

28th August 2020

Manager
Policy Framework Unit
Treasury
Langton Cres
Parkes ACT 2600

Email: FIRBStakeholders@treasury.gov.au

**Subject: Submission on the exposure draft of the Foreign Investment Reform
(Protecting Australia's National Security) Bill 2020**

Introduction

Civil Contractors Federation National (CCF National) is pleased to provide a submission on the exposure draft of the *Foreign Investment Reform (Protecting Australia's National Security) Bill 2020*.

By way of background, CCF National is the peak national voice of the civil infrastructure sector representing over 1,900 companies engaged in the civil construction industry in Australia. CCF National members are responsible for the construction and maintenance of Australia's civil infrastructure, including roads, bridges, pipelines, drainage, ports and utilities.

CCF National's input into the draft bill focuses on the legislative framework applying to foreign owned contractors undertaking major civil infrastructure projects in Australia and our recommendations are provided in the context of Australia's deteriorating economic position as a result of the Coronavirus pandemic. In particular, we note and support the Prime Minister's comments in the House of Representatives on 29 August 2020 that: *"the Government's overriding focus in regards to the new requirements are to ensure that Australia's integrity is maintained throughout our assets, and in particular, the critical infrastructure assets, that are so important to Australia's security"*.

CCF National supports the ongoing interest and involvement from foreign owned civil construction companies tendering for Australian civil construction projects, however, we support a more balanced approach to the tender process to support industry sustainability and the broader national interest by maximising the return to the Australian economy of taxpayer funded civil construction projects. To this end, we hereby submit the following recommendations for consideration:

Recommendation 1

CCF National encourages the Federal Government to use the Foreign Investment Review Framework reform process to achieve greater industry sustainability by adopting a more balanced project allocation policy. Examples of how this can be achieved include:

- *disaggregation of contract size;*
- *procurement reform*
- *establishment of local participation requirements (at employment and product source level only); and*
- *a focus on contracting models to ensure Tier 2 and 3 contractors secure more work and can mature.*

Further details on these policy proposals are provided in CCF's 2020-2021 pre-budget submission which can be viewed on the CCF National website at: <https://www.civilcontractors.com/wp-content/uploads/2020/08/24-8-20-CCF-National-Federal-Pre-Budget-Submission-Web-Version.pdf>

Recommendation 2

“That the Federal Government require all foreign owned companies tendering for major infrastructure projects to specifically and in detail demonstrate how they will:

- *adequately reinvest into the Australian economy and thereby contributing to our economic recovery.*
- *demonstrate how they will contribute to the growth and sustainability of local contractors by either entering into a meaningful joint venture arrangement or by other means.*
- *satisfy any specific concerns the Government has in relation to security or any other matter on the project.”*

Closing

Industry sustainability is enhanced when an appropriate legislative framework exists that aims to ensure that the Australian economy retains a fair and equitable percentage of profits and overheads however doesn't preclude foreign contractors who have the capacity to deliver on the Government's broader policy objectives.

CCF National welcomes the Federal Government's favourable consideration of our recommendations and I remain at your disposal should you wish to discuss this submission or require any further information.

Yours sincerely



Chris Melham
Chief Executive Officer
Civil Contractors Federation National