex builds.

Mr O'SHAUGHNESSY — It takes a lot to apply the skills. If I can talk generally with regard to high-rise construction for residential, that is a market that has been well progressed. I remember a time when we had not done high-rise construction for residential apartments, and trying to get the skills for that was hard. But now that is there, it will continue. We have had complex health projects. We have had a pipeline of significant health projects through the last 10 years, and being able to continue that is very important to maintain skills and people there. It is fundamental to have a pipeline of work with those different types of projects and the skills that are required. It is fundamental to be able to look forward to attract the skills and to attract people to the state in order to keep them there.

Mr SCOTT — If I could follow up an issue of continuity, we have had evidence, including from the previous witness, about the benefits in this particular project of having continuity of personnel at a senior level from both the government side and the private sector. I would be interested in your views on this, particularly as they relate to communication and the ability to resolve issues as they emerge expeditiously and effectively. I think the term you used was that having a few 'grey hairs' around was also helpful.

Mr O'SHAUGHNESSY — And a few bald heads. Certainly. I mentioned two people from the department before: Tony Lubofsky, who is the project director and the head of the government's role, and also Jill Howard. Also Alex Campbell from the Children's Hospital and Tom and I maintain our presence throughout the project. That is absolutely essential. It is a very interesting question as to what would have happened if there had been a different change in personnel. I mentioned at the start that you can interpret things differently. People can have different approaches, and you have to work as a team in these things. So yes, it was very important.

Mr SCOTT — If I understood his evidence correctly, it was almost as if there was an intuitive understanding — that there was formal but also very important informal contact that developed because of the length of people's working relationships. Is that a fair description of what occurred?

Mr O'SHAUGHNESSY — Very much so. This may not be of relevance, but the project was a vast size and had a vast array of issues. We had a steering group at the top, which I was not involved in. I think they met quarterly. Then there was a project control group level at the site level, which did not have powers to make decisions. Then we had other meetings there. It is very hard to get a committee-like structure to run a project of 74 departments and three major user groups with the Murdoch and the Royal Children's. We instigated a lot of informality about getting together and getting discussions happening, and that certainly helped. You have to have the formality and also a bit of the informality to try and make sure you are on the pace. That was certainly advantageous to how we went forward, so that is a good point.

Mr MORRIS — You talked a little earlier, in your preliminary response to the Chair’s question, about labour cost. You talked about the way it is put together and then, once it is won, having to go back and rework the issues.

Mr O’SHAUGHNESSY — Yes.

Mr MORRIS — I was wondering about that aspect of it, and also the issue of any unforeseen or unplanned — clearly unplanned — problems that might have emerged along the way as well and whether, in your view, there might be a better way of handling those things. Because it seems to me that if you as a bidder are having to come up with the best price but there is a risk of things blowing out of your control post acceptance of the bid, then clearly that risk has got to be weighted and will be reflected in the ultimate cost of the bid and the price. From the point of view of the way the state manages the process, from your experience do you think there is a better way of doing it, or are there any lessons that came out of it?

Mr O’SHAUGHNESSY — It is a very good question. The challenge with the government in a process such as a PPP is to define the scope of works to a point where there is protection in relation to the government receiving what it set out to achieve and also to enable innovation in relation to the response. So the challenge for government is to try to find the right balance there.

These are not major issues, but I think in relation to the overall effectiveness of how a project can be delivered and in order to try to get the sharper end of the stick, so to speak, for government, which we are all after for the taxpayer dollar, probably in some areas there could have been more prescriptive documentation in the brief, in some elements where there was not the ambiguity. These are not major issues but things like what goes in a particular room or a room datasheet. I thought if some elements — I am getting into the micro-apologies — had been more refined it could have made things a bit clearer, the process a lot smoother and still protected the government.

So I think there are some minor issues through the design process and the briefing that if there had been a bit more of a definitive requirement, then the government would have achieved the same outcome but maybe the process may have been handled a bit more effectively. You correctly said that at the end of the day it is a risk equation in relation to our assessment of the projects, the appropriate risk, but it is a fine balance between innovation and prescriptive items.

Mr MORRIS — Just following on from that, I guess the danger of being more prescriptive is it then potentially stifles the opportunity for innovation in the response.

Mr O’SHAUGHNESSY — Correct. Absolutely. I suppose my focus was on some areas where the innovation is not going to be something that is prevalent, where at the end of the day, from the point of view of what is fitted out in a particular room, this hospital needs particular services. Maybe some of those things could have been defined. But you are exactly right: you need to be able to have the scope for innovation. I do not think the Children’s Hospital would have achieved all that it has achieved without the private sector being forced to innovate.

Mr MORRIS — I agree.

Mr O’SHAUGHNESSY — That is a good point.

Ms HENNESSY — To pursue Mr Morris’s theme and to reflect on your evidence, Mr O’Shaughnessy, some of the evidence that has been put before the committee in respect of the RCH has been that actually having some flexibility — that is, less prescription — was actually an advantage, not just from an innovation perspective but also in terms of the relationship and capacity to address and resolve issues. I think that is interesting. Secondly, just on the issue of innovation, I understand that you recently won two awards in respect of your contribution to the project. Is that correct?

Mr O’SHAUGHNESSY — Yes, we have won a few.

Ms HENNESSY — Can you just take us through what those awards were, given that innovation is an incredibly important part of why this project was so successful?

Mr O'SHAUGHNESSY — Yes, we were lucky enough to achieve the Australian Property Institute award for property development and environmental development award. The project has been successful in some areas, including in architecture awards internationally and locally, so that has been an achievement. Yes, we have been very fortunate to be able to have some of the areas and issues showcased.

Ms HENNESSY — What do you think drove that innovation, just to pick up on your final comment in answer to Mr Morris's question?

Mr O'SHAUGHNESSY — In the bid phase I suppose you are always looking for the edge; you are looking for something that is a bit different. As a pure building graduate, from my point of view PPP is the purest form of delivery. You have to be responsible. It is not the other forms of procurement where you are responsible for a design and construction solution and you walk away at the end — you are really forced to provide a solution that lasts 25 years and beyond. In your response you are forced to look at a whole-of-life analysis of items such as tri-generation power generation, building materials and facade systems. You are forced to look at the longer term because your response has to take a 25-year perspective in relation to the answers that you give.

From a pure building theorist perspective, that is the purest way to deliver it. I have been involved with many projects through the years and I would like to think Lend Lease looks beyond the project timeline. But you really are asked to look beyond the scale here. It forces you to look at a whole-of-life answer. Some of our solutions like tri-generation, biomass boilers and water storage were not just gimmicks we just came up with; they were actually proven. Blackwater treatment plants and all that were proven to be answers that lasted for 25 years and provided a whole-of-life answer, not only for the consortium, for the Children's Health Partnership, Spotless and Lend Lease, but also for the state from the point of view of energy and other costs, so that drove the innovation.

Ms HENNESSY — Terrific, thank you.

Mr O'BRIEN — Thank you very much, Mr O'Shaughnessy. I would just like to pick up on something you said in your opening. It is a question we have explored with other witnesses who have worked on successful and unsuccessful projects. You talked about the importance of a comprehensive and strong brief. As far as the government or the procurement side of things, there has been some discussion about the importance of a comprehensive business case and what that entails.

In particular we heard some evidence about the importance of a sound set of assumptions and wherever possible having those assumptions founded on a proper stakeholder basis. Just on the Lend Lease project, without any criticism of Lend Lease but in relation to another project with which Lend Lease was involved we heard evidence about the Melbourne Markets relocation. Essentially the evidence from the secretary of Major Projects Victoria were that if they had that time again the lessons learned included that the difficulties in doing a major project are compounded when there is stakeholder resistance.

We had evidence from the hospital about the importance in the design phase of stakeholder consultation — from the clinical staff down to patients, including children — in terms of some of our input. I would like to draw out some specifics and ask you to make some general comments. To be consistent I would like to read you a quote from the Victorian Auditor-General's report on the importance of the business case. It states:

Clear and sound advice was provided to government during the decision-making process to commit to and invest in the project. The business case was comprehensive and incorporated the key information and analysis required by Partnerships Victoria and other guidelines. It included transparent analysis of options, including procurement options, as well as risk and project management issues.

Could you just elaborate in relation to this project and perhaps by contrast to some other projects or models of delivery on the importance of a comprehensive business case process in procurement?

Mr O'SHAUGHNESSY — Sure. It is really just my opinion. I was not involved in the business case development of any of those projects so I cannot really comment in relation to those, albeit to say that in the master planning of a project, in the early stages, in order to get a project to a decision point to form a procurement model and a brief which informs the process, it is extremely important that the information that is gathered, which is generated in a lot of cases by government and by consulting with groups and whatever, is at that time accurate because that is obviously where the pathway starts. That is the opening of the door, and once that is done, if that information is incorrect and some of the assumptions in relation to the user requirements and

the assumptions in relation to the cost of a project at those early stages from a master plan point of view are incorrect, then there will be a process that will start that is very difficult to get back to requirements.

Not having been involved in too many but having been involved in reviewing master plans that have led to decisions for project procurement methods, it is extremely important that the government gets the correct advice to make sure that when they start that pathway it has the chance of being delivered. It is an extremely important part.

Mr O'BRIEN — Thank you, Mr O'Shaughnessy. In terms of any specifics in relation to this project, do you have any practical examples of perhaps leading through the management of the whole contract but where you could identify that there had been specifically sound planning, and you may have been mildly impressed that issues had been thought through and that had consequences in the management of them as they were in the construction phase, that you were involved in?

Mr O'SHAUGHNESSY — To talk about some specific issues, in relation to, say, the planning of the wards and the way the brief was developed, the government and the hospital had spent an enormous amount of time, I could see, with users in relation to how wards were set up, the single-bed rooms, in relation to the acute rooms and how they were set up — the critical care rooms — and there was enormous discussion with the users who were going to use the facility in relation to the formulation of that brief.

Through the project, there was some discussion in the media and from some of the staff about whether single-bed rooms and the location of particular arrangements were appropriate or not. Observing it from a step away, you could tell that the government and the users and the hospital had done the homework and they were prepared. They knew there were some objections, but they knew that through the user group process and acceptance that they had the support of the majority of the staff.

You obviously cannot please everyone, but it was pleasing to see, from those discussions, when we bought the users through the facility that they were happy with the decisions that had been made in the business case development phase and in developing the brief. That was tremendously comforting to know that they had done the work to be able to support the decisions that had been made from a brief point of view, and I think that was probably the best example I could see that the government had really got the right team to get the right outcome.

Mr O'BRIEN — Just one other example, if I could, to draw it out. It was something that you touched on earlier when you talked about the importance of life cycle management, particularly in relation to environmental efficiency. We have also heard evidence in a previous session of these hearings in relation to some of the problems with the centralised rollout model, particularly in relation to the BER projects on how the project management did not have the stakeholder consultation. There were things like unsympathetic designs in relation to energy efficiency and heating issues which would have life cycle costings all the way through. I know you have had some innovation and awards for your energy efficiency.

Could you tell us generally about the importance of that life cycle planning to be driven by the stakeholders on the site who know, because on the back of the BER there was evidence of successful ones that occurred where there was greater involvement from the school councils and stakeholders and school management, so that they could have input into those efficiency issues rather than a more centralised model delivered down. Are you able to draw upon any specific evidence in relation to that?

Mr O'SHAUGHNESSY — I have not had much experience in the school projects, so it is difficult for me to comment other than in relation to the process I have explained, together with the 25-year life cycle, the whole-of-life cycle, that was really driven by the consortia in relation to coming up with a way of managing the hospital for a 25-year process. It was not, as such, involvement with the users in those decisions, about some of the decisions from a probability of performance, it was more driven by the consortia. I cannot really comment in relation to the BER, I am sorry; I have not had the history of that.

Mr O'BRIEN — Thank you for that answer.

Mr SCOTT — You have touched on with PPPs the benefits, in a sense, of incentivising a long-term management of the site, but I would be interested to know the risks that were transferred to Lend Lease as part of the contractual arrangements and your experience of that process.

Mr O'SHAUGHNESSY — We had to provide an offer where we had to respond to the brief. We had to put together our preliminary proposal for the project, and we obviously had a contract to adhere to. No matter what we had there, the requirements were for us to deliver the higher of those requirements. From an overall responsibility, from a risk point of view, the risk of the design and construction and the user group involvement, and their output and their feedback, it was our total risk to deliver.

There were some issues of risk, some issues of some contamination and some other risks that we were not asked to take, but generally with regard to the bundling of the design and construction responsibility; the interpretation of the brief, the Department of Health guidelines, the Australasian Health Facility Guidelines and various standards and whatever, we were asked to cover and take all those risks. There was significant risk transfer that we were responsible for.

The CHAIR — Can I just clarify: that risk transfer is to the consortia and through the consortia to Lend Lease. It is not a direct risk transfer from government to the constructor? It is indirect.

Mr O'SHAUGHNESSY — No, it does go through another party. You are right.

Mr SCOTT — That was a point that I was going to go to, but I will pick up another point. In dealing with the risk, when issues arose related to the matters where risk is being transferred to Lend Lease, was the good communication that had developed between both Lend Lease and the consortia and government — both the hospital and the department — useful to have both formal and informal dialogue in ensuring that those issues were handled in the most effective way?

Mr O'SHAUGHNESSY — Absolutely, yes, it was fundamental. When you go through as these processes evolve, as you have probably been aware, the documents are written in such a way that it covers the eventuality that something bad is going to happen. You have a choice as a leader of a project as to how are you going to manage it. You can use the documentation to wield a heavy stick and to form a relationship where there is an adversarial-type basis, or you can choose a conciliatory path, a participatory path.

I am repeating what I wanted to say, but having that ability to communicate when there are issues that arise that have difficulties from all sides — from government having issues in relation to areas where something has changed, a department's requirement may have changed, it might be later in the piece — we had a number of issues where things changed on that project: brief requirements for emergency and imaging, and some areas changed and late decisions, and we did not have one dispute. We did not have one extension of time from that. That was our Lend Lease philosophy: to try to work within reason with those changes to try to get a result that would provide the right outcome.

We were flexible and when we had difficulties ourselves with particular issues the government, the support team from the department, had a flexible approach to be able to look at things from a whole common-sense point of view, so that was very important. It is easy on a project that goes quite well.

Mr SCOTT — I suppose what I am getting to is: did the fact that you had those relationships in place in terms of managing the issues of transfer of risk assist the project to go well? It is a bit of a 'chicken or egg', but it is actually germane to the purpose of this inquiry. In your view, did that assist issues as they arose? Did it assist them to not go off the rails, because you had that communication?

Mr O'SHAUGHNESSY — It certainly assisted us. We had a responsibility to deliver aspects of the project, and the government made us deliver those aspects of the project. There were no free kicks given, but certainly the relationships and the ability to communicate can give you a way to resolve. Certainly it was of benefit to us. I hope I have answered your question.

Mr ANGUS — Mr O'Shaughnessy, in your role as the project director, were you involved then with the financial side of things?

Mr O'SHAUGHNESSY — Apart from making sure that I delivered the project within the budget that was established for me, no, not in relation to the finances of the project. I was not involved.

Mr ANGUS — Okay. Thank you.

The CHAIR — Mr O'Brien always has something to say.

Mr O'BRIEN — Not always. I only ask, if there is more time, if you have any particular lessons learnt for us on other matters in relation to the way the government can deliver major infrastructure projects efficiently, particularly on time and on budget, with innovative services.

Mr O'SHAUGHNESSY — That is a very general question. There are various methods of procurement that are appropriate for various types of projects with varying risks. There are many different ways, and I think the way that government chooses those procurement methods is a very important function the government has in relation to those. It is not one size fits all. The government has a very large responsibility to converse with the private sector in order to seek advice on what the best delivery method is. Government has a huge responsibility there. On this project I think it was the right answer — a PPP getting the private sector involved — but on others it may be a different scenario.

Mr O'BRIEN — Thank you, Mr O'Shaughnessy.

The CHAIR — I think everyone is done — too many good answers! It was very helpful, particularly at the end of day, to have a witness who is talking very positively about a very positive project; it is helpful to reinforce that not everything the government does goes wrong! Thank you very much for your evidence today. You will receive a copy of the transcript, and if you can respond with any corrections, it will be posted on the website. Thank you very much, and this closes the hearing.

Committee adjourned.