



QUEENSLAND MAJOR
CONTRACTORS ASSOCIATION

14 August 2014

The Hon. Tim Nicholls MP
Treasurer and Minister for Trade
GPO Box 611
BRISBANE QLD 4001

By email to: Treasurer@ministerial.qld.gov.au

Dear Treasurer

Re: The Strongest and Smartest Choice: Queensland's Plan for Secure Finances and a Strong Economy

The QLD Major Contractors Association (QMCA) welcomes the opportunity to make a submission to the Queensland Government on ***The Strongest and Smartest Choice: Queensland's Plan for Secure Finances and a Strong Economy***.

The QMCA is the construction industry peak body representing QLD's leading construction contracting companies. The Association is dedicated to making the construction industry safer, more efficient, more competitive and better able to contribute to the development of QLD and Australia. QMCA's current membership includes 14 of the top-performing construction companies in QLD, that together account for approximately 60-70% of the construction and civil engineering project work undertaken in the State.

The QMCA welcomes government's dialogue with Queenslanders regarding asset recycling and applauds government's focus on infrastructure delivery as a key driver of productivity and a strong and sustainable Queensland economy as articulated in ***The Strongest and Smartest Choice: Queensland's Plan for Secure Finances and a Strong Economy***. Funds generated from the sale of assets should be used either to pay down debt, or to invest in new high quality productivity lifting infrastructure projects that meet rigorous cost-benefit analysis. Maintenance of a medium and long term infrastructure project pipeline will not only boost the State's overall productivity but will also deliver greater industry sustainability.

Alternative ways to finance debt reduction as outlined by the Government in the recent campaign, including significantly decreasing existing government services or increasing payroll and other State taxes or levies, are not supported by the QMCA. These alternatives would have significant and counterproductive impacts on business competitiveness and the broader Queensland economy and community.

The Strongest and Smartest Choice: Queensland's Plan for Secure Finances and a Strong Economy document sets out a range of spending priorities should the Government proceed with its asset sales agenda. The QMCA generally supports the broad split of revenue

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proposed by government, that is, an estimated \$25 billion to pay off existing debt, with around \$8 billion directed towards infrastructure investment.

In relation to the infrastructure component of revenue expenditure the QMCA strongly favors:

- a focus on high quality productivity lifting infrastructure that will benefit Queenslanders beyond the initial construction phase; and
- packaging of any significant projects in such a way that opportunities are available to a number of contractors.

Asset recycling is a sensible way to ensure the delivery of a future pipeline of productivity lifting infrastructure for the State and we congratulate government for taking the difficult decisions necessary to progress this agenda. In considering future infrastructure investment in QLD we would also urge government to consider:

- smoothing investment cycles as a means of reducing project costs;
- undertaking further research into non-government infrastructure funding models including;
 - utilizing non-funding levers available, including continuing to fast track development approvals and reduce the regulatory and cost burden on contractors by improving government tender processes; and
 - develop programs of projects that can be rolled out at short notice to fill anticipated declines in order books as resource projects decline.

The QMCA also seeks ongoing close collaboration between government and industry to drive productivity, innovation and industry sustainability including through identifying and managing emerging issues around infrastructure planning, procurement and delivery.

Once again, thank you for the opportunity to provide further input to government's **Strong Choices** initiative. Should you wish to discuss any aspect of this submission please do not hesitate to contact Mr Chris Stanley, Chair of the QMCA's Government Infrastructure Sub-Committee, on telephone 0417 383 52, or myself on telephone 0409 755 264.

Yours sincerely

Tony Hackett
President