



## **COVID-19 – Challenges and Opportunities for the Transport and Infrastructure Sector**

### **ROADS AUSTRALIA**

Roads Australia (RA), as the peak body for roads within an integrated transport system, represents an industry that contributes \$207 billion annually to the Australian economy and supports 1.3 million jobs. We take this opportunity, through the Transport and Infrastructure Council (TIC), to commend the outstanding efforts of the National Cabinet in managing our nation's response to the COVID-19 crisis through a genuine "Team Australia" approach.

RA has maintained a close watch on the impacts of COVID-19 on our industry, through regular member surveys<sup>1</sup> and national CEO level interactive online discussion sessions. Members canvassed represent a wide spectrum of national and regional players, across engineering and design consulting firms, project managers, legal and commercial advisors, government agencies, and construction and related services companies.

#### **Current COVID-19 Impacts on Productivity**

Isolation and travel restriction measures have had an immediate impact on industry productivity. However, through strong collaborative efforts across the sector, the impact to date has been limited to an average 15% reduction from pre-COVID-19 productivity levels. A majority of respondents (70%) to the latest RA survey indicate that strict social distancing and other COVID-19 related impacts have had less impact on their operations than initially feared.

Conversely, there are significant concerns about the financial impact of COVID-19, with 75% of respondents already seeing some financial impacts or anticipating that they will be negatively impacted as the full implications manifest over the next 12 months.

There is no doubt that on-time delivery of projects will be impacted by COVID-19 social distancing restrictions and related workplace health and safety requirements. However, the overwhelming majority of survey respondents (85%) believe delays will be minor in nature. In addition, service providers and contractors have indicated that the majority (70%) of public and private sector clients have shown a willingness to be flexible on COVID-19 related time and cost variations, with negotiated project delays likely to be most successful.

#### **Positioning for a Strong Transport and Infrastructure-Led Recovery from COVID-19**

At the start of 2020, all levels of government were delivering or planning more transport projects than ever before. The scale of the current and forecast work pipeline around the country has seen infrastructure design and construction company employment reach unprecedented levels.

Based on the top priority survey issue, RA strongly urges state and territory government agencies to use their best endeavours to expedite bringing projects to market as a key priority to facilitate strong economic recovery from COVID-19.

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<sup>1</sup> Further information on the RA COVID-19 survey results can be found in the RA media releases dated [27 March](#) and [27 April](#) as well as from our recent industry CEO workshop, available [here](#).



Other issues identified where governments can assist industry in recovery include, in priority order:

2. assisting financial viability through improved payments terms and cash-flows (eg 7-day payment terms);
3. facilitating safe return to work in office environments;
4. increasing focus on supply chain management to ensure timely materials availability.
5. assistance to organisations in managing employee mental health and well-being.
6. ensuring client officers give priority to project signoffs and approvals; and
7. progressive lifting of travel restrictions to allow staff deployments – interstate then international.

In light of the COVID-19 crisis survey respondents have indicated RA's priorities over the next 12 months should focus on the following strategic issues, again in priority order:

1. procurement reform – (65% rated in the top 1 or 2 issues)
2. industry capability and capacity – (48%)
3. resilience and sustainability of infrastructure – (34%)
4. safety of road workers, users and infrastructure – (34%)
5. transport Reform, EVs, AVs and funding / pricing – (10%)
6. workforce diversity and inclusion – (3%)
7. journey reliability, network integration / MaaS – (3%)

### **Procurement Reform**

With significant input from members across the country, RA has already carried out a substantial body of work on the top two priority issues - Procurement Reform and Industry Capability and Capacity.

Continued collaborative effort by both industry and government to improve procurement processes is essential, if governments are to get best value for money and industry is to get the best use of its capital and people, as we recover from COVID-19.

A report currently being prepared by RA proposes strategies to:

- deal with unknown risks for large projects.
- create opportunities to increase the involvement of capable medium and small contractors who have been discouraged or excluded from bidding due to project complexity and scale.
- improve long-term visibility and smoothing of pipelines of work to underpin company employment and investment decisions.
- optimise major project delivery models to ensure bidders have adequate opportunity to assess risk, innovate or explore better engineering solutions.
- remove high legal costs and conflict management risks imposed on all parties through lack of standardisation and complex “bespoke” contracting models.
- increase engagement with state and territory education providers and immigration policy makers to meet increased demand for skilled labour; and
- improve industry engagement and removal of cultural barriers to encourage women and people from diverse backgrounds into the industry.

RA will make a copy of the report available to TIC once it is ready for general publication.

***Roads Australia recommends the Council note the content of this Submission.***