



15 July 2021

The House of Representatives Standing Committee
on Infrastructure, Transport and Cities
Parliament House
CANBERRA ACT 2600
Via: ITC.reps@aph.gov.au

Dear Members of the Standing Committee

Inquiry into procurement practices for government-funded infrastructure

Collectively, we represent the majority of organisations involved in delivering the Commonwealth Government's record \$110 billion investment in infrastructure projects across the nation.

The Government and Australian taxpayers are relying on our members to rebuild the economy through the design and construction of economic productivity enabling infrastructure. However, the infrastructure industry faces several structural challenges that are threatening its very sustainability. The Federal Government, as a direct procurer of major projects and as a significant source of funding for jurisdictionally led projects, can play a major role in resolving these issues and supporting the sustainability of the sector and its supply chain.

Sectors within the infrastructure industry consistently rank as having some of the highest rates of insolvencies in Australia, and productivity growth over the last 30 years trails that of other significant industries by 25 per cent. In parts of the industry, women make up only 12 per cent of the workforce and workers are six times more likely to die from suicide than a workplace incident. For these, and other reasons, the industry is struggling to attract and retain sufficient people to undertake the future pipeline of work.

The pandemic has exacerbated these existing challenges but has also presented an opportunity to address this sustainability crisis, to maximise the social and economic benefits of the record levels of investment in infrastructure and to set the industry and its supply chain on a more sustainable path.

By just halving the productivity gap between the infrastructure industry and other major industries, an extra \$15 billion of infrastructure every year could be delivered for the same expenditure and create significant additional employment. This will only be achieved by addressing issues of industry sustainability through reform of how projects are procured and delivered by both Federal, State and Territory Governments.

Whilst a number of signatories to this letter will be making detailed submissions to the Inquiry, with respect to the key issues in the Terms of Reference that impact on the businesses they represent, we all agree on the urgent need for reforms that drive an improved industry culture, create increased capacity/capability, and ensure that project commercial frameworks are equitable and align the interests of all parties.

Reform of this magnitude will only happen through greater collaboration across all levels of government and would benefit from greater leadership taken at the Federal level in consultation with industry.

We acknowledge the first step taken by the Federal Parliament at a national level in asking the Committee to undertake this inquiry, but time is of the essence. We call on each member of the Federal Parliament to ensure that this inquiry is quickly followed by meaningful actions that create a more sustainable infrastructure industry for the benefit of all Australians.

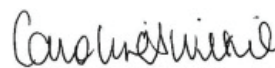
Yours sincerely



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Australian Constructors
Association



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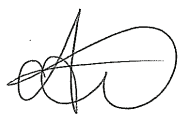
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