

## Media Release – For immediate release

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### CCF WELCOMES FEDERAL BUDGET AND THE RECORD INFRASTRUCTURE INVESTMENT

The Civil Contractors Federation National (CCF) welcomes the federal budget's strong focus on infrastructure funding, easing cost of business pressures and improving procurement rules, but the peak industry body for Australia's civil construction sector says the Government needs to go further on its investments and procurement policy reforms.

"CCF commends the Government on its announcement to cut the fuel excise by 22c per litre, boost infrastructure funding across urban, rural and regional Australia, and to amend Commonwealth Procurement Rules to support small to medium contractors," said Chris Melham, Chief Executive Officer, CCF.

"CCF has been actively advocating for these three key measures and so we are pleased the Federal Government has adopted our recommendations to help strengthen the sector's ability to contribute to Australia's future economic growth.

"The increase in the 10 year infrastructure investment program from \$110 billion to \$120 billion coupled with a commitment of \$17.9 billion towards new and existing infrastructure projects is in line with the CCF's recommendation in its [2022-2023 pre-budget submission](#) for sustained growth of federal infrastructure investment.

"However, this record investment underscores the need for a sustainable and consistent 10-year infrastructure pipeline that rolls out the money in a more coordinated and consistent manner. This will provide the construction sector with greater confidence and certainty, incentivise civil construction companies to undertake the capital investment required to construct the pipeline of projects, and provide private investors with the confidence to invest in Australia's infrastructure sector.

"The civil infrastructure sector continues to be in a strong position to deliver on the Government's infrastructure agenda, but to do this effectively into the future, we need all tiers of government working more closely with industry to smooth the roll out of the project pipeline over the next decade.

"In the lead up to the Budget, CCF called for a temporary and targeted cut to fuel excise to help stem the damage from rising fuel and other input costs which is having a significant impact on viability of civil construction companies. I therefore welcome the cut in fuel excise by 22 cents per litre.

"But CCF maintains that further action is needed to address the super normal rise in almost all input costs that threatens the viability of civil construction companies in the immediate term.

"Federal, State and Territory Governments must follow the lead of the Queensland Government and introduce 'price escalation clauses and addendums' in all existing and new construction contracts that receive public funding, so governments share in the cost and risk of price escalation in these projects," he said.

The Civil Contractors Federation is the peak national representative body for the Australian civil construction industry comprising over 1,900 civil construction companies across the construction supply chain.



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Mr Melham said CCF also acknowledged the announcement that the Federal Government is amending the Commonwealth Procurement Rules to enhance opportunities for Small to Medium Enterprises to participate in major projects.

“One of the key recommendations in CCF’s report [‘Rebuilding Australia – A Plan for a Civil Infrastructure Led Recovery’](#) and in our submission to the [Inquiry into Procurement Practices for Government Funded Infrastructure](#) is that large single contracts act as a barrier for market participation which restricts the ability for smaller firms to access the pipeline of work,” he said.

“We welcome therefore the announcement today that under the new Procurement Rules, Commonwealth government officials will need to consider disaggregating major projects into smaller contract opportunities.

“This upcoming change to the Commonwealth Procurement Rules has the potential to unlock the potential of Australia’s tier 2, tier 3 and below sector who are often disadvantaged when bidding for projects because of their ability to absorb risk.

“But this reform needs to go further, and so CCF continues to encourage the Commonwealth to work through the Infrastructure and Transport Minister’s Council to extend this debundling requirement across all levels of government.

“States and territories are responsible for procuring a vast proportion of the Government’s \$120 billion infrastructure pipeline, and there is no reason why this policy should not also be applied at the state and territory level to ensure smaller businesses can compete more effectively on government-funded projects.

“The 2022-2023 Budget is a positive one for the civil construction sector, but CCF is encouraging the Government to focus on building a stronger, more sustainable sector and to enhance Australia’s sovereign capacity,” Mr Melham concluded.

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