



Victorian Civil Construction Industry Alliance

SUBMISSION

TO

ESSENTIAL SERVICE COMMISSION

ON

LOCAL GOVERNMENT

RATES CAPPING

&

VARIATION FRAMEWORK

May 2015

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1. PREAMBLE

The Victorian Civil Construction Industry Alliance [the Alliance] is pleased to have the opportunity to make a submission to the Essential Services Commission (ESC) on Local Government – Rates Capping and Variation Framework.

The purpose of this submission is therefore to identify the challenges and opportunities that the civil infrastructure sector, predominantly Small to Medium Enterprise companies [SMEs] face with Local Government rates capping and to offer recommendations to optimise the positive outcomes that rates capping will bring to Alliance members and Victorian communities.

The Alliance has deliberately focussed on SMEs not only because the majority members of the industry groups comprising the Alliance and involved in the actual delivery and maintenance of Local Government infrastructure are SMEs, but also because the issues identified in this submission are considered to have the most impact upon SMEs and the community, especially in Regional Victoria.

It is accepted that the prevailing economy and level of competitiveness impact upon the cost of delivery of infrastructure, however, the Alliance is of the view that there are a number of opportunities available to Government to reduce the cost of delivery of infrastructure, notwithstanding the aforementioned influences.

Whilst this submission draws on a number of reports prepared for the industry, it also bases its recommendations on anecdotal experience of the SMEs working in the industry. Therefore, a number of recommendations call for further research into how efficiencies could be achieved and so thereby reduce maintenance and construction costs. Alliance Members therefore stand ready to cooperate in any research work undertaken by the ESC in developing the rates capping index to be used and the proposed variation framework.

It is acknowledged that the principal focus of the Local Government rates capping and variation framework is to cap annual council rate increases as well as to develop a workable process to assess any proposals by councils for above cap increases. This submission seeks to positively respond to the employment, economic and social impacts through recommendations that if implemented, will ensure the State Government's policy objectives are met. The intent of this submission is to identify, in summary form, a range of initiatives aimed at driving the infrastructure dollar further in a rates capped environment, supported by a variation framework which will benefit Local Government communities across the State, to ensure no disadvantage for SMEs, and to maintain or generate jobs.

To that end, the Alliance encourages the ESC to meet with Alliance members, in a workshop forum, to explore further the contents of this submission.

This would provide the ESC with the opportunity to hear first-hand from the Civil Construction Industry, the justification for the recommendations contained herein. Alliance Members would therefore welcome the opportunity to explore further how the Civil Construction Industry could work with the ESC and the State Government to ensure the efficient delivery and maintenance of local community infrastructure.

2. THE ALLIANCE

The Alliance was established in February 2005 for the purpose of bringing together those industry groups involved in the delivery and maintenance of the civil infrastructure in Victoria.

With a current membership of 24 industry groups, the Alliance provides a vehicle by which the Government can engage with the civil construction sector aimed at achieving the efficient delivery and maintenance of infrastructure. Members of the Alliance employ tens of thousands of professional, skilled and unskilled workers and are responsible for delivering more than \$3B worth of civil infrastructure works for local government.

Apart from providing a collegiate approach to achieving positive outcomes for its members, the key objectives of the Alliance include:

- to increase the capacity of the civil construction sector to respond to or influence Government policy;
- to assist in the dissemination to Alliance Members, key Government and industry information relating to the sector;
- to provide a vehicle to cooperate with other relevant alliances and employer groups;
- to exchange information on best practice initiatives pursued by Alliance Members;
- to provide access to the range of specialist skills and networking opportunities available within the Alliance, especially for the smaller interest groups and so thereby strengthen the sector generally; and
- especially, to build collaboration aimed at achieving common goals for the sector, for example, drive the infrastructure dollar further, skilling the sector, etc.

The Alliance completely accepts that a democratically elected government has every right to implement its policies and the Alliance stands ready to assist the State Government to achieve its policy objectives in the best interests of all Victorians from the perspective of economic development, job creation, community engagement, housing affordability, efficient Local Government service delivery and regional sustainability.

The Alliance Members predominantly represent private sector businesses across Victoria, many of whom are established in regional towns and cities. When the private sector is faced with constraints on and/or pending loss of income, they will critically review their operations and go back to its core activities.

Local Government also has that opportunity by rigorously applying the Principles of Best Value; the reform program legislated by the former Labour Government, ie:

- (i) All services must meet quality and cost standards.
- (ii) All services must be responsive to community needs.
- (iii) Each council service must be accessible to those for whom it is intended.
- (iv) A council must achieve continuous improvement in its provision of services.
- (v) A council must develop a program of regular consultation with its community regarding the services it provides.
- (vi) A council must report regularly to its community on its achievements in relation to first five principles.

In this context, the Alliance believes that it is imperative that the State Government engages effectively with the Alliance and its members in the course of finalising plans for the implementation of the Government's rates capping and variation framework proposals in

order to achieve the best overall outcomes for both Victoria communities and the civil construction industry.

One priority area for the Alliance is reducing the potential for any diminution of capital or major maintenance works on Local Government's civil infrastructure as a consequence of rates capping. A structured and formalised program (including Government funded pilot projects) aimed at seriously pursuing the efficient delivery of Local Government infrastructure maintenance and capital works projects, vis-a-vis the recommendations from the two Ernst and Young Reports (commissioned by the previous State and Federal Governments) and the CRC Research Report (Strategies for Dispute Avoidance) is strongly supported. This includes addressing red-tape issues which impede the efficient delivery of these vital activities to Victorian communities.

Specifically, Alliance Members are seriously concerned that the capping of municipal rates will dry up municipal road works. Municipalities are responsible for maintaining the majority of Victoria's road network and any reduction in their ability to raise funds for maintenance, road upgrades and new roads will have a major adverse impact on local communities and the Civil Construction Industry, especially in regional Victoria.

Measures are required from Government to ensure that there is no reduction in local road construction and maintenance activities/programs as a result of rates capping.

As identified through the Ernst & Young Report (2008), commissioned by the former Victorian Government, and supported by subsequent inquiries by the Victorian Competition and Efficiency Commission and the Auditor General, there are considerable opportunities for improvement in the performance of Local Government and the civil construction sector, particularly in relation to the interface between the procurers of civil infrastructure and all the various components in the delivery supply chain. Given its membership, the Alliance believes that it can assist in this regard.

The Alliance notes in the VAGO Report Local Government: Results of the 2013/14 Audits (tabled on 26 February 2015) that VAGO highlights that Local Government is facing some key financial challenges, including:

- delivering quality services to their communities
- maintaining their existing assets
- funding future capital works by effectively prioritizing spending.

The Alliance is ready to work with the State Government to help Local Government respond to these challenges in the pending rates capped environment. The Alliance believes this can be achieved without reducing essential maintenance and construction budgets for the local road network across the State.

3. SUBMISSION CONTEXT

On the 22 April 2015, the Victorian Civil Construction Industry Alliance held a roundtable discussion with leaders from its member organisations. This submission represents the collective knowledge, expertise and experience from across the sector in how to proactively respond to the challenges faced by the sector from rates capping in Local Government and the variation framework being developed to accompany it. The submission articulates what councils should be expected to do and how the State Government and Civil Construction Industry can assist Local Government.

The submission has been developed with the following contextual setting in mind:

- a. The economic multiplier of investment in infrastructure is high and it has a very favourable impact on economic activity. The multiplier ranges from 2 (in USA) to 14 (in Euro areas). (Sources: Federal Reserve Bank of San Francisco November 2012 and Flash Economics Economic Research March 2013).
- b. Anecdotal evidence suggests that the economic multiplier effect is significantly higher in rural Victoria than in metropolitan Melbourne. It also suggests (ABC 7.30 Report on 30 April 2015 - Portland) that the impact of a single rural job loss is equivalent to hundreds of jobs lost in the metropolitan area.
- c. Rural job losses impact the fabric of the effected rural communities in everyday life including education, services, shopping and sport, including local sponsorship of local community activities by business, including civil contractors.
- d. Local Government is an important business partner for the viability of the Civil Construction Industry.
- e. The proposed variation framework must be developed to ensure there is no diminution of local road maintenance and capital renewal, upgrade, expansion and new capital funding.
- f. Any approved variation to the rates cap must be a 'virtual' contract with the community for the construction and maintenance of the local road network.
- g. Local Government must have the financial capacity to meet its financial obligations under Development Contribution Plans to avoid any negative impact on housing affordability.
- h. Local Government must have the financial capacity to meet its financial obligations to maintain and upgrade its local road network to prevent growth in the backlog of these tasks with its consequent detriment to the performance of road based public transport, the freight sector and the movement of cranes and over-dimensional vehicles about the State used for road/bridge construction, community infrastructure projects and business investment projects.
- i. Local Government must refocus its priorities to ensure its local road network provides the level of service its communities need to safely and efficiently move around the municipality.
- j. Local Government must undertake credible long term financial planning (10yrs minimum) incorporating long capital works planning to provide a demonstrable pipeline of works and projects to meet the needs of the community in a fiscally responsible way.

- k. State and Local Governments must critically review their approval processes for new infrastructure, including quarries to address shortages in road making resources, whilst not denigrating State and local environmental objectives.
- l. State and Local Governments must review the regulatory requirements that the Civil Construction Industry faces daily from the perspective of driving efficiencies for both the public and private sector to the benefit of the community.
- m. Local Government and the Civil Construction Industry must work in partnership to harmonize and standardise specifications and standard drawings across the State with resultant efficiency and productivity gains (this is also a key recommendation the E&Y Report).
- n. Anecdotal evidence suggests that if all councils have their rates capped at CPI and that the loss of revenue is all offset by a reduction in civil infrastructure budgets (including capital and maintenance programs), as has occurred in other jurisdictions and on other occasions under rates capping, the negative economic impact on the Civil Construction Industry and the local economy could realistically be upwards of \$1.2B per annum, allowing for an economic multiplier effect of 8.
- o. The development sector is concerned that council staff dealing with development approvals are already stretched beyond reasonable limits. Any revenue reductions from rates capping must not be allowed to exacerbate this situation further. Current development approval delays are estimated to be costing new home buyers approximately \$200/lot in growth areas alone for each week approvals are delayed beyond acceptable limits.

4. WHY IS THIS APPROACH IMPORTANT?

- a. The resilience of council civil infrastructure must not be further impaired by the rates cap or the proposed variation framework.
- b. Community road safety on local roads must not be compromised through service standard reviews and/or maintenance/construction budget cuts.
- c. Road maintenance and construction 'needs' are increasing and not decreasing (ie maintenance and construction costs are annually increasing much higher than the CPI).
- d. Local roads are integral to the safe and efficient movement of freight due to the first and last mile principle and Local Government's timely determination of approvals for legal heavy loads on local roads must not be compromised.
- e. Rates capping should drive partnerships, collaboration and service innovation between Local Government and the Civil Construction Industry.
- f. The economic and social importance of the condition of the local road network is very significant from both an industry (ie freight efficiency) and community perspective (ie community road safety and social inclusion).
- g. Poorly maintained local roads and local roads in need of capacity improvements lead to congestion on the road network which in turn increases greenhouse gas emissions and impedes freight efficiency.
- h. Any loss of employment opportunities in rural towns is felt many times harder than in the metropolitan area and can often have dire local consequences – eg loss of services, closure of retail traders, impact on school populations, local sporting clubs and local sponsorship of community events and activities.
- i. Any consequential cutbacks in capital works funding and the slowing of granting development approvals resulting from rates capping will negatively impact economic and housing development which in turn negatively impacts the revenue stream of both councils and the State Government.
- j. Councils have struggled with rolling out infrastructure associated with new developments, particularly infrastructure funded in part by developers through developer contribution plans which councils are required to deliver. The delivery of this infrastructure obligation must not be negatively impacted by the implementation of rates capping. Past and any future delays in councils delivering their obligations causes community angst with the resultant loss of productivity,

5. WHAT SHOULD BE EXPECTED OF COUNCILS?

Councils should:

- a. Develop informed, credible and robust long term (10 years minimum) financial and business plans beyond the current short term financial cycle. These long term financial plans must be informed by sound service planning and asset management practices.
- b. On a State-wide basis, harmonise and standardise the specifications and standards drawings it uses for its civil infrastructure maintenance and construction programs.
- c. Ensure that any budget cuts as a consequence of rates capping do not negatively impact on maintenance and capital works programs, many of which are already under funded from a sustainability perspective.
- d. Thoroughly understand and accurately document their asset inventories, the conditions of assets on the inventory and the annual and life cycle maintenance costs.
- e. Review their asset inventories to determine which assets can be rationalised. This is best determined via robust service planning which will identify the assets needed to support council services.
- f. Critically review their debt situation and reduce their aversion to debt from a financial management perspective.
- g. Ensure that the transparency of their budgets and financial decisions are understood by the community if there are impacts on services or service standards.
- h. Review its obligations to Developer Contribution Plan infrastructure creation for new communities to ensure no unreasonable delays.
- i. Review the Developer Contribution Plan and Developer Contributions applicable in their municipality.
- j. Consult with the development sector to prepare a prioritised list of infrastructure asset creation projects that require a local government contribution.
- k. Engage with construction material suppliers for road projects from project inception.
- l. Innovate by using non-standard or recycled alternative products for civil infrastructure maintenance and construction to increase productivity whilst still maintaining the integrity of the civil infrastructure construction and maintenance.
- m. Ensure their tender evaluation processes focus on best value or value for money outcomes.
- n. Seriously explore opportunities for shared resources.
- o. Examine opportunities to create regional supplier panels and regional procurement contracts.
- p. Be less risk adverse to avoid consequential impacts on the State economy.
- q. Co-operate to reduce the cost of disputation.
- r. Consider user pays issues and opportunities.
- s. Be accountable for having the right skills to efficiently deliver their local road maintenance and construction tasks.

- t. Ensure adequate technical skills in the civil infrastructure areas are established and maintained.
- u. Upgrade project management and procurement skills and competencies.
- v. Improve contract management and specification development skills and practices.
- w. Work with the State Government and the Civil Construction Industry to proactively identify and protect quality construction material resources (eg sand and stone) from encroachment (eg residential development).

6. HOW CAN THE GOVERNMENT ASSIST?

The Government can:

- a. Develop performance indicators to monitor/measure efficiencies in road infrastructure maintenance/investment and require councils to report on them annually and against their Road Management Plans.
- b. Ensure there is no diminution of maintenance funding for local roads when developing the variation framework.
- c. Promote funding to implement the recommendations in the Ernst & Young Report and initiate pilot programs, as appropriate.
- d. Inform itself on the rates cap impact on the whole of life management of road infrastructure.
- e. Ensure that there is no flow-on effects of job losses in the Civil Construction Industry as a consequence of rates capping.
- f. Ensure that the variation framework acknowledges the structural and fiscal differences between rural and metropolitan councils.
- g. Analyse the delayed and compounding effect/impact on community infrastructure of reduced asset maintenance and renewal expenditure over time.
- h. Establish a centralised loan authority for the use of local government to reduce the cost of money to councils.
- i. Explore how to increase regional arrangements for road construction and maintenance materials.
- j. Analyse the impact of legal heavy vehicles on the longevity of under-maintained load roads.
- k. Reduce the red tape for legally loaded vehicles to travel on local roads (first and last mile issues).
- l. Evaluate use of self or third party certification of development approvals to avoid rates capping impact on new subdivisions and housing affordability as approval delays slows the flow-on of economic benefit to and from the building sector and slows Stamp Duty revenue cashflow to the Government.
- m. Provide a transition period for rates capping as many services cannot be 'undone' overnight.
- n. Co-operate to reduce the cost of disputation in accordance with the principles and strategies in the CRC Research Report – Strategies for Dispute Avoidance (Report No 2007-006-EP-03) (21 November 2008).
- o. Work with the Civil Construction Industry and local councils to proactively identify and protect quality construction material resources (eg sand and stone) from encroachment (eg by residential development).

7. HOW CAN THE CIVIL CONSTRUCTION INDUSTRY ASSIST?

The Civil Construction Industry can:

- a. Where appropriate, assist rural and regional councils who are suffering from a loss of technical skills and expertise.
- b. Assist rural councils with access to quality materials through establishment of quarries where appropriate.
- c. Actively pursue continuous improvement and innovation in its service delivery to local government.
- d. Partner with Local Government to harmonise and standardise the specifications and standards drawings used for local road maintenance and construction programs.
- e. Co-operate with the Government and councils to drive efficiencies in the delivery of infrastructure.
- f. Be prepared to transfer the skills within the sector to Government and councils where appropriate.
- g. Co-operate to reduce the cost of disputation.
- h. Educate the sector.
- i. Commit to supporting the Government's industry skilling program.
- j. Rationalise the sector where appropriate.
- k. Work with local councils and the State Government to proactively identify and protect quality construction material resources (eg sand and stone) from encroachment (eg by residential development).

References:

1. Local Government Procurement Strategy (September 2008) – prepared by Ernst & Young for Department of Planning and Community Development
2. Research Report – Strategies for Dispute Avoidance – Report No 2007-006-EP-03 prepared by the Co-operative Research Centre (CRC) (21 November 2008)
3. Strong Foundations for Sustainable Local Infrastructure (June 2012) – prepared by Ernst & Young for the Department of Regional Australia, Arts and Sport Department
4. Federal Reserve Bank of San Francisco – Economic Letter – 26 November 2012
5. RACV – Growing Pains in Outer Melbourne (November 2012)
6. Flash Economics – Economic Research – 22 March 2013 – No 227
7. Alliance submission to the Productivity Commission Inquiry into Infrastructure Costs (December 2013)
8. RACV – Growing Pains in Regional Victoria (September 2014)
9. VAGO – Local Government: Results of the 2013-14 Audits (26 February 2015)

APPENDIX



Victorian Civil Construction Industry Alliance

Victorian Government Infrastructure Policy

The Alliance Supports an Expanded Government Infrastructure Program

Recommendation: *That the Government engages effectively with the Victorian Civil Construction Industry Alliance and its members in the course of finalizing plans for the implementation of the Government's infrastructure and rate capping policies in order to achieve the best overall outcomes for both Victoria and the civil construction industry.*

March 2015

THE ALLIANCE

Australian Asphalt Pavement Association
Association of Land Development Engineers
AustStab
Cement, Concrete & Aggregates Australia
Civil Contractors Federation
Civil Works Exposition
Construction & Mining Equipment Industry Group
Construction Material Processors Association
Demolition Contractors Association of Victoria
Dial Before You Dig
Engineers Australia
Institute of Public Works Engineering Australiasia
Institute of Quarrying Australia
Municipal Works Operations Association
Roadmarking Industry Association of Victoria
The Crane Industry Council of Australia
Traffic Management Industry Association of Victoria
Urban Development Institute of Australia
Victorian Transport Association
Roads Australia (Observer)
Department of Environment, Land, Water and Planning (Observer)
RACV (Observer)
VicRoads (Observer)
Victorian Water Industry Association (Observer)

Executive Summary

The Alliance completely accepts that a democratically elected government has every right to implement its policies and the Alliance stands ready to assist the Government to achieve its policy objectives in the best interests of all Victorians from the perspective of economic development, job creation, housing affordability, efficient project delivery and regional sustainability.

In this context, the Alliance believes that it is imperative that the Government engages effectively with the Alliance and its members in the course of finalizing plans for the implementation of the Government's infrastructure and rate capping policies in order to achieve the best overall outcomes for both Victoria and the civil construction industry.

The priority areas for the Alliance are:

1. The need for a definitive and credible pipeline of projects across all government agencies, integrated to ensure minimal lumpiness.
2. Reducing the potential for the inevitable diminution [in real terms] of capital or major maintenance works on civil infrastructure as a consequence of rate capping.
3. A spread of construction works to accommodate all classes of the industry, especially the small to medium enterprises (SMEs) and companies offering credible, alternate solutions for infrastructure construction and maintenance.
4. A structured and formalized program (including Government funded pilot projects) aimed at seriously pursuing the efficient delivery of projects, via-a-vis the recommendations from the two Ernst and Young Reports and VCEC Reports commissioned by the previous State and Federal Governments.
5. Addressing red-tape issues which impede the efficient delivery of civil projects.
6. Ensuring that SMEs get paid in a timely manner by Government agencies, water companies, councils and Tier 1 contractors who are delivering major projects.

VCCIA Supports an Expanded Government Infrastructure Program

The Alliance welcomes the commitment of the Andrews Labor Government to the establishment of Infrastructure Victoria and Projects Victoria 'to kick start major projects' in Victoria and develop a steady pipeline of infrastructure projects.

Victoria is served by many Small to Medium Enterprises who are major economic drivers in local communities, providing direct investment and employment in those communities, especially in regional Victoria. Infrastructure projects drive economic growth and employment and facilitate other activities in the Victorian economy.

There is a large backlog of infrastructure requirements in Victoria. A sustained structured approach to building new infrastructure and adequate resources to maintain existing infrastructure is required. The Government's commitment to headline infrastructure projects, as well as the \$1 billion commitments for Suburban and Rural roads is welcome. But more is needed.

The Ernst and Young Report commissioned by the last Labor Government identified considerable opportunities to improve the delivery of civil infrastructure projects in Victoria. That report made particular reference to the need for skills to be enhanced for those involved in the delivery of local infrastructure.

The creation of Infrastructure Victoria and Projects Victoria presents the opportunity to reform the relationship between the industry and government agencies; to enhance the efficiency of Government contracting. To help ensure maximum value for the Government's infrastructure dollars, the Alliance is offering to work with Government to drive much needed reforms.

A Cooperative Approach: The Alliance seeks the opportunity to work with Government to identify and remove barriers to the efficient delivery of infrastructure projects.

The Government's intention to develop a pipeline of projects in Victoria is an important step. It is equally important to engage the industry to keep them informed about the projects in the pipeline and the proposed timelines. Ideally, a 5 to 10 year outlook will provide invaluable information to companies to plan major plant investment and to maintain staff levels and necessary skill levels.

The planned timely release of projects to smooth out the market to avoid peaks and troughs of activity could facilitate optimum utilization of industry resources and enhance industry efficiency. It is imperative that the projects are planned to provide a spread of construction works across all industry classes. This is particularly important for SMEs located in regional Victoria.

Cost-effective construction and a streamlining of projects has been achieved in some states and internationally with the 'Early Contractor Involvement' process. Contractors are keen to be involved at an early stage and very often have knowledge of emerging processes that are otherwise not available to Government agencies/corporations and councils.

Rate Capping: Alliance members are concerned that the capping of municipal rates will dry up municipal infrastructure works. Municipalities are responsible for maintaining the majority of Victoria's road network and any reduction in their ability to raise funds for maintenance and new roads will have a major adverse impact on local communities and the industry, especially in regional Victoria.

Measures are required from Government to ensure that there is no reduction in civil infrastructure projects as a result of rate capping.

The Alliance also notes the Government has appointed the Emergency Services Commission (ESC) to provide advice on the introduction of the "fair rates capping system" and that the ESC will consult with the Municipal Association of Victoria (MAV) and Local Government Professionals (LGPro) and government agencies. It is imperative that the Minister for Local Government directs the ESC to also engage with the civil construction industry. The inquiry must establish an approach to ensure there is no reduction in the budget municipalities are able to allocate to road building and maintenance.

The Alliance will seek an early meeting with the ESC to better understand the process and to ensure that the process enables adequate funds to be targeted at new roads and the maintenance of existing roads in municipalities.

The Alliance is also seeking representation on the Sector Panel being established by the Minister For Local Government to assist in the implementation of rate pegging. The Alliance's representation on similar panels and reference groups established by the previous Labor Government was found to be useful in assisting in the roll-out of Government policies and initiatives that impacted on the civil construction industry.

The Alliance is also seeking a trial of the Regional approach to the delivery of infrastructure projects as specifically recommended in the Ernst and Young Report commissioned by the previous Federal Labor Government.

Overall, the Alliance believes there is strong opportunity to develop a cooperative partnership between the Government and the private sector stakeholders to remove the barriers to addressing the infrastructure backlog and meeting community expectations.

It is recommended that the Government engage effectively with the Victorian Civil Construction Industry Alliance and its members in the course of finalizing plans for the implementation of the Government's infrastructure and rate capping policies in order to achieve the best overall outcomes for both Victoria and the civil construction industry.

About the Alliance

The Alliance was established in February 2005 for the purpose of bringing together those industry groups involved in the delivery and maintenance of the civil infrastructure in Victoria. The Alliance currently comprises representatives of 24 industry groups/organisations involved in the civil construction sector.

Accordingly, due to its breadth of membership, the Alliance provides a vehicle by which the State Government can effectively engage with the civil construction sector aimed at achieving the efficient delivery of the Government's civil infrastructure program.

Apart from providing a collegiate approach to achieving positive outcomes for its members, the key objectives of the Alliance include:

- to increase the capacity of the civil construction sector to respond to or influence Government policy;
- to assist in the dissemination to Alliance members, key Government and industry information relating to the sector;
- to provide a vehicle to cooperate with other relevant alliances and employer groups;
- to exchange information on best practice initiatives pursued by Alliance members;
- to provide access to the range of specialist skills and networking opportunities available within the Alliance, especially for the smaller interest groups and so thereby strengthen the sector generally; and
- especially, to build collaboration aimed at achieving common goals for the sector, for example, driving the infrastructure dollar further, skilling the sector, etc.

As identified through the Ernst & Young Report commissioned by the last Labor Government, and supported by subsequent inquiries by VCEC and the Auditor General, there are considerable opportunities for improvement in the performance of the civil construction sector, particularly in relation to the interface between the procurers of civil infrastructure and all the various components in the delivery supply chain. Given its membership, the Alliance can assist in this regard.