NORTH EAST LINK PROJECT (NELP)
TRANSACTION MANAGEMENT



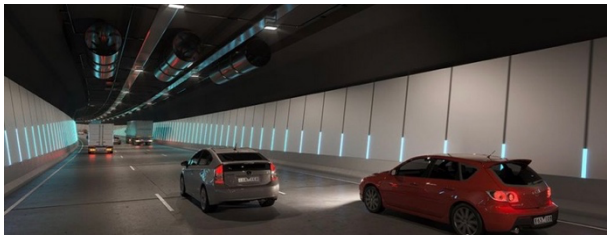
The Client

VICTORIA'S BIG BUILD

NORTH EAST LINK

The Project

- The North East Link Project (NELP), the largest investment in a road project in Victoria's history, with an estimated cost of $17b.
- The project completes Melbourne's orbital freeway, linking an upgraded Eastern Freeway to the M80 Ring Road.
- It includes Victoria's longest twin road tunnel (6 km) and Melbourne's first dedicated high-speed busway.







The Challenge

Provide commercial, transaction advisory and management services for the procurement phase of the entire project, including:

- The Primary Package, an availability PPP. The Project Co was contracted for the design, operation and maintenance of the entire corridor and the financing and construction of the tunnelling and surface works
- The Secondary Packages consisted of four multi-billion dollar Freeway packages delivering the connection to the existing network under an Alliance
- Management of the Independent Reviewer and Environmental Auditor transaction
- Development of Primary Package RFP documents
- Finalisation of Secondary Package scopes, in alignment with the Primary Package
- Management of Infrastructure Gateway processes and development of presentation material
- Resolution of Market readiness issues
- Satisfaction of State policy requirements (Local Jobs First, Social Procurement)
- Data room management; correspondence between tenderers and NELP
- Interactive phase workshop management
- Development and delivery of transaction training material for Client
- Development of overarching evaluation frameworks and processes including risk adjustment processes for price and non-price evaluation streams
- Membership of and contribution to the evaluation Challenge Teams reporting to the Evaluation Panel
- Interface Management between Packages.

The Outcome

- During procurement of the Primary package, the Transaction Team observed a change in market appetite for pricing high risk projects. Responses were foreshadowing very high cost or highly conditioned offers.
- Given the magnitude of the NEL packages, a small percentage overrun meant significant cost impacts.
- The extremely difficulties Respondents faced to accurately scope and price the works, with many interfaces and project unknowns, was recognised.
- After careful consideration an amended procurement approach was adopted with introduction of an Incentivised Target Cost (ITC) payment arrangement.
- Flagstaff conducted and controlled the change management process during the transaction
- A successful transaction was achieved for all parties.

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