

Australian Constructors Association Review of Infrastructure Australia

August 2022

The Australian Constructors Association welcomes the opportunity to comment on the future of Infrastructure Australia. We acknowledge Infrastructure Australia's significant contribution in providing the Commonwealth with quality advice on nationally significant infrastructure and welcome a renewed focus on productivity.

About us

Established in 1994, the Australian Constructors Association (ACA) is a trusted voice for the construction industry. We are the only representative body covering the three key sectors of the industry—vertical, horizontal and services. Collectively, our members construct and service over 90 per cent of the value of major infrastructure projects built in Australia.

Strong foundations

The ongoing role of Infrastructure Australia (IA) is of critical importance given the record investment in infrastructure coupled with a major skills shortage nationwide.

IA has successfully met its primary functions of evaluating business cases and setting the policy agenda for infrastructure reform. In recent times, IA has flexed its policy function to respond to emerging issues especially those that have been amplified by the COVID pandemic. Investigations into critical issues such as market capacity and the deliverability of projects have demonstrated IA's ability to anticipate and respond to challenges.

Collaboration is key

To solve the critical issues facing the industry and deliver the record pipeline of projects, government, industry and the supply chain all need to work together. Recognising the power of collaboration, IA has performed an important role in bringing stakeholders together to agree on solutions to the problems faced.

The construction industry operates as a complex system that is not easily broken down and categorised. Projects are built by many interconnected teams of people fed by long supply chains that are ultimately managed by contractors. To improve project outcomes, there needs to be a focus on optimising the system as a whole and not just one component—and that's why bodies like IA are important. IA has developed a framework of shared action to drive necessary change.

IA not only proposed reforms in their 2021 Australian Infrastructure Plan but it also defined a practical and pragmatic suite of 30 actions across seven focus areas in their Delivering Outcomes report. These meaningful and implementable reforms were developed through engagement with industry and government—and supported unanimously. If implemented, cascading improvements would be achieved throughout the whole complex system of the construction industry.

Advice to action

IA has successfully equipped government with expert advice. Its advice has however in some instances remained just that—advice. What has been missing is a mechanism to ensure reform recommendations proposed by IA are implemented.

While owners and delivery agencies are positioned to implement reforms, without a clear mandate at a national level change will continue to be slow and piecemeal as outlined in IA’s report on the progress made since the 2016 Australian Infrastructure Plan.

Mechanism for reform

The Federal Government, as the bank roller of major projects, is best positioned to coordinate and incentivise reform but it needs a mechanism to do this. The Future Australian Infrastructure Rating (FAIR) proposed by ACA provides that mechanism without the need for any major change in existing federal governance processes.

Building on the success of existing ratings schemes, FAIR proposes to rate government funded projects on how well they performed against key reform areas including improved productivity and innovation. Federally funded projects undertaken by state government delivery agencies would be given a rating that would be published, leading them to strive for increasingly better outcomes for their stakeholders.

Crucially, under the FAIR initiative, an online database of learnings and innovations from projects would be established where industry and clients (public and private) alike can identify ways to improve on upcoming projects.

If implemented, FAIR would see governments address the industry’s skills shortage and more, while unlocking productivity gains in excess of \$15 billion.

Implementing reform

ACA believes that IA could administer the FAIR initiative. IA is well placed to undertake the immediate actions needed for establishing and governing the initiative. As previously stated, FAIR does not require any major change in existing federal governance processes (see Figure 1. FAIR implementation roadmap).

Figure 1. FAIR implementation roadmap



Already there is a provision for state and territory delivery agencies to submit post completion reports to IA under the National Partnership Agreement. If completed, these reports would provide greater accountability by demonstrating that projects performed as intended. They would also support the sharing of best practice and lessons learned. In 2023, when it is assumed the National Partnership Agreement renegotiations will commence, it is proposed consideration be given to requiring post completion reports include a FAIR score.

Sharpening focus

ACA supports the refocussing of IA's efforts to achieve greater productivity. The construction industry presents one of the greatest opportunities to improve Australia's overall productivity performance and in many respects, it is the silver bullet for capability and constraints. At its core, the FAIR initiative is designed to drive productivity improvements. Moreover, it seeks to drive innovation, build capability and capacity and improve the culture of the Australian construction industry so that it is an industry of choice, able to deliver the infrastructure that Australia needs—when it needs it—and for a price that it can afford.

Beyond the recommendation to lead the FAIR initiative, IA should continue its current activities with a focus on streamlining its advice, particularly through its reports and recommendations. IA's 2021 Australian Infrastructure Plan alone provides over 300 pages of information. A targeted approach would be far more effective and achievable.

Infrastructure bodies across the nation are never truly independent and nor should they be. To deliver the best outcomes for communities, government and industry need to work together openly and transparently. ACA supports a mix of industry and government representatives on the Board of IA. The Board would benefit from greater representation from those that construct infrastructure. With an enormous pipeline of projects in and approaching delivery, it is critical that a contractor lens be applied to matters being considered by IA to maximise the opportunity for the industry to become more productive, innovative and sustainable.

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