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Minister for Infrastructure and Transport
Minister for State Development, Construction and Housing
Minister for Science and Technology
Leader of the House



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08 JUL 2021

Committee Secretariat
Standing Committee on Infrastructure, Transport and Cities
PO Box 6021
Parliament House
CANBERRA ACT 2600

By email: itc.reps@aph.gov.au

Dear Committee Secretariat

I refer to the letter from the House of Representatives Standing Committee on Infrastructure, Transport and Cities dated 3 June 2021, regarding the inquiry into procurement practices for Government-funded infrastructure and the invitation for the Tasmanian Government to make a submission addressing the Terms of Reference.

The Tasmanian Government is pleased to provide a submission to the Committee on the Inquiry into procurement practices for government-funded infrastructure.

We have recently committed to implementing a range of steps to help improve the capability and capacity of the local construction sector and are currently in the process of developing a whole-of-government procurement initiative to facilitate more efficient and effective delivery of infrastructure construction and maintenance by the Tasmanian public sector.

There is a degree of correlation between the Terms of Reference and the initiatives the Tasmanian Government is currently exploring and therefore our submission focuses on the Tasmanian context and opportunities for improvement that we will be looking at achieving through a whole of government approach to infrastructure delivery.

The key points of our submission are:

- The Tasmanian Government is committed to developing and promoting a transparent pipeline of projects with increased long-term visibility of the infrastructure pipeline and moving towards a 10 year view. The Tasmanian Government is focused on working in partnership with the local industry and has committed to collaborating with peak bodies to improve visibility of information in the 10 Year Infrastructure Pipeline. This will include the use of early market engagement to elicit industry's views on the best choice of procurement pathway for each major project, identifying their supply chain, and including forums to get feedback on the markets capacity to deliver projects.
- There is a strong focus on the need to standardise contracts and procurement methods as part of the Tasmanian Government's commitment to industry to enhance best practice, and we will

be reviewing standard contracts for major works against contracting approaches via other Australian jurisdictions, with a view to adopting best practice and where relevant harmonising contract terms to encourage standardisation of contract terms across all Tasmanian Government construction projects. It will also include adopting and publishing standard guidance materials on key procurement and contract delivery approaches to educate and inform government agencies and industry.

- We have committed to industry peak bodies that we consider improvements to current planning and regulatory challenges. We are currently leading work with industry representatives on better ways to get projects to market and “reduce red tape” through addressing planning and regulatory barriers, and will be investigating a whole of government approach to reforming the local legislative requirements and statutory approval processes for construction activities.
- The local industry is mature and experienced but due to the Tasmanian environment and small scale of projects in the state, it does not drive large competition for major contractors (Tier 1 or Tier 2) to invest in the market. We are therefore focused on investing in the local market and collaborating with industry to support sustained industry growth, capability and capacity of the construction industry’s workforce.
- We will also be working more closely with peak bodies to identify, measure and improve skills and training to recognise gaps in the construction sector and related trades. Tasmania has participated in the government’s Building and Construction roundtable which brought together key stakeholders to discuss and look to solve issues facing the sector. The government has signed a MoU with industry which is the first step in establishing a High Vis Army. This is an important initiative that will ensure our state has the workforce it needs to meet increasing construction demand.
- Tasmania has agreed to comply with a range of international procurement obligations, for higher value procurements covered by free trade agreements. The agreements also require non-discrimination between international and local suppliers. However, there is a general exclusion within the agreements which allow preferences to benefit small and medium enterprises.
- Tasmania’s Buy Local Policy is consistent with free trade agreements as it relies on exclusions that benefit small and medium enterprises. We consider that the discipline imposed on higher value procurements by free trade agreements has a range of benefits, beyond compliance with the free trade agreements themselves. The free trade agreements provide a compliance framework for government purchasing that helps ensure fairness, integrity and value for money outcomes when government is directing significant expenditure to a chosen supplier.
- Tasmania is conscious that there is an exhaustive group of stakeholders and groups across all jurisdictions that have put procurement at the forefront of their internal investigations and a number of reviews and reforms are underway.

The Tasmanian Government is committed to fostering approaches and outcomes that increase government infrastructure procurement efficiency, promote more effective infrastructure procurement and delivery risk management, and achieve enhanced rates of successful infrastructure project outcome realisation.

I would be pleased to discuss the issues raised in this submission, and to work with the committee as you consider in detail our response to your Terms of Reference.

I look forward to our Governments continuing to work closely together to deliver important infrastructure projects and enhance Tasmania's local industry capabilities through opportunities like these to investigate improvements to procurement practices.

Yours sincerely

Michael Ferguson
Minister for Infrastructure and Transport