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Economic Strategy Unit
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To the Economic Strategy Unit

Draft Economic Diversification and Investment Strategy

I write on behalf of Civil Contractors Federation Tasmania regarding the consultation draft of the Economic Diversification and Investment Strategy.

CCF Tasmania represents over 110 contractor and associate members across the State. Our members build the enabling infrastructure that underpins every objective in this draft: the serviced land, the headworks, the roads, the water and sewerage, the grid connections and the siteworks. In practical terms, none of it gets built unless a civil contractor can price the work, find the people and get started.

Civil construction in Tasmania is a little over 200 businesses employing almost 2,400 people. Two thirds employ fewer than 10 people. This is the sector expected to deliver the $40 billion infrastructure pipeline now in front of the State, and it needs to recruit and train over 650 new plant and machinery operators a year to do it. Across construction as a whole, the workforce must grow from around 29,000 today to about 40,000 by 2033, a shortfall of some 11,000 workers.

CCF Tasmania supports the direction of the draft. Private investment needs to carry more of the task, productivity must improve and infrastructure needs to line up with economic opportunity. Our

concern is that the draft assumes the required capacity will be there. It sets out where Tasmania wants investment to go without dealing with whether the State can service that investment, or whether the industry expected to build it has enough certainty to invest in its own capacity.

For CCF Tasmania, that is the practical test for the final Strategy. Unless it commits government to servicing land, funding headworks, running a predictable procurement program and fair contracting terms, Tasmania risks attracting investment that cannot be connected or delivered.

Recommendations

1. **Make enabling infrastructure capacity a named priority:** assess and publish the water, sewerage, electricity connection and serviced industrial land capacity available in each functional labour market, and fund the headworks needed to release it.

2. **Settle the government construction contract position:** publish the current contract framework for State road and bridge projects following the expiry of the November 2024 exemption, confirm whether AS 4000:2025 will be adopted, and conclude the rise and fall negotiation now under way with the civil sector.

3. **Adopt a Purchaser Code of Conduct:** commit government and its businesses to fair, transparent and efficient procurement practices, including timely assessment of tenders and notification of outcomes, fair and good-faith contract negotiations, appropriate, consistent and proportionate application of Australian Standards, identification and reduction of unnecessary red tape, collaborative engagement with industry to ensure procurement processes are efficient, effective and support the broader needs of Tasmanian industry, appropriate and proportionate allocation of risk based on which party is best placed to manage or bear it, and timely responses to supplier questions and queries during contracts to minimise delays and associated costs.

4. **Publish a procurement pipeline industry can invest against:** give each project a realistic market date, a delivery model and a notified change when timing moves and report actual market release against published dates.

5. **Make tendering proportionate, without lowering standards:** accept a single set of contractor credentials across agencies, scale commercial documentation to project value and risk, provide adequate site and geotechnical information before tender, and set target timeframes for award.

6. **Establish a civil industry liaison arrangement with Building Tasmania:** formalise industry input to the new whole-of-government capital works hub, which was designed without consultation with the civil construction sector.

7. **Fund training against demonstrated demand and completions:** tie public support to skills where employers can demonstrate shortages and to programs that convert commencements into completions and evaluate programs independently of the bodies that deliver them.

8. **Give the indicators a baseline, a target, a date and an owner:** add private business investment per capita, median approval and tender award times, payment performance and apprenticeship completions, and publish the action plans for consultation before they are finalised.

Capacity is the immediate constraint

The draft identifies energy, land, infrastructure and public funding as scarce, but does not say how those constraints will be resolved. For civil construction, that gap is central to the problem. A data centre, a manufacturing expansion or a thousand new homes will not be held up because Tasmania lacks another strategy document. They will be held up if there is no trunk main, no sewer capacity, no substation slot or no serviced land available.

What is needed is not another policy statement. It is a published assessment of what capacity actually exists, region by region, and a funded program to release it. Our members already report delays to electricity connections, pole relocations and connection design that hold up work in the ground. The Office of the Tasmanian Economic Regulator's Energy in Tasmania Report 2024-25 records that the proportion of new connections completed by the scheduled date fell to 73.79 per cent in 2024-25, down from 89.02 per cent the year before. It is difficult to attract investment where the enabling capacity is not there.

The same applies to materials. Sand, aggregate and quarry supply are a known constraint on major works in this State, and extractive resources are protected, or lost, through the planning system. A diversification strategy that plans for more construction without protecting the supply of the materials needed to build it is incomplete.

Contracting: settle the position, then keep it standard

The Tasmanian Government moved to a suite of building and construction contract documents based on the AS 4000 series from 1 September 2023. Industry concerns were serious enough that on 1 November 2024 the Premier and the Minister for Infrastructure announced a six-month exemption for State road and bridge projects, with those works reverting to AS 2124 while the Crown Solicitor reviewed the conditions.

That exemption remains in place, and no successor position has been published. Standards Australia has since released a wholly revised AS 4000:2025. Government told Estimates in June 2026 that it is negotiating rise and fall provisions with the civil sector and considering longer-term road maintenance contracts. Industry is therefore pricing work in 2026 against a contract framework whose status has not been stated since 2024. That uncertainty has a cost, and government can remove it without creating a new spending program.

Once the position is settled, the approach should be straightforward:

- keep the standard form standard, and confine Tasmanian departures to a short, clearly identified schedule rather than rewriting the contract throughout;

- distinguish the amendments a Crown party genuinely requires, covering probity, right to information, work health and safety, insurance and audit, from risk shifted to contractors simply because government has the bargaining power to do so;
- allocate each material risk to the party best able to control, price or insure it, and justify any departure from that principle for the specific project;
- standardise clauses and administrative processes across agencies where the underlying risk is the same, and use simpler forms for lower-value works;
- resolve rise and fall so that inputs like fuel and materials movements are shared rather than carried entirely by the contractor; and
- consult industry before substantial changes, then review how the contract performs on live projects.

Fair risk allocation is not special treatment for contractors. Contractors price risk. Where a risk cannot be assessed or controlled, prudent firms add contingency, qualify the bid or decline to tender. In each case, the cost ultimately flows back to government. The exposure is not theoretical: 98 per cent of construction plant runs on diesel, fuel can be up to 30 per cent of project cost, and bitumen increases have added between $9,000 and $18,000 per kilometre of road.

A pipeline the industry can invest against

Civil construction is capital intensive. Firms commit to plant, workshops, apprentices and skilled employees on the expectation of a reasonably stable flow of work. A headline pipeline figure is not enough to support those decisions. A reliable procurement schedule is.

The gap between the published pipeline and actual delivery is measurable. The Preliminary Outcomes Report for 2025-26 records Infrastructure Investment expenditure of $682.0 million against $893.7 million budgeted. Treasury attributes the variance to changes in the timing of expenditure. For industry, those timing changes mean idle plant, people redeployed or moving interstate and skilled workers lost to other States. When tenders then bunch, competition falls because firms cannot bid everything at once.

Packaging should be used to build competition, not to protect incumbents. The Macquarie Point model is a useful Tasmanian example: a 30 per cent Tasmanian benefit weighting applied at every assessment stage, a 20 per cent sub-weighting for small and medium enterprise opportunity, apprentices and trainees at 20 per cent of labour hours, and reporting obligations that reach subcontractors. Applying that framework as standard across State capital works, with published results, would give local capability a measurable pathway without narrowing the field.

Buy local policy

The civil sector is very supportive of the buy local policy. However, we believe it should be regularly reviewed to make sure it continues to meet industry and community expectations. It needs to better differentiate between a truly Tasmanian business and a national or international business

with a Tasmanian presence. This will require further consideration and consultation with the sector and other stakeholders but should be a priority given its role in supporting local capability.

Machinery of Government changes

The civil sector strongly supports the current machinery of government changes. In particular, the creation of Building Tasmania has resulted in some excellent appointments to key decision-making roles in the new department. It makes a substantial difference when industry can engage and work with people who understand our sector, the challenges we face and the opportunities that are ahead of us. We believe that these learnings should be applied to the broader machinery of government changes. Improving the capacity and effectiveness of decision-making processes inside government should be a clear aim of any future structural reforms in government.

Workforce

The Strategy is right to treat workforce capability as a core economic priority. For civil construction the shortfall is immediate and quantified: over 650 new plant and machinery operators a year, against apprentice commencements that fell 17.7 per cent year on year in the September 2025 quarter.

CCF Tasmania has a direct interest in this issue because we deliver training. The Civil Job Ready program, co-designed with TasTAFE, won Gold in the Industry Collaboration category at the 2025 Australian Training Awards. CCF Tasmania is building the Civil Construction Earthworks Academy at Quercus Park, Carrick, in partnership with Rural Youth Tasmania and backed by $4.3 million from the Tasmanian Government, with construction under way since February 2026 and first students expected this year. We acknowledge that investment, and we are not asking government to take our word for whether it works.

Our position is that public training funding should follow the evidence and outcomes should be independently assessed:

- deliver training, on equipment that reflects the plant, technology and safety systems in current use:
- prioritise occupations and competencies where employers can demonstrate a shortage;
- expand school-to-industry pathways so civil construction is visible as a skilled, well-paid career;
- support apprenticeship completion, including arrangements that work for firms employing fewer than 10 people; and
- evaluate outcomes independently of the bodies delivering the programs, and report commencements, completions and employment at 12 months.

The measure of success is not how many courses are funded. It is how many capable people enter the industry, finish their training and stay in it.

Measure the friction government controls

The draft asks for views on its indicators. Our view is that they are too broad to hold anyone accountable.

If reducing friction is central to attracting investment, government should measure the friction it controls, and each measure should carry a baseline, a target, a reporting date and a named owner:

- private business investment per capita, which the draft omits;
- median time for key investment and development approvals, and the proportion completed within published timeframes;
- average tender assessment and award time for government civil works;
- accuracy of published procurement dates against actual market release;
- agency delivery performance, and time taken to resolve variations and claims;
- serviced industrial land and headworks capacity released, by region; and
- civil construction apprenticeship commencements and completions.

The Auditor-General has already recommended that the department measure and report the outcomes of its investment attraction activity, with a December 2026 deadline. The Strategy should meet that recommendation rather than restate the ambition.

We also note that the action plans, not this document, are where the decisions will be made. Those plans should be released for public consultation before they are finalised.

Tasmania has businesses willing to build, invest and employ. What is missing is enough serviced capacity, a settled contract framework, a procurement schedule industry can rely on, and timely resolution of variations and claims. Most of these issues are directly within the Government's control. Servicing land and funding headworks will require targeted investment; the contract, procurement and payment reforms largely require government to do existing business better.

If the final Strategy sets the direction but does not commit government to fixing the constraints it controls, it risks becoming a description of the economy Tasmania wants rather than a practical plan to deliver it.

CCF Tasmania would welcome the opportunity to discuss this submission further.

Yours sincerely

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