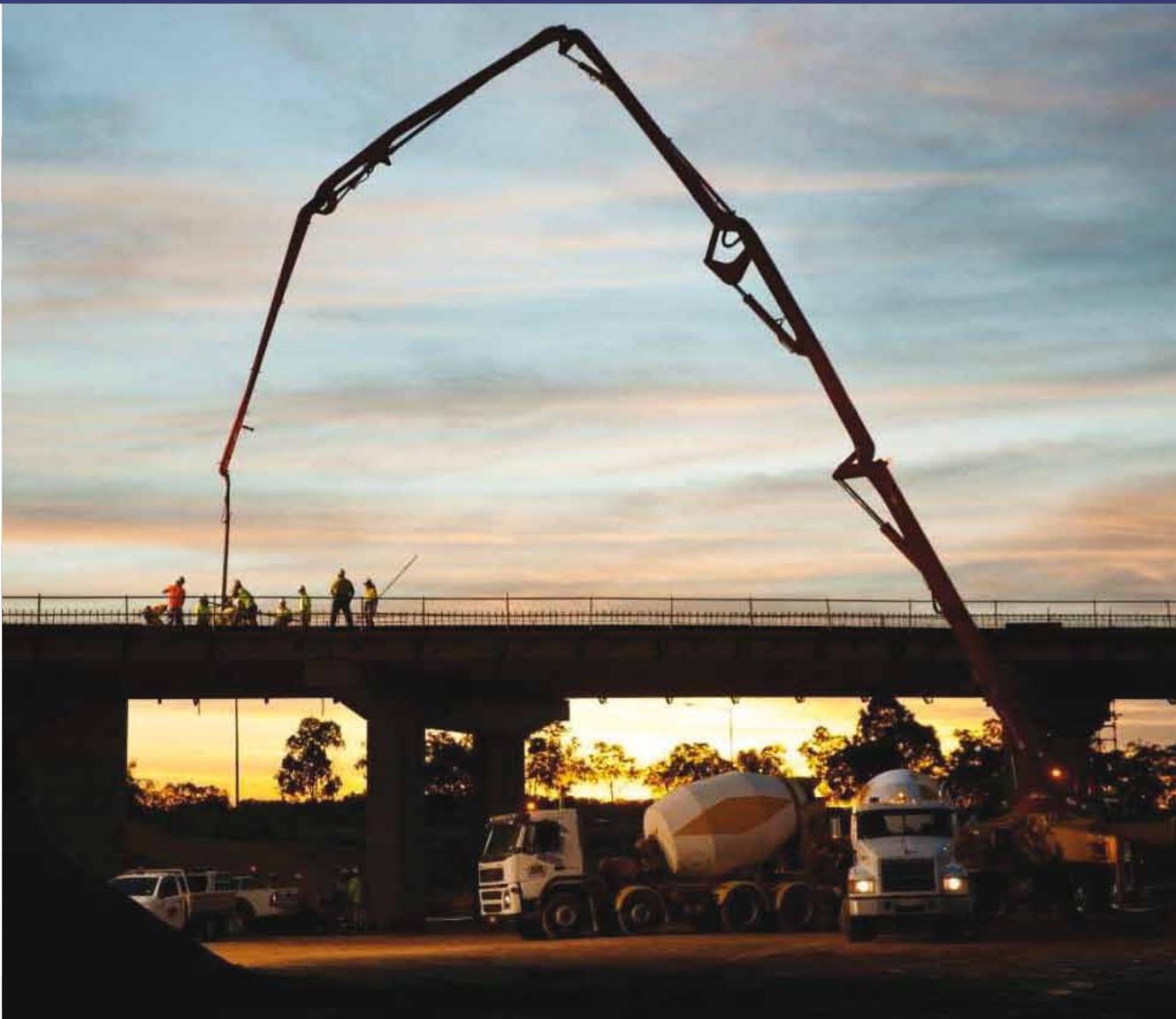




Australian Government  
Department of Infrastructure and Transport

# Infrastructure Planning and Delivery: Best Practice Case Studies

DECEMBER 2010



## Acknowledgements

### **Many thanks to the following organisations for providing case study photographs and images:**

Port of Melbourne Corporation – Channel Deepening Project, Victoria  
Roads and Traffic Authority, New South Wales – M7 motorway, NSW  
Department of Transport, Energy and Infrastructure, South Australia – Northern Expressway, SA  
Southbank Institute of Technology, Queensland – Southbank Education and Training Precinct, QLD  
Department of Construction and Infrastructure, Northern Territory – Tiger Brennan Drive, NT  
WA Water Corporation – Southern Seawater Desalination Plant

## Disclaimer

© Commonwealth of Australia 2010

ISBN 978-1-921769-18-4

December 2010/INFRA-1038

### **Indemnity statement**

The Department of Infrastructure and Transport has taken due care in preparing this report. However, noting that data used for the analyses have been provided by third parties, the Commonwealth gives no warranty to the accuracy, reliability, fitness for purpose, or otherwise of the information.

Published by:

Department of Infrastructure and Transport  
GPO Box 594, Canberra ACT 2601, Australia  
Telephone (international) +61 2 6274 7000

## 4

## M7 motorway, New South Wales



### 4.1 Project overview

The opening of the M7 in December 2005 closed a significant ‘missing link’ in the Sydney orbital road network.

Previously named the Western Sydney Orbital, the motorway met an identified need to link the M2, M4 and M5 motorways and this has been reflected in the strong patronage since its opening.

The M7 is four lanes and 40 kilometres long (Sydney’s longest motorway), with dual carriageways in both directions. A wide central median exists to cater for future transport needs. At the time of construction it was Australia’s largest urban road project.

The M7 was procured by the NSW Roads and Traffic Authority (RTA) under a PPP. This approach was similar to the method undertaken for other Sydney motorways, and allowed the NSW Government to transfer the majority of the risks of construction and ownership to the private sector. The winning consortium was Westlink Motorway, which included road constructors Abigroup and Leighton Contractors, tolling and customer management operator Transurban and motorway investor Macquarie Infrastructure Group. This consortium structure was unique at the time, being the first to include a tolling and customer management operator as an equity investor.

Key features include:

- A fully electronic, distance-based, toll, the only distance based toll road in Sydney
- Avoidance of 48 sets of traffic lights along the length of the motorway (resulting in reduced travel times)
- Provision of a 40 kilometre separated cycleway and walking track.

Infrastructure Partnerships Australia (IPA) has credited M7 as ‘a highly successful example of a true public/private partnership. It was strongly supported by all levels of Government – Local, State and Federal’. For example, the Steering Committee included representatives of both the State and Commonwealth governments, and there was a close working relationship between the Commonwealth and State throughout the project.

A Review Panel made up of representatives from State and Commonwealth governments was established to oversee the M7 project. This allowed the State and Commonwealth governments to be informed on the progress and activities, which generated a sense of ‘ownership’. This integration was demonstrated in the announcement by the NSW Minister for Roads and the then Federal Minister for Transport and Regional Services relating to the preferred proponent.

**Figure 2: The Westlink M7 motorway and the Sydney major road network**



## 4.2 Objectives, costs and benefits

### Objectives

The benefits of the project focus on the contribution to mobility, freight transit and new employment in Western Sydney. As the project’s sponsor, the RTA identified a number of benefits to the community including:<sup>31</sup>

- Safer and more efficient road transport for both passenger vehicles and freight in Western Sydney
- Better access to employment opportunities for the people of Western Sydney, through the provision of links between existing and future industrial and residential areas
- Stronger economic growth within Western Sydney, with further investment in the area being encouraged by potential savings in transport costs
- Reductions in the number of heavy vehicles using local roads
- Better air quality and less noise in key residential areas
- Faster travel times between key Western Sydney suburbs.

<sup>31</sup> Westlink M7 motorway: summary of contracts, RTA, 2003

The RTA performed a detailed cost-benefit analysis before proceeding to procurement of the project. The analysis captured the initial and recurring capital costs, operation and maintenance costs, road user benefits (savings in vehicle operating costs, travel time, and accident costs), pedestrian benefits and environmental externalities.

The analysis confirmed a net present benefit for the project of \$4.6 billion, and a benefit cost ratio of 3.4.<sup>32</sup>

## Outcomes

The motorway was launched eight months ahead of schedule; and the electronic tolling system 10 months ahead of schedule. It has proven to be a catalyst for development in Western Sydney, meeting the objectives of employment and economic growth. The M7 has contributed to, and benefitted from land use changes along the motorway corridor, and from the prioritised North-West and South-West Growth Areas.

No post-completion outcomes study has been performed specifically on the M7. However, in 2008 an Ernst and Young report commissioned by Transurban found that the net present value of the Sydney toll road network was approximately 15% higher than estimated in the cost benefit analyses of the original motorways. This was attributed to a number of factors including higher than forecast environmental benefits and higher than forecast traffic flows.

Six months after tolling commenced on the motorway, Westlink Motorways commissioned the market research firm UMR to undertake a telephone survey of 600 western Sydney residents. Approximately 75% of respondents were of the opinion that the M7 was either 'very positive' or 'somewhat positive', with only 6% expressing a negative view.

Whilst actual traffic flows on the M7 have fallen below initial forecasts, the increased average journey length, and an extended ramp-up period than forecast (with traffic still growing at 6–7% per annum, five years after opening) have ensured that the motorway achieves its financial objectives.

## 4.3 Governance, delivery and procurement

### Policy and planning

#### Conceptual planning over several decades

The evolution of the M7 can be traced through a policy and planning process that stretched over four decades.

The concept of a north-south freeway-standard link in Western Sydney was first proposed by the NSW Department of Main Roads in the 1960s.<sup>33</sup> The *Sydney Area Transportation Study* in 1974 proposed the need for an outer metropolitan highway and confirmed a corridor for its route. The route was further refined in the *Liverpool to Hornsby Highway Strategy Study Final Route* of 1993.

The preferred route was announced by the Commonwealth in April 1994, some nine years before the commencement of construction, and seven years before registrations of interest were sought from the private sector.

A feature of the planning and inception stage was the degree of community consultation that was undertaken. In 1998, consultation was undertaken regarding preliminary designs and features. Changes to the route aimed at minimising environmental impact were made as a result of these consultations.

---

<sup>32</sup> *ibid*

<sup>33</sup> Westlink M7 motorway: summary of contracts, RTA, August 2003



### Policy prioritisation

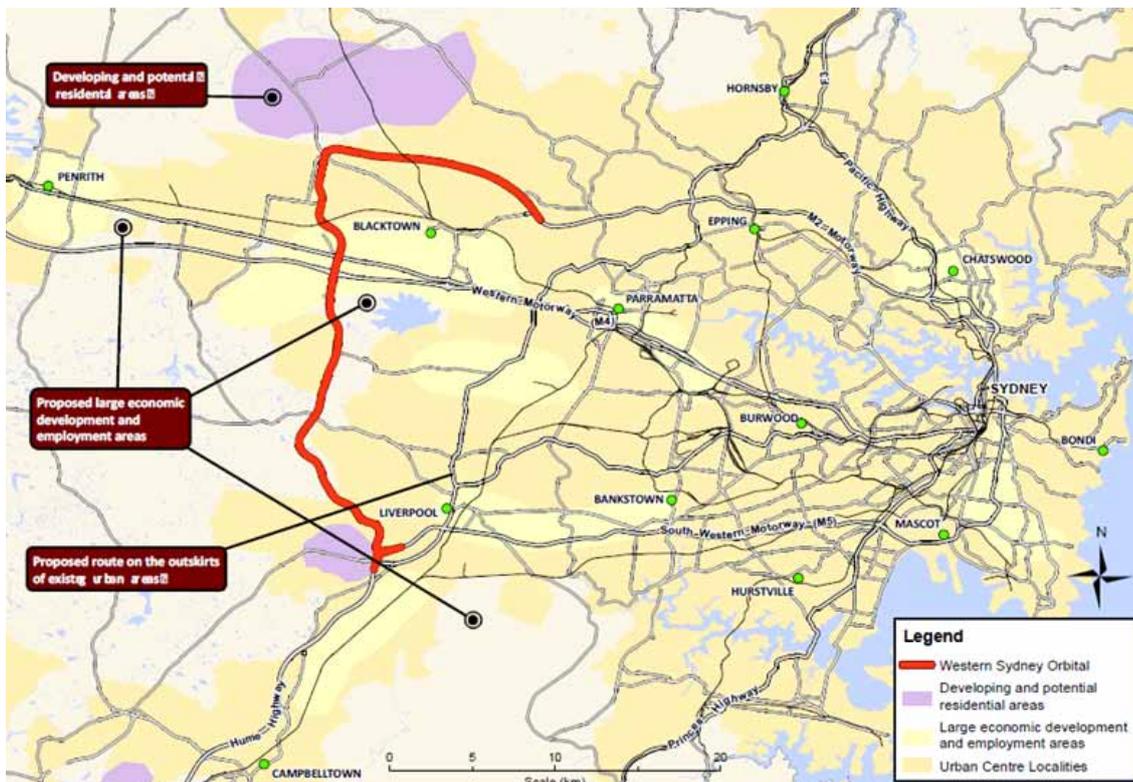
Released in 1998, *Action for Transport 2010 – An Integrated Transport Plan for Sydney (Action for Transport 2010)* set an objective to deliver 21 projects on a 10 point action plan for the Sydney transport network.

At the time, western Sydney was expanding rapidly through Greenfield development. The existing train lines heading West and Southwest provided transport to Parramatta and the city, but did not provide connections for residents to workplaces also in the western suburbs.

Recognising this need, *Action for Transport 2010* identified the M7 as a priority project with target delivery by 2007. The alignment for the road was predominantly Greenfield land at the time of its development, but it ran alongside regions earmarked by the NSW Government as residential and industrial growth priorities.

The plan highlighted the potential for the M7 to improve the competitiveness of freight and play a role in meeting the transport needs of Sydney’s growing western suburbs. The following figure shows the M7 in the context of the prioritised growth areas.

**Figure 3: Extract from Action for Transport 2010. The prioritised growth areas surrounding the proposed M7 are identified**



### Key project insights – Policy and planning

- Conceptual planning occurred over several decades (can be traced back to the 1960s). The project was foreshadowed in several preliminary planning documents, allowing some expectation in the community and industry that a motorway would be developed in the future.
- Inclusion of the M7 in the *Action for Transport 2010* plan gave priority to the project. Although briefly, the plan set out the motivation behind the project and committed the Government to a target delivery date. The plan gave preliminary indications of the how the project would be funded.
- The project was delivered ahead of time. The procurement process for the motorway commenced three years after the release of the *Action for Transport 2010* plan and the project was opened in December 2005, a full year ahead of the 2007 target.
- The M7 became a catalyst for the development of an industrial corridor through Western Sydney. As a vital link with other motorways the M7 delivered significant time savings for freight transport which could now avoid using the Cumberland Highway, a congested main road. Western Sydney communities with limited mass transport options now had numerous route options available to shorten travel time between homes and new places of work.

## Business case development

The *Action for Transport 2010* plan recognised that delivering these projects would require investment through ‘productive partnership between all levels of government and the private sector’. It also speculated that the M7 was a project of national significance, and thus financial responsibility for its delivery should rest with the Commonwealth Government.

Development of the business case commenced in 1994 when the then Federal Minister for Transport announced plans to undertake an Environmental Impact Study. Funding for pre-construction activities was later announced in 1996.

It was not initially envisaged that the M7 would be a toll road. This possibility was raised by the Commonwealth Department of Transport and Regional Services in 1999. While the M7 was to form part of the National Highway system, and therefore be funded by the Commonwealth, funding was not available in the short- to medium-term. Consequently the RTA commenced exploration of tolling options and the impact a toll would have on traffic flows.

The project was released to the market in 2001 as a Build Own Operate Transfer (BOOT) PPP. It received \$360 million in funding from the Federal Government in acknowledgement of its status as an important connection in the National Highway network. The funding was provided on the basis that there was no incremental toll for freight vehicles.

### Key project insights – Business case development

- Analysis demonstrated that the motorway could be commercially viable as a toll road. By procuring the toll road PPP the infrastructure delivery could be accelerated as opposed to under full Government funding.
- Delivered as a PPP, the M7 involved the investment of \$2.23 billion of private funds into public infrastructure. Of the 21 projects identified in the *Action for Transport 2010* plan, this received the largest investment of private funds.
- Although not fully funded by the Federal Government, funding support of \$360 million was provided to the project as a replacement for the Cumberland Highway in the National Highway network.

## Procurement model and risk allocation

As part of the BOOT PPP, the private sector parties took responsibility for financing, planning, designing, constructing, commissioning, operating, maintaining and repairing the M7 over a 34 year concession period.

This procurement model has been applied, with some evolution, to nearly all of the projects in Sydney's toll road network.

## Procurement process

The use of privately financed projects (also known as PPPs) has existed since the Sydney Harbour Tunnel project in the mid 1980s. While the model has evolved through a number of toll road procurements, the first extensive guidelines were published in 2001 – *Working With Government: Guidelines for Privately Financed Projects*. These guidelines set out best practice for the procurement process and allocation of project risks for both economic and social infrastructure.

In accordance with the *Working With Government* guidelines, procurement of the M7 followed a rigorous staged process. Registrations of interest were invited from private sector parties in July 2001. Responses were received from three consortia, and after evaluation, all three were issued formal requests for proposals in November 2001.

Fully developed proposals were received from all three consortia in March 2002 and a detailed evaluation process commenced. Following best practice, the comparative value of each response was evaluated against a public sector comparator, developed before the bids were received, and presenting a hypothetical, risk-adjusted estimate of the cost if it was financed by the public sector. The evaluation also included a non-price assessment which followed a predetermined set of weighted criteria.

The evaluation was governed by an experienced evaluation panel supported by legal and financial advisors, a review panel and a probity auditor.

This detailed process is considered to be best practice for PPP procurement. From the state's point of view, the process gives comfort that the winning bidder is providing a competitive price that represents value for money. From the private sector view, the process has sufficient clarity, certainty, probity and review to justify their full commitment to the tendering process.

The successful proponent was selected in October 2002, 11 months after the issue of the request for proposal. At the time, completing the procurement process in 11 months represented best practice.

The summary of contracts released by the RTA in August 2003 advised that 'the delivery of the project by the private sector, in accordance with the [agreed] rights, obligations and risk allocations...is expected to result in a significant net financial benefit to the RTA, with the financial costs of the project to the RTA being outweighed by a substantive transfer of risks to the private sector and by an upfront payment to the RTA that had to be (and was) made by the private sector participants on 14 February 2003'.



## Features of the procurement model

Inherent in the model for economic infrastructure was a policy of 'no cost to Government', where the risks of construction cost and financial performance were transferred to the private sector.

The BOOT procurement model provided the following benefits to Government:

- Neither state nor federal funding existed at the time to deliver the project. Procurement under the BOOT model brought private investment which could deliver the project ahead of the target set in the *Action for Transport 2010* plan.
- Under a BOOT arrangement, most of the material risks could be transferred to the private sector in exchange for them having the right to collect tolls. The competitive tendering process drove innovation in design that may not have been achieved under a typical design and construction contract.
- Provision for the RTA to share in toll revenue that exceeded 105% of forecast revenue, allowing the RTA to benefit from any revenue upside in excess of the traffic forecasts.

The BOOT arrangement also included benefits the private sector could realise through the efficient delivery of the project. These included:

- Constructors were entitled to an early completion incentive payment. In total, \$69 million of incentive payments were made.<sup>34</sup>
- Early completion resulted in less capitalised interest on the project debt than was forecast. The owners were then able to refinance the project with a more attractive financing package, improving their return on investment.

### Key project insights – Procurement model and risk allocation

- The project was viable as a standalone commercial operation. The fundamentals underlying the growth of Western Sydney could sustain the project as a commercial venture, capable of being financed at a toll level which was affordable to motorists.
- Private investment can be used to bring forward infrastructure: the use of the BOOT PPP model allowed the motorway to be delivered when full government funding was not available.
- The BOOT model has inherent benefits to Government in the allocation of risk to the private sector. Under this model, Government could transfer the significant toll road risks of construction, tolling operations and traffic forecasts to the private sector.
- The precedents established in delivery of the M2, M4 and M5, along with the release of the *Working With Government* guidelines provided a framework for efficient risk allocation and competitive bidding to drive innovation and value.
- The BOOT PPP model provides incentives for private sector innovation.
- With the financial performance of the project dependent on patronage, several innovations in distance-based tolling and community engagement were delivered that may not have existed under other procurement methods where a similar incentive over the life of the project does not exist.

<sup>34</sup> Early completion performance bonuses were paid to Transurban (\$8.3 million) and the Abigroup Leighton Joint Venture (\$61 million) for delivery of the tolling and customer service system, and design and construction services, respectively. Source: Transurban Annual Report 2006.

## Project governance

In the BOOT model, project governance is formalised in the Project Deed and associated project documents. Together these documents cover all contractual obligations on the private sector and Government. The documents also govern the requirements for ongoing service delivery, including service levels and the calculation of tolls.

The core contract for the M7 is the *Western Sydney Orbital Project Deed* which was entered into with the RTA on 13 February 2003.

The private sector participants formed two companies to enter into the Project Deed with the RTA – *Westlink Motorway Limited* and *WSO Co Pty Limited* ('the Project Company').

Separate subcontracts were entered into by the Project Company to allocate its obligations to separate special purpose companies. The obligations to operate, maintain and repair the motorway were allocated to WestLink (Services) Pty Ltd. The obligations for tolling and customer management were allocated to Transurban Infrastructure Developments (WSO) Pty Limited.

### Key project insights – Project governance

- The governance of the project is established contractually by the Project Deed between the RTA and the Project Company. This clarifies the role and obligations of the private sector consortium and the RTA.
- The Project Deed sets out the governance and obligations over the whole life of the project, including the operating term. This structure is often absent from other procurement models that focus only on the construction phase.

## Post-construction monitoring

Ownership and operation of the project until February 2037 is governed by specific service level and reporting obligations detailed in the Project Deed, including:

- All lanes are kept open at all times, regardless of whether tolling systems are operational (with certain exclusions such as repairs or emergency response).
- Responsibility for the ongoing maintenance and repair of the motorway, control centre, plant and equipment, and the project's local road connections.
- Compliance with the conditions of the Minister for Planning's approval of 28 February 2002. In particular, the project is required to prepare periodic independent Environmental Impact Audit Reports to assess the extent to which actual impacts reflect the predictions made as part of the planning approval. These have been prepared after 12 months and two years of operation, and a third report is scheduled after seven years of operation.

### Key project insights – Post-construction monitoring

- The obligation to repair and maintain the motorway incentivises the construction to a degree of design and quality that minimises the ongoing costs. This incentive is less apparent under traditional design and construction or alliancing contracts where the obligation to repair often ends after a pre-defined defect rectification period.
- The Project Deed clearly defines the obligation of availability, safety and service that must be maintained over the life of the concession.
- The requirement to periodically review the environment impacts demonstrates a commitment to transparency and monitoring that is not required of other public roads.

## Attention paid to wider risk management issues

One of the most successful aspects of the M7 is how it has developed goodwill and engagement with the local community, with the project demonstrating a genuine attempt to engage with the community in a meaningful way. The M7 was launched amid public controversy around the use of private investment in infrastructure, the progressive tolling of road corridors in Sydney, and the traffic channelling that was performed through the closure of public roads that were an alternative to toll roads. With such concerns in the community, the NSW Premier at the time commissioned a review of the provision of motorways in NSW.

Although the M7 was launched the same month the Premier's report was released, many of the recommendations were already apparent in the successful manner and model being adopted by M7's private consortium.

## Addressing community risk during construction

Prior to construction commencing, five Community Liaison Groups were established to ensure that the members of the community closest to the construction were properly informed of the planned construction in their neighbourhood and to assist in mitigating any impacts. In total, there were well over 120 Community Liaison Group meetings conducted that contributed to a better project and the feedback from the residents involved was very positive.<sup>35</sup>

## Responding to traffic risk – Communicating the benefits of distance-based tolling

Fixed-price tolling encourages motorists to make assessment on whether the fixed toll they will pay is representative of the journey they wish to make. A motorist who wishes to make a short journey only may feel the full toll is disproportionate. In these situations the decongestion benefits of the motorway are not realised.

The M7 was Sydney's first distance-based electronic toll road. Market research identified a lack of understanding as to how the new system would work, and the benefits it would provide.

Unlike other motorways, the toll for the M7 was publicly announced by the RTA several months before the opening of the motorway. This strategy allowed an extensive community information campaign that could communicate the value of short journeys to users and the community, rather than focusing on the price.

A key initiative of the communications team was the creation of an interactive toll calculator on the M7 website. This allowed online visitors to enter their entry and exit points along the motorway's 17 interchanges and see the toll they would pay.<sup>36</sup> With approximately 50 different tolls being applied across a variety of potential trips,<sup>37</sup> the complexity had the potential to confuse motorists. The website calculator helped communicate the message of per kilometre tolling (initially at 25 cents per kilometre), capped at a maximum of 20 kilometres.

Local press were also encouraged to test the interactive calculator, allowing them to report factually on the toll for different journeys. This strategy proved very successful in communicating the message on distance based-tolling.

<sup>35</sup> Infrastructure Partnerships Australia. Infrastructure Partnerships Australia Case Studies Westlink M7, Sydney.

<sup>36</sup> RTA, Westlink M7 motorway: Summary of contracts, August 2003.

<sup>37</sup> Infrastructure Partnerships Australia. Infrastructure Partnerships Australia Case Studies Westlink M7, Sydney.

### Addressing the community risk of cash-less tolling

The M7 was the first Sydney toll road without the option to pay cash. Whilst essential to the operation of distance-based tolling, this required motorists to obtain an electronic tolling transponder or face a higher toll.

As the tolling and customer management operator, Transurban undertook a comprehensive research and community consultation process to develop a business plan for the electronic tolling system that met the different needs of regular and casual road users.

Marketed under the Roam brand, the products and pricing were released to the market two months prior to the opening of the motorway. Demonstrating further engagement with its customers, Transurban sought and received the endorsement of the motoring advisory group NRMA for its Roam tolling products.

Included in an Infrastructure Partnerships Australia case study of the M7 was the following commentary from NRMA President Alan Evans:

*'Westlink M7 have thought about Sydney motorists when structuring their tolling products and have shown good faith as suggested by NRMA Motoring and Services by offering a month long toll free period.... Let's hope that future motorway projects follow the example set by Westlink M7.'*

### Engagement with the community

In November 2006 the Blacktown City Council awarded Transurban and the Westlink Motorway Limited its Joint Corporate Citizens of the Year for 2007. The Mayoral Minute announced the award to 'two organisations, which individually and collectively have made an enormous contribution to [Blacktown City], the Council and the Citizens of Blacktown over the past several years and to its future economic development'. Of particular mention is the inaugural General Manager of Westlink, Flan Cleary, who quickly sought to become part of the Blacktown community, undertaking key sponsorships that enabled the Council to bring the Sydney Symphony Orchestra to the City, sponsorship of the Council's annual Art Exhibition, and becoming a key partner in the reintroduction of the Cities Marathon (with the inaugural Westlink M7 Cities Marathon held in 2006).

#### Key project insights – Wider risk management issues

- The establishment of community liaison groups during the construction phase assisted in addressing and managing unnecessary impacts on the local residents.
- Focused market research identified a need for more information in the community on the benefits of distance based tolling. Letterbox-drops, public information meetings, community information booths and the website were all used to communicate the route and explain the benefits. The success of the messaging was tested by the results of ongoing research.
- Bringing forward the release of the tolling structure, aided by an interactive toll calculator, allowed the community to appreciate the benefits of distance-based tolling in their own situations. This was found to be more useful than communicating time-savings, which will vary depending on the length of each motorist's journey. Local media helped to inform the public of the interactive toll calculator.
- The M7 management demonstrated a genuine willingness to engage with the community and contribute as a good corporate citizen.



## 4.4 Summary of key conclusions

The factors contributing to the success of the M7 fit in to four overarching themes:

### 1. The project demonstrated superior engagement with its community:

- Demonstrated genuine and meaningful engagement with the community during construction, implementation, and ongoing operations.
- The establishment of community liaison groups during the construction phase assisted in addressing and managing unnecessary impacts on the local residents.
- Focused market research identified the information gaps in the communications strategy around distance-based tolling. Ongoing market research proved the benefits had been communicated successfully.
- Bringing forward the release of the tolling structure, aided by an interactive toll calculator, allowed the community to appreciate the benefits of distance-based tolling in their own situations. This was found to be more useful than communicating time-savings, which will vary depending on the length of each motorist's journey.

### 2. The project was in the public's interest:<sup>38</sup>

- The motorway was located in an area of Sydney that was growing rapidly through land use changes, and which was surrounded by NSW Government prioritised growth areas. The area had limited access to public transport or major arterial roads.
- The Western Sydney section of the Sydney orbital network was in the development pipeline for four decades, with preliminary route plans existing from the 1960s. The level of growth (especially from new industrial parks) was now sufficiently underway to sustain the development of the 'missing link' of the orbital network.
- There was no route-channelling or closure of alternative roads to generate traffic on the motorway. This demonstrates the motorway was a viable project on a standalone basis and public confidence was not harmed by maintaining existing roads.
- The implementation of distance-based tolling provided value to local motorists who could use the motorway for short journeys and pay a toll that was commensurate to their journey.

<sup>38</sup> The revised Working With Government Guidelines issued in 2006 includes the requirement to manage the public interest. This is now referred to as the Public Interest Test (PIT) and it must be issued with the expression of interest, and updated and submitted to NSW Cabinet throughout the tender process.

### 3. The procurement process following a structured approach to demonstrate governance and deliver value for money:

- The procurement process followed the *Working With Government* guidelines which provided the framework for a complete evaluation process, ensured rigorous and defensible evaluation of proposals, and ensured the value for money was tested against a public sector comparator.
- Inherent in the PPP BOOT model was the transfer of the majority of the project risks to the private sector.
- The Project Deed formalised the obligations of the Government and Westlink Motorways and set out the governance of the project over 34 years of construction and operations.

### 4. Utilisation of private financing:

- The project mobilised \$2.2 billion of private finance which allowed the delivery of the project to be accelerated when no public finance was available.
- The private finance was supplemented by a contribution of \$360 million by the Commonwealth Government, in recognition of the vital role of the motorway in the National Highway network and the delivery of freight.

Following review of the M7 project, the following key conclusions regarding best practice planning and procurement can be identified:

1. **Long term planning** – Conceptual and detailed planning for the missing link of the Sydney Orbital network can be traced back to the 1960s. Although this may be construed as evidence of unnecessary delay, the long gestation period did ensure that the community and industry were fully aware of the plans for the link and its need was well established. In addition, the project's inclusion in the NSW Government's *Action for Transport 2010* plan gave priority and momentum to the project which helped to deliver the commercial deal.
2. **Commercially viable** – Analysis demonstrated that the motorway could be commercially viable as a toll road. By procuring as a toll road PPP the infrastructure delivery could be accelerated, with appropriate risk transfer, as opposed to a potentially long delay whilst waiting for budget headroom for Government funding.
3. **Risk allocation to the private sector** – The BOOT model has inherent benefits to Government in the allocation of risk to the private sector. Under this model, Government could transfer the significant toll road risks of construction, tolling operations and traffic forecasts to the private sector. Whilst there have been issues with the transfer of patronage risk with other toll roads, this project demonstrates that the transfer of patronage risk can be successfully achieved where the need for the road is clear, as demonstrated not by gaps on maps or congestion, but by robust demand forecasting.
4. **The value of government procurement guidelines** – The precedents established in delivery of the M2, M4 and M5, along with the release of the *Working With Government* guidelines provided a clear framework for efficient risk allocation and competitive bidding to drive innovation and value, and gave the private sector a good degree of transparency and certainty about the overall process.