



AUSTRALIAN OWNED
CONTRACTORS

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PARLIAMENTARY COMMITTEE REPORT HIGHLIGHTS NEED FOR PROCUREMENT REFORM

Australian Owned Contractors (AOC) welcomes today's tabling of the *Government Procurement: A sovereign security imperative* report by the House of Representatives Standing Committee on Infrastructure, Transport and Cities.

The report highlights bi-partisan support for procurement reform in Australia to maximise the country's sovereign capacity in infrastructure delivery by increasing access for Mid-Tier civil contractors to major projects.

In particular, AOC applauds Recommendation 6 of the report, which includes calls on the Australian Government to examine:

- ways to break up projects into packages of less than \$500 million to increase competitiveness by tier two and three companies; and
- making as a condition of Australian Government funding for major infrastructure projects over \$500 million industry sustainability criteria within the early stages of procurement design that encourage tier one contractors to partner/joint venture with a non-tier one company in the head contract.

AOC Chief Executive Officer Brent Crockford said the Committee's findings were further acknowledgement the Federal Government can do better in shaping our domestic construction industry through its purchasing power to ensure Australian Mid-Tier civil contractors had access to head contract opportunities.

"This report confirms that without strategic leadership from the Commonwealth, which jointly or majority-fund much of Australia's major infrastructure projects, Australian owned Mid-Tier companies will continue to lose out at the expense of foreign owned Tier 1 contractors," Mr Crockford said.

"The policy approach of successive Federal governments to develop sovereign capability within Defence procurement has been a success and has seen the growth of both domestic and foreign contractors.

"Unfortunately, as this committee report points out, the same is not the case within the civil construction sector.

"With the loss of Australia's last domestic Tier 1 contractor following the sale of Lendlease Engineering to a foreign company, now is the time to properly develop home-grown businesses to be the best that they can be.

“We need action to encourage more work and less barriers for our Mid-Tier contractors on major projects if we are to have any hope of growing domestic skills and allowing these Australian-owned businesses to grow and evolve into tomorrow’s new leading Tier One players.”

MEDIA CONTACT: ceo@australianownedcontractors.com.au