



COMMERCIAL TOLL ROAD NEGOTIATION

Client: Confidential

Location: Australia

Project value: Confidential

Contract form: Public-Private Partnership (PPP)

Project lifecycle stage: Optimise

Duration: 2020 – 2022

At a glance: SmedTech was engaged by a State Government entity to provide technical, traffic and commercial advice relating to an existing toll road concession. The engagement ultimately involved developing and supporting a commercial deal covering a range of proposed concession changes including:

- Modification of toll price structures
- Modernisation of contractual maintenance and performance requirements; and
- Modernisation of customer standards and practices.

Objectives

The asset was an existing toll road concession which had effectively become outdated with respect to a range of contractual and commercial requirements, including toll pricing. This view was supported in principle by both the relevant State entity and the concessionaire at the outset.

The objective of SmedTech's engagement was to support the State in evaluating and pricing the proposed Concession Deed amendments, and designing commercial mechanisms and frameworks to most effectively capture value for the State.

Our services

In 2020, SmedTech was engaged as commercial, tolling and traffic advisors to the State team. In this role, we:

- Led the development of toll pricing proposals, including the development of pricing options, and coordinated the separate traffic and commercial / financial modelling teams to provide robust State valuations to underpin the commercial negotiation.

- Provided traffic engineering advice & led complementary project development, including identifying and evaluating infrastructure projects and upgrades to address existing constraints and enhance tolled user value.
- Led reviews of performance management frameworks, including KPI regimes and associated commercial mechanisms to drive better performance outcomes for the State.
- Led reviews of customer standards and identified opportunities to modernise customer requirements in the Concession Deed to reflect more contemporary and relevant communication channels.

Our impact

- Underpinned the State's value for money assessment, ensuring a robust evidence and modelling basis for the commercial negotiations.
- Strengthened the proposal's value proposition through development of complementary projects and refined performance requirements, unlocking value for both tolled users and the local community.