

23 March 2020

RE: Queensland's Infrastructure Economic Stimulus – Response to COVID 19

The Infrastructure Association of Queensland Inc (IAQ) welcomes this opportunity to provide ideas for how we can respond to these unprecedented times in a way that protects livelihoods, businesses, and secures our economic future.

Working together will be key to avoid economic disaster. We need to address the immediate crisis whilst maintaining sight on long-term recovery.

The IAQ strongly supports the notion that its members and the industry are essential providers of jobs which represent the economic backbone of Queensland. Our members have re-affirmed that, as a State and Nation, we must ramp up infrastructure spending immediately. Our views are that collaboratively we can achieve this through:

- **Keeping current projects running – establish common understanding and practices between employers and workers representatives which allow for safe, considered and immediate responses to re-starting projects in the event of a positive jobsite case.**
- **Directing State and Commonwealth spending to bring construction and maintenance projects forward and remove red tape**
- **Accelerating programs and spend especially on smaller projects and asset management works across a range of portfolios in transport, water, education, health**
- **Removing procurement barriers and simplify processes, making access to Federal Government support easier**
- **Empowering industry - establish a special authority of government and industry specialists to get projects started and manage programs with relevant legislative powers**
- **Using infrastructure to reskill and employ people from other sectors and utilize the technology entrepreneurs and starts ups who need to delay their own critical paths to assist industry transition to the virtual operating environment**
- **Adapting current project contract and delivery conditions to accommodate extraordinary circumstances**
- **Supporting larger businesses through certainty of spend, conditions and leaving enough in the tank to ensure businesses remain operational in the medium to long term if and when the economic impacts increase and lengthen**

Additionally, we support some immediate actions to lessen the burden on cash flow and keep people employed. This means ground level support to both small but importantly large companies as well.

The assumption that larger companies can weather this crisis is not necessarily correct. When large employers fold or make mass redundancies the ripple effect is enormous.

Certainty is what businesses need and infrastructure spend can provide this if there is clear mapped pipeline of work.

IAQ supports the Queensland Government reserving its cash stimulus spend until it is needed in the medium to long term and leveraging the Commonwealth package now. However, below are some immediate suggestions for consideration to assist companies to keep employing and trading. Such as:

- **Enable businesses to confidently leverage the low Australian dollar value and utilize China's and South East Asia's faster recovery – we need to leverage the two speeds to our advantage and think global and act local**
- **Support the export industries by discounting all relevant government charges for 12 months (or longer) such as transport fees, access fees, royalties and port access fees.**
- **Provide discounts to businesses on utilities charges such as electricity, water and waste costs, this can be tiered to business size and industry sector**
- **Payroll tax to be waived to June 30 2020 for all business up to \$10million**
- **For businesses that fall below the threshold for payroll tax, consider a cash payment to support keeping staff on during this period**
- **Place pressure on the banking sector and landlords to not hastily foreclose on business loans, household mortgages and tenancies**
- **Utilize other government assets to help small businesses such as office space, mental health services and access to technology smarts / innovation hubs through Advance Queensland**
- **Defer BAS payments for small business especially where billing doesn't line up with revenue to assist cash flow**

Larger companies will need longer term financial support rather than the cash support now and this should be made clear in communications that Queensland Government is providing leadership with an eye to the future and rebuilding - not just the immediate crisis.

IAQ is working hard with other industry associations to try and provide a coordinated and consolidated view for governments and ease the burden of industry consultation.

We provide the below in an infrastructure specific context and welcome the opportunity to discuss in more detail if required.

INFRASTRUCTURE SECTOR DETAIL ON KEY THEMES

Cooperation Model - Extraordinary time calls for out of the box thinking QUICKLY

- Establish a special authority of government and industry specialists to get more projects started and ensure they are managed as a program
- Building the Education Revolution stimulus package and the Flood Recovery Delivery Agency are two examples for how we have achieved this in the past
- IAQ already have very senior people from major firms offering to do this on their company payrolls to keep the industry alive and people employed
- It is essential this is staffed by industry personnel as well who can get shovel ready projects going quickly. This employs people and can redeploy people from service-based sectors like hospitality and retail

- Cooperation and coordination of regulation between the three levels of government is key – this special authority can streamline for delivery and communications

Pumping the Economy through Infrastructure – move faster not slower

- Pump infrastructure spending in all sectors including but not limited to transport, buildings, health, education, water.
- Adopt an easy option approach by fast tracking projects and procurement where you can immediately, for example:
 - o Accelerate current schools projects program
 - o Fast track the various health projects in planning
 - o Push through critical social housing projects
- Money spread more widely on smaller projects is more effective, particularly in keeping people employed – prioritise smaller projects and asset management works.
- Put whole of life cycle works into the marketplace not just construction.
- Maintenance programs can be implemented quickly and widely and can readily attract a skills-transferable workforce. (For example, there is a project in Northern Queensland that one of our member companies has already identified over \$600m in road rehab / reconstruction / widening works across Far North Queensland).
- Listen to innovation and industry suggestions and be flexible.
- Don't only target big, medium term infrastructure projects, when smaller shorter term projects can have a more effective employment per dollar spent.
- Work with local suppliers on different contract models.
- Utilise the technology to embrace new working models, construction methodologies and improved supply chain sustainability.
- Think global and act local. Build export capacity into Asia and leverage the two economic speeds.

Remove Procurement Barriers

- Best Practice Procurement Principles need to be halted for the time being to ensure the industry remains solvent. The industry does not need an additional burden right now.
- Simplify procurement process and maintain timeframes for all current tenders.
- Reduce tendering times and ensure contract conditions allow flexibility to respond to COVID19 without an outbreak crippling the contractors.

Provide certainty and workable conditions to existing projects

- Removing procurement barriers and simplifying processes and removing red tape, and making access to Federal Government support easier.
- Adapt current project contract and delivery conditions to accommodate extraordinary circumstances and look at relaxing PI and PL conditions where acceptable.

- Delivery schedules need to change for current and upcoming projects, without financial penalties, to allow for split teams or alternative delivery strategies to prevent transmission to whole project teams.
- Contracts to switch to alliances or cost plus or bespoke risk share to allow everyone to collaborate and keep sector moving.
- Contractors, Owners and Service are proposing adherence to current WHO Guidelines and Government directions. Establish an agreed workplace isolation or re-start approach between unions and employers on projects reducing conflicts, unnecessary delays and even job losses. The financial impacts of even just a few days lost can also be huge for a major project.
- An established accord between unions and employers could introduce a level of proportionality, commensurate with the essential status of infrastructure and the real health risk to workers. The CFMEU has shown leadership and this provides a great steppingstone for improved communications and building trust beyond the crisis.
- Temporary workforces are very vulnerable. Government have introduced pandemic leave which covers temporary workforce within State governments, but the private sector will be unable to do this without government support.
- Closing State borders will have ripple effects on major projects as many companies manage their work forces across Australia and Asia Pacific.

Lessening the Burden on Cash Flow and keeping people employed

- State government agencies to pay invoices more quickly.
- QBCC pressures need to be relaxed as businesses scramble.
- Federal government to underwrite stand down costs of labour for medium to large private companies, not just small.
- Government to provide cash funding for good performing companies that can show profitability and ability to hire people from other sectors into infrastructure, such as no interest loans and or grants if companies can meet pre-set KPI's.

The IAQ is here to support Government, and recognises strong leadership is linked to health and well-being. Our industry is a strong and resilient one, however without the decisive and immediate action, our industry and supporting businesses could suffer the negative side effects including:

- An increase in Employee Assistance Programs (EAP) with early indications showing a 60% rise in EAP contact in the last 3 weeks illustrating that impacts to mental health will be significant and potentially long lasting. The longer term impacts are far more economically burdensome if we do not act and get this right now.
- The extra costs will be better than the impact from people losing their jobs, and not getting their redundancy payments, because no company will be able to afford it.
- Departments gradually moving to half-staff will slow all of this down and the flow on effect to industry could be unsustainable. Need to ensure we keep all this moving quickly.

The special infrastructure authority will be key to leveraging infrastructure as an economic stabiliser and primer as we can quickly get smaller projects into play.

IAQ has avoided seeking meetings and being demanding of your time during this crisis but we stand ready to provide assistance.

IAQ stands ready to work hard together to support our communities and industries - to secure our livelihoods and thrive post this crisis. We are here to help constructively therefore please lean on us.

IAQ will continue to provide up to date suggestions as industry learnings during this difficult road ahead.

Yours sincerely,



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