

The Hon Stephen Jones MP
Assistant Treasurer
Minister for Financial Services

Via email prebudgetsubs@treasury.gov.au

2023-2024 Pre-Budget Submission

Dear Assistant Treasurer

I write in response to your invitation to industry on 5 December 2022 to provide submissions to assist the Government develop its budget strategy and policies for the 2023-2024 Budget.

By way of background, the Civil Contractors Federation National (CCF) is the peak national voice of the civil infrastructure sector representing more than 1,900 companies engaged in the civil construction industry in Australia.

CCF members are responsible for the construction and maintenance of Australia's civil and industrial infrastructure works. Activities include road construction, plant operation, pipeline construction, trenchless technology, bridge construction, rail construction, utilities and tunnelling.

CCF's 2023-2024 budget priorities are aligned with our broader Advocacy and Policy Priorities ([click here](#)) which are:

- **Infrastructure Investment** - Connecting Australians through sustained growth of federal infrastructure investment to build Australia's economic and social wellbeing.
- **Procurement** - Strengthening our sovereign capacity and capability through a more efficient and equitable government procurement process.
- **Workforce** - Building and Skilling Australia's current and future infrastructure workforce.
- **Industrial Relations** - Supporting a lawful, efficient and sustainable civil construction industry through an effective industrial relations framework
- **Industry Sustainability** - A more sustainable and balanced approach to project allocation across all construction tiers and regions throughout Australia.
- **Environment** - A balanced approach by working collaboratively with governments and industry to achieve equitable environmental outcomes

CCF's budget priorities are based on our 2021 report *Rebuilding Australia – A Plan for a Civil Infrastructure Recovery* ([click here](#)) which focuses on the importance of civil infrastructure investment and policy reform to counter the economic impacts of COVID-19.

This report shows that civil construction activity sits at approximately 3.8% of GDP. Furthermore, it found that for every \$1 million invested in the Australian civil construction sector, 7.2 workers are employed in the civil construction and related industries, and \$2.95 million of output is contributed to the economy, which is an economic multiplier of 3:1.

Sustained Growth of Federal Infrastructure Investment

CCF encourages the Federal Government to commit in the 2023/2024 budget to sustained growth of Commonwealth investment in civil infrastructure works to underpin construction activity and to improve economic growth.

CCF welcomed the Government’s infrastructure commitments announced in the October 2022/2023 Budget and we encourage it to build on this in the 2023/2024 Budget.

This includes ensuring the commitments are delivered in such a way that maximises the benefits to the economy by allocating the spend in an equitable manner across all states and territories and to provide greater opportunities for mid and small tier companies to participate in the infrastructure pipeline

Sustained spending on civil infrastructure from the \$120 billion, 10 year rolling infrastructure investment pipeline is needed to ensure continued viability of civil construction companies and to boost the economy post COVID-19.

The civil infrastructure sector’s ability to positively respond to sustained growth in infrastructure investment is demonstrated by data CCF has obtained from its members regarding capacity and employment intentions.

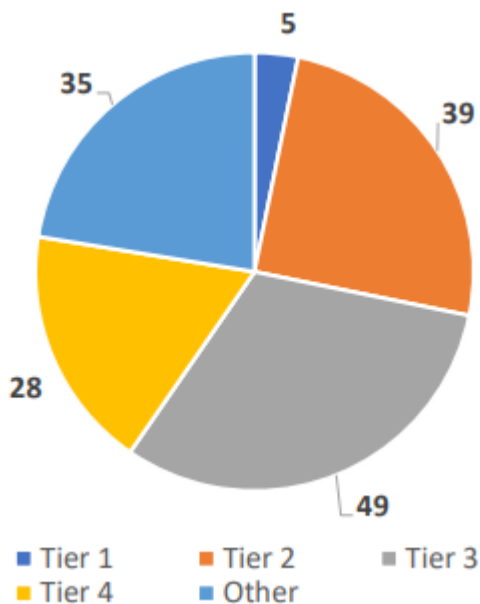
The Civil Contractors Federation National Infrastructure Market Capacity Survey 2022 ([click here](#)) confirmed that the civil infrastructure industry continues to be in a strong position to deliver on the Government’s infrastructure agenda and has capacity to tender for additional projects.

The survey was open to all CCF members over a three-week period in May/June 2022 and focused on obtaining data across three key areas:

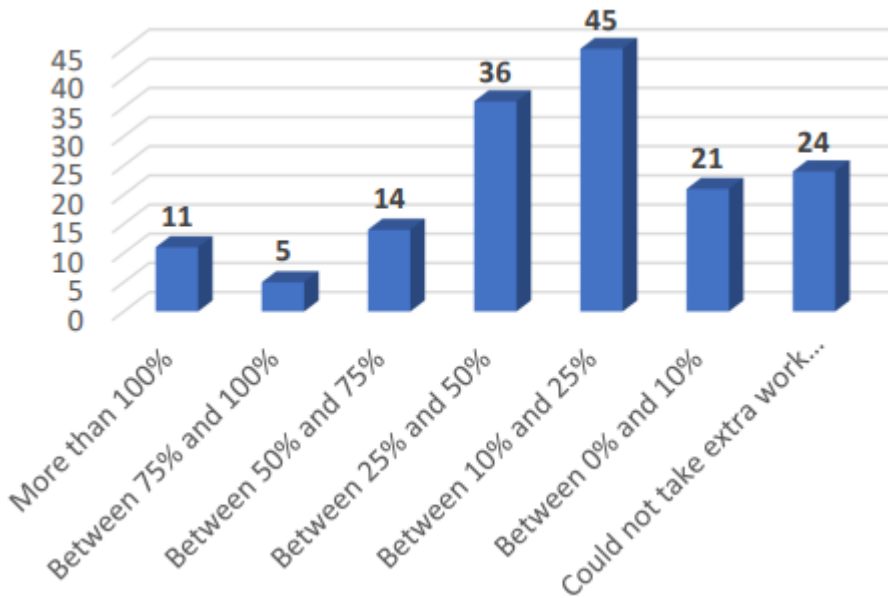
- the market capacity of the civil construction industry;
- the civil construction industry’s ability to undertake additional projects now, and into the future;
- any resource constraints affecting civil construction companies.

A total of 157 organisations participated in the survey from each jurisdiction.

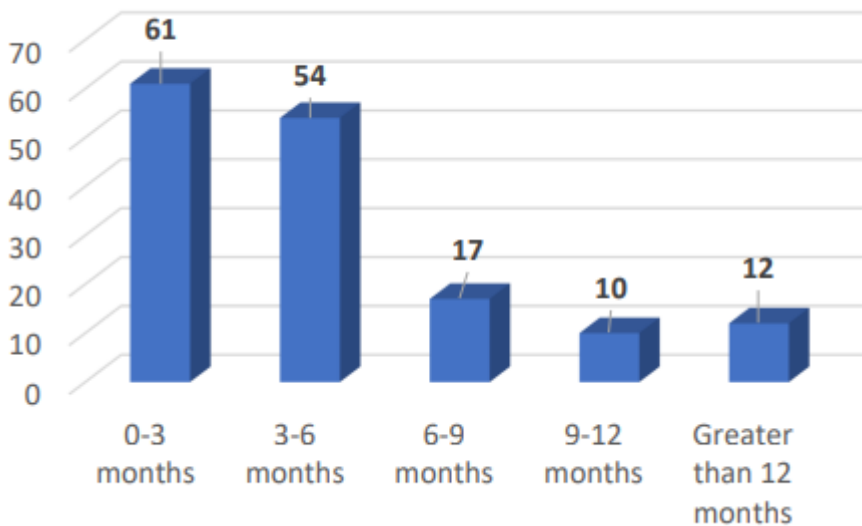
Companies were asked to indicate the size of their organisation, ranging from tier 1 to tier 4, with the largest proportion of respondents coming from tier 2 and tier 3 companies.



Around half of companies indicated they can take on between 10% and 50% more work. Only 15% said they could not take on additional work .



Furthermore, when asked “if there was an increase in the number of capital projects tendered in your state, how long would it take your company to be in a position to meet this additional demand” more than three quarters of companies indicated they could ‘scale up’ to meet additional work within 6 months, but their ability to do so effectively would be impacted by contract size.



To effectively activate this additional capacity, CCF recommends bringing to market more small/mid-sized infrastructure projects to maximise participation of tier 2, 3 and below contractors.

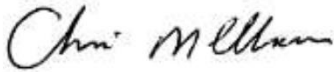
This additional capacity within the civil construction market, particularly among tier 2 and tier 3 contractors, was recently acknowledged by Infrastructure Australia in its 2022 [Infrastructure Market Capacity 2022 Report](#), with the report noting that:

“...with two thirds of [CCF] survey respondents reporting sufficient capacity to take on 20% more work, and nearly 20% reporting latent capacity for over 50% more work. Furthermore, more than 70% of the Civil Contractors Federation members report they can scale up within the next six months to meet this demand, with 35% saying they can scale up within the next 3 months.”

In this context, CCF encourages ongoing procurement reform to maximize the economic and social benefits of governments’ infrastructure spend. This reform includes, but is not limited to, better use of the different procurement models available, noting that different projects require different solutions. Where there is significant risk then collaboration is required, particularly to achieve improved risk allocation. CCF also encourages the Commonwealth to play a stronger role to ensure states and territories have sufficient resources to manage tender processes in a more efficient and timely manner.

Thank you for the opportunity to provide input to the 2023/2024 Budget. We welcome your consideration of CCF’s proposals aimed at building a stronger, more sustainable sector and to enhance Australia’s sovereign capacity.

Yours sincerely



Chris Melham
Chief Executive Officer
Civil Contractors Federation (National)