



ACA's Response to Productivity Commission's Inquiry into Public Infrastructure

April 2014

AUSTRALIAN CONSTRUCTORS ASSOCIATION (ACA) SUBMISSION IN RESPONSE TO PRODUCTIVITY COMMISSION DRAFT REPORT INTO PUBLIC INFRASTRUCTURE

INTRODUCTION

The Australian Constructors Association (ACA) welcomes the opportunity to respond to the draft Report released by the Productivity Commission on 13 March 2014, as part of the Commission's Inquiry into public infrastructure financing, costs and productivity.

The ACA and its members are committed to working with Australian governments and industry stakeholders to ensure that the Inquiry identifies all of the key issues and roadblocks to greater productivity within the delivery of infrastructure projects and construction projects in general.

This submission concludes that the draft Report identifies the key issues impacting on infrastructure costs. However, the ACA does not agree with the approach proposed in relation to some of the draft findings and draft recommendations as the ACA submits that the Commission needs to re-visit aspects of its analysis in some areas including:

- The impact of industrial issues on infrastructure projects
- Proposals recommending that Governments split larger projects into a range of smaller parts

AUSTRALIAN CONSTRUCTORS ASSOCIATION

The ACA represents the nation's leading construction contracting organisations. A list of ACA members is attached (**Annexure A**). The ACA is dedicated to making the construction industry safer, more efficient, more competitive and better able to contribute to the development of Australia.

ACA member companies operate in a number of market sectors including:

- **Engineering construction incorporating public and private sector infrastructure**
- **Commercial and residential building**
- **Contract mining**
- **Oil and gas operations**
- **Process engineering**
- **Telecommunications services**
- **Environmental services**
- **Maintenance and related services**

Association members operate globally, with member companies operating in Australasia, Europe, Asia, North and South America, Africa and the Middle East. Collectively ACA member companies have a combined annual revenue in excess of \$50 billion and employ over 100,000 people in their Australian and international operations.

The ACA has four (4) key objectives:-

1. **To require the highest standards of skill, integrity and responsibility of member companies.**
2. **To represent the interests of major contractors to government and other decision makers.**
3. **To enhance and promote the status of construction contractors and the industry which they serve.**
4. **To facilitate the exchange of technical information and encourage further research.**

PREVIOUS SUBMISSION

The ACA provided its first submission to the Productivity Commission's Inquiry on 24 December 2013, in response to an Issues Paper released by the Commission. In that submission, the ACA identified the following issues, amongst others, as being key factors for the Commission to consider:

- ***The workplace relations impact on infrastructure costs is not just a function of direct labour costs, although this is a significant component, but the result of a myriad of day to day workplace issues all of which may impact on productivity, but generally do not find themselves disclosed in public statistical documentation. Some of these issues are contained within enterprise bargaining agreements, while others manifest themselves through on-site actions.***
- ***The ACA is concerned that the weakening by the former Federal Government of the controlling regulatory and administrative structures for the industry has resulted in a re-emergence of the industrial problems in evidence prior to the Cole Royal Commission as the equilibrium in the industry becomes more unstable and this is pushing up costs and delaying project completions.***
- ***One of the areas of concern relates to pattern bargaining on an industry-wide basis. Pattern bargaining was identified in the Cole Royal Commission as having a potentially significant effect on the cost of construction.***
- ***From the ACA's perspective, the key issues that need to be implemented (in totality and consistently) to address the financial impact of industrial action by avoiding the development of problems in the first place, or addressing them expeditiously, are as follows:***
 - ✓ ***A commitment on the part of industry participants to comply with the rule of law.***

- ✓ *A commitment on the part of industry participants to employ representatives to properly and sensibly bargain and negotiate in respect of agreements and entitlements and address worksite issues responsibly.*
 - ✓ *The establishment of an effective, well resourced, regulatory body such as the ABCC that is prepared to become involved early in industrial activity.*
 - ✓ *Legislation that clearly identifies and addresses the problems that may occur and provides the regulatory system with appropriate sanctions (including fines and related sanctions) for employer and employee entities that fail to meet their legal responsibilities.*
 - ✓ *An effective, Australia wide code or regime that sets out in clear and unequivocal terms that parties who do not comply with the requirements of the code can expect to be the subject of a range of sanctions that may lead to those parties being excluded from tendering for public infrastructure projects.*
- *The ACA does not accept any proposition that there are two local entities that dominate the market for large infrastructure projects, and submits that international players of significance (often with a market capitalisation much larger than Australian based entities) have operated in Australia for decades and have remained in the country or withdrawn on the basis of their own commercial decisions as opposed to the existence of strong local brands either in the past or in terms of the recent existence of the Lend Lease and Leighton groups.*
 - *The ACA submits that there are no industry based barriers to entry into the Australian construction market. If there are issues that may impact on the capacity of local or international entities to be successful in the Australian market, those issues are more likely to be in place as a result of the tendering and procurement practices of clients or the industrial landscape rather than the operation of the market in general.*
 - *The tendering and procurement practices of government clients makes tendering for many projects so prohibitive as to potentially be beyond the financial capacity of individual entities to manage.*
 - *The ACA submits that, with the recent announcements by Victoria and NSW of major infrastructure projects, governments need to have greater regard to the impact of their tendering decisions on industry. With the benefit of recent evidence that Australian governments have a renewed interest in infrastructure, now is an opportune time for Australian governments to make clear to industry that they will assess projects primarily on the basis of a*

competitive approach based on skill and capacity to deliver rather than primarily on lowest cost.

- ***If Australian Governments intend to maintain their existing position on tendering for major projects, the ACA submits that governments would receive better value for taxpayer dollars by determining a final shortlist of no more than two entities as this would generate real competition between the final two proponents while also providing the opportunity for a wider range of bidders to compete in early rounds of the process without having to expend vast amounts on initial bid costs.***
- ***A sensible and reasonable approach to the Commercial Framework surrounding projects and the parties involved is important. It is likely to lead to the completion of the project on time and on budget and for any issues that may lead to a dispute being identified expeditiously and addressed in a process that avoids significant disputation or litigation and maintains the commercial and operational relationship between client and contractor.***
- ***Industry resources could be more efficiently allocated, at lower total cost, through the earliest possible advice from clients on their intended Commercial Framework for each project opportunity. This would assist contractors in separately and properly evaluating the 'go/no-go' decision in relation to an opportunity prior to committing significant resources to it.***
- ***There is evidence that many stakeholders do not have an adequate knowledge or understanding of the benefits of individual dispute resolution models, nor which model to apply to specific projects and this militates against selection and implementation of the best model for each project. This may result in the drafting of hybrid dispute resolution processes obtained from amalgamating parts of a range of different clauses without thought to the operational issues and problems that may be created. bespoke contracts with an amalgamation of clauses drawn from different projects should be avoided.***

The ACA made the following conclusions in its previous submission:

Industry and other stakeholders need certainty of approach to ensure that projects are delivered safely, on time and on budget and based on a known and reliable pipeline into the future. Cost and productivity gains will not be consistently achieved without market certainty and commitment to the forward pipeline being implemented outside the electoral cycle.

The Commission should adopt a holistic approach in its investigation of the issues. There is no one fundamental component to the issues before the Commission that overrides any other. While some issues may be classified as a higher priority than others in terms of development, timing and delivery, the ACA submits that unless

the circle of issues is closed there will always be those components that will prevent a consistent and reliable outcome from being fully achieved.

The implementation of the Commission's recommendations is a key issue. Government and industry should establish processes aimed at ensuring annual reports against progress with recommendations. All parties have to accept responsibility for their part in achieving the outcomes and this process needs to be rigorously enforced on an ongoing basis.

REPORT PREPARED FOR ACA BY DELOITTE ACCESS ECONOMICS

As part of its submissions to the Commission's Inquiry, ACA retained Deloitte Access Economics to prepare a report on infrastructure project costs. That report, **Major Infrastructure Projects: Costs and Productivity Issues**, was provided to the Commission on 7 March 2014 and is also attached to this submission (**Annexure B**).

Some relevant conclusions from the Deloitte Access Economics report (which also incorporated a survey of ACA member companies) are as follows:

- Australia's construction costs rose rapidly and notably compared to other costs in the past decade.
- Construction wages relative to all sectors also grew notably as major project investment activity in Australia increased.
- Business investment as a share of the economy has reached a peak and is now starting to moderate. There has also been some moderation in construction costs relative to general prices. However, it is materials costs which have been largely responsible for that moderation (assisted through to mid-2013 by a high \$A reducing the local cost of imported materials and equipment). There has been no pull-back in construction sector wage growth relative to other sectors.
- There is some sign that construction sector productivity rose relative to other sectors from 2004 to mid-2012. However, since mid-2012 that productivity boost has been fading (in large part because measured productivity moves with the economic cycle), while the increase in relative construction wages has not.
- Patterns in wage growth under EBAs point to effects in construction wages over and above the impact of demand cycles. In fact, wage rises from EBAs have grown faster than wages in general to a much greater extent in the construction sector than in any other sector. In addition, the period over which this gap has appeared in construction wages shows three distinct phases:
 - ✓ There were steady relative gains in EBA wage outcomes up until the Cole Royal Commission of the early 2000s.
 - ✓ Those gains then slowed through to the change of Federal Government in late 2007.
 - ✓ Since then these relative gains in EBA wage outcomes have been more rapid than ever. Within this more recent period, the gains have been largest

in Victoria. So at a time when the construction cycle has moderated – and forecasters such as Deloitte Access Economics are actively warning of a ‘construction cliff’ – relative construction sector wages have not faded, and the premium paid through EBAs has continued a rapid climb.

- In addition to wage outcomes through EBAs which have run ahead of other benchmarks, there are often a range of other working conditions and clauses which are negotiated in agreements, and many of these are seen by ACA members as having a negative impact on productivity. This includes inflexible rosters and rostered days off, site access, restrictions on sub-contractors and a range of other matters.

RESPONSE TO DRAFT FINDINGS AND RECOMMENDATIONS

In general terms, the ACA considers that the Commission’s draft Report addresses the key issues that impact on infrastructure construction costs, albeit that the ACA does have a view on various aspects of the draft Report that will be set out below.

In relation to the ACA’s position on specific findings and recommendations, we have set out below each of the findings and recommendations as they appear in the draft Report with the ACA’s position being included in red immediately following each finding or recommendation.

DRAFT FINDING 5.1

There is no shortage of private sector capital that could potentially be deployed to finance public infrastructure in Australia. Private capital markets will finance most projects at the ‘right price’.

ACA Response

ACA agrees in general with the finding, but would add that the availability of private capital may be impacted by an assessment of various factors in addition to price before financiers commits to decisions. These considerations may differ between the various financing sectors. Some relevant factors may include, but are not limited to, the prevailing industrial landscape, sustainability of projects and likely impact of government intervention or decisions that may subsequently affect the long term viability of projects.

DRAFT FINDING 6.1

Where project selection decisions are consistent with recommendations made in this report, there is additional capacity for the Australian and State and Territory Governments to finance public infrastructure from their own balance sheets through the issue of sovereign debt and/or through tax.

ACA Response

ACA agrees with this finding, but also says that governments would need to be clear in their approach to the issues and avoid making decisions that are later reversed or amended in fundamental terms. Also, to ensure a consistent pipeline of work, financing decisions should not be linked to budgetary/electoral cycles

DRAFT FINDING 7.1

Institutional and governance arrangements for the provision and delivery of much of Australia's public infrastructure are deficient and are a major contributor to poor outcomes.

ACA Response

ACA agrees with this finding in the context of its applicability to the public sector.

DRAFT RECOMMENDATION 2.1

There is no continuing case for retention of certain infrastructure in public hands. Accordingly, State and Territory Governments should privatise their government-owned:

- ***electricity generation, network and retail businesses***
- ***major ports***

subject to appropriate processes to ensure value for money.

ACA Response

ACA supports this recommendation. Further, ACA notes that, in many circumstances, the privatisation of public assets is often completed on the basis of long term leases or other financial arrangements that enable those assets to be returned to public hands over time with the result that the public obtains the benefit of the new or upgraded asset as well as financial returns from its use. This situation is often misunderstood or misrepresented in public debates on privatisation.

DRAFT RECOMMENDATION 7.1

Institutional arrangements for the provision and delivery of public infrastructure should incorporate good governance arrangements, including:

- ***the principal objective of ensuring that decisions are undertaken in the public interest***
- ***clear and transparent public infrastructure service standards***

- ***effective processes, procedures and policy guidelines for planning and selecting public infrastructure projects, including rigorous use of cost–benefit analysis and transparency in cost–benefit assessments, public consultation, and public reporting of the decision (including a transparent review of the decision by an independent body, for example, an auditor-general or Infrastructure Australia)***
- ***efficient allocation and monitoring of project risks between government and the private sector***
- ***use of transparent and competitive processes for the selection of private sector partners for the design, financing, construction, maintenance and/or operation of public infrastructure***
- ***sufficiently skilled employees who are responsible and accountable for performing their functions***
- ***principles and processes for considering funding arrangements, including application of user-charging as the default funding arrangement where this is appropriate, and transparency of funding decisions (including public reporting of decisions and periodic review by an independent body, for example, an auditor-general or Infrastructure Australia)***
- ***principles and processes for selecting efficient financing mechanisms and transparency of financing arrangements***
- ***performance reporting and independent evaluation of public infrastructure project performance.***

ACA Response

ACA supports this recommendation.

DRAFT FINDING 7.2

For the proposed reforms to institutional and governance arrangements (draft recommendation 7.1) to have their intended effect, governments at all levels must commit to and support them, even when that leads to project selection decisions that are not politically expedient. The proof of that commitment lies in rejecting projects that have obvious appeal yet fail a transparent cost–benefit test and in choosing projects which may not be as popular but offer long-term net benefits to the community.

ACA RESPONSE

ACA agrees with this finding.

DRAFT RECOMMENDATION 7.3

Australian Government funding or other forms of assistance (such as loans and government guarantees) for public infrastructure that is provided to local, State and Territory Governments should be conditional on the following:

- *use of effective cost–benefit analysis and transparency of assessments including the methodology and assumptions*
- *evidence of a demonstrable net public benefit from the project which is not obtainable without Australian Government support*
- *evidence that competitive processes will be used for the selection of financing, design, construction, maintenance and operation of public infrastructure services where these tasks have been outsourced to the private sector*
- *evidence that the relevant government has efficiently used opportunities for users and other beneficiaries to fund the infrastructure through measures such as user charges, betterment levies and property development charges*
- *ex post evaluation and publication of public infrastructure project outcomes.*

Consultation on the criteria to be applied and any potential implementation issues associated with such an approach should be undertaken with local, State and Territory Governments.

All governments should be encouraged to apply the above principles and actions to their own-funded projects.

ACA Response

ACA supports this recommendation.

DRAFT RECOMMENDATION 7.2

All governments should take deliberate steps towards implementing institutional reforms in the road sector for cars and other light vehicles that improve project selection processes, facilitate greater adoption of direct user charging mechanisms, and more directly link road charge revenue with future spending on roads. The consideration of institutional reforms for cars and other light vehicles should take into account the current reforms being developed for heavy vehicles under the Heavy Vehicle Charging and Investment reform process.

The Commission considers that a road fund model should form the basis of starting a long-term transition to a more commercial approach to project selection and road provision for cars and other light vehicles. To be effective, the road fund needs to have access to adequate sources of funds, a significant degree of autonomy, and transparent processes for determining the level and allocation of funds.

Institutional and governance arrangements adopted should include a formal procedure for consultation with road users and the broader community, as well as systematic post-project evaluation and periodic review of the arrangements.

ACA Response

ACA supports this recommendation as a longer term objective.

DRAFT RECOMMENDATION 4.1

The Australian Government should actively encourage State and Territory Governments to undertake pilot studies on how vehicle telematics could be used for distance and location charging of cars and other light vehicles. To do so, the Australian Government should: offer to partly fund these pilot studies; work with the States and Territories to coordinate and share experiences; and ensure that motorists are consulted, potentially via roads and motorists associations. The pilot studies should be designed to inform future consideration of a (revenue-neutral) shift to direct user charging for cars and other light vehicles, with the revenue hypothecated to roads.

ACA Response

ACA supports this recommendation.

DRAFT FINDING 8.1

Aggregate data indicate that the costs of construction inputs, particularly labour, fuel and land, have risen substantially recently. While such data shed little light on design, environmental and many other cost elements, other evidence suggests that there have recently been periodic increases in these elements.

ACA RESPONSE

ACA supports this finding.

DRAFT RECOMMENDATION 8.1

Given high and rising land costs in urban areas, governments should ensure that project selection take explicit and detailed account of available alternatives, including the enhanced use of existing infrastructure, pricing solutions and cheaper build options. Governments should also consider ways in which land policies can be improved in this area, given the deficiencies in the current planning of land reservation in most jurisdictions in Australia.

ACA Response

ACA supports the recommendation.

DRAFT RECOMMENDATION 11.1

Governments should invest more in the initial concept design specifications to help reduce bid costs, but in doing so, provide opportunities for tenderers to contest the specifications of the design.

ACA Response

ACA supports this recommendation.

DRAFT RECOMMENDATION 11.2

When tendering for major infrastructure work under design and construct arrangements, governments should consider contributing to the design costs of tenderers on the condition that governments own the design, where a thorough prior assessment has demonstrated that design innovation is both worth seeking and likely to be received.

ACA Response

ACA considers that Governments should properly scope a project before releasing a tender and this would include design costs. Where Governments wish to own a design they should be required to meet all of the costs of development of that design, not just a contribution amount.

DRAFT RECOMMENDATION 11.3

Government clients should alter the timing of information provision in the tendering process for infrastructure projects so that non-design management plans are only required of the preferred tenderer. The obligation to produce documents upon becoming a preferred tenderer should remain a condition of the initial request for tender.

ACA Response

ACA supports this recommendation.

DRAFT RECOMMENDATION 11.4

The 'early contractor involvement model' should be trialled to test the costs and benefits of applying past contract performance by tenderers as a means of constructor selection, consistent with the practices of some private sector clients.

ACA Response

ACA supports this recommendation.

DRAFT RECOMMENDATION 11.5

For complex infrastructure projects, government clients should provide concept designs using Building Information Modelling (BIM) to help lower bid costs, and require tender designs to be submitted using BIM to reduce overall costs. Governments should give serious consideration to where in their better practice guides they may specify the use of BIM.

ACA Response

ACA supports this recommendation.

DRAFT RECOMMENDATION 11.6

Within the request for tender, government clients should provide opportunities for tenderers to contest the key standards of the design where they have previously assessed scope exists for innovation to occur.

ACA Response

ACA supports this recommendation.

DRAFT RECOMMENDATION 11.7

Australian, State and Territory Governments should remove the requirement for local content plans, such as the Australian Industry Participation plans, from tenders for all projects.

ACA Response

ACA supports the establishment of a level playing field so that local products may fairly compete against imports on price, quality and deliverability. ACA is concerned about the influx of non-compliant products that have the propensity to add significantly to the cost of construction and the life of completed projects. ACA notes that this issue was highlighted in a recent report provided to the Federal Government by the Australian Industry Group.

To support this outcome, ACA would like to see Governments implement an effective compliance regime for ensuring that imported products have actually been manufactured in accordance with Australian or applicable international standards. That regime could be implemented through the extension of existing third party accreditation schemes, and as a result of appropriate arrangements between the Federal Government and Governments of those countries where the products are manufactured.

DRAFT RECOMMENDATION 11.8

For larger and more complex projects, government clients should pre-test the market to gain insights into possible savings from packaging the project into smaller components, reducing the level of risk borne by any one contractor, and promoting greater competition by relatively smaller construction companies.

ACA Response

Implementation of this recommendation would be expected to be undertaken on a case by case basis, and having regard to a range of factors including the physical and systems interfaces inherent in the project, the procurement model and the capacity of contractors to deliver specific components of the project as opposed to the government client merely assessing the tenders on price. In this respect, some of the issues that should be considered by a government client include:

- If there is no logical or easy manner of splitting a project then, regardless of scale or complexity, it would make no sense to package the project into smaller components merely to achieve a perceived lowering of risk or increase in competition.
- Consideration would need to be given to the intended contractual vehicle eg If the project were proceeding by way of an operational PPP, splitting components would not be applicable.
- Regard should be had to the impact splitting the project will have on the financing of the project and/or its component parts as this could add to the cost of the project or make financing more complex overall.

- Care would need to be taken in assessing the interaction between the number of physical work interfaces and how the potential for corresponding disputes between various contracting entities may be avoided or managed.
- Consideration would need to be given to the issue of which entity would be responsible for the overall project management of the various components of the project and how individual contractors would interact. In a project with a number of components being delivered by different contractors, the government client may not be able to effectively contractually avoid responsibility for the project.
- Government clients would need to be satisfied that they have an effective management structure to oversee project implementation and address the myriad of operational and programming issues that could arise.
- The bearing and transfer of risk would need to be assessed to avoid the addition of costs to components of the project.
- The client will need to consider the longer term issues of operations and maintenance eg where user pays is involved or where an entity is to take responsibility for management and maintenance of the facility for a significant period post completion.

DRAFT RECOMMENDATION 11.9

Government clients should invest more in understanding the site risks for infrastructure projects and update the information provided to tenderers during the request for tender stage in consultation with potential contractors. In order to achieve this, government clients should not rush to market.

ACA Response

ACA supports this recommendation.

DRAFT FINDING 12.1

There is no robust evidence that the new industrial relations environment specific to construction had significant effects on the costs and productivity performance of the construction industry as a whole. However, for some segments of the industry and specific project sites, there remains evidence of unlawful conduct, overly generous enterprise bargaining arrangements, and other problematic industrial relations arrangements that are inimical to productivity and costs.

ACA Response

ACA does not consider that this finding adequately addresses the specific industrial issues that apply in relation to major projects where the unions are able to exercise a significant influence. The recent criminal findings and large fines imposed on the CFMEU by the Victorian Supreme Court, and the apparent evidence that the union maintains financial provision for paying fines on an annual basis, simply reinforces everything that has been said in Royal Commissions and other inquiries about the need for effective, robust regulation of the industry.

ACA does not support the position in the draft finding of linking the industrial relations environment applicable to large projects to cost and productivity outcomes for the construction industry as a whole as this simply avoids the very real impact on cost and productivity that has been the subject of many submissions by major contractors and peak industry bodies for many years. Further, it is submitted that the responsibility of the Productivity Commission in this area is to concentrate on Government infrastructure costs, not costs or productivity applicable to the residential or other sectors.

In the context of the Commission's examination of industrial dispute and related statistics over various timeframes, the ACA submits that a more in depth analysis of parallel legislative or operational changes within the industrial relations framework would better inform an analysis of the statistics and would clarify the submissions by many parties as to the impact of industrial action.

DRAFT RECOMMENDATION 12.1

All Australian governments should adopt the Victorian building code guidelines (or ones with an essentially similar framework) for their own major infrastructure purchases. The Australian Government should require compliance with these guidelines as a precondition for any infrastructure funds it provides to State and Territory Governments.

ACA Response

ACA supports this recommendation and notes that the Victorian Guidelines substantially replicate the Code implemented by the then Federal Government based on the findings and recommendations of the Cole Royal Commission.

ACA also submits that the Productivity Commission's recommendation needs to go further by also supporting the Federal Government's current legislative proposals that would, if implemented, result in the re-establishment of an effective industry regulator like the ABCC underpinned by legislation that ensured that appropriate operational powers and functions were provided.

ACA believes that the current legislation before the Federal Parliament is needed to enable construction costs to be more effectively managed and industry stability returned.

DRAFT RECOMMENDATION 12.2

The Australian Government should increase the ceiling of penalties for unlawful industrial relations conduct in the construction industry.

ACA Response

ACA notes that this recommendation (similar to Rec 12.1) is in line with the findings and recommendations of the Cole Royal Commission that were subsequently implemented by the then Federal Government but later watered down after a change in Government in 2007.

ACA supports this recommendation as it is consistent with the ACA's position on recommendation 12.1 and forms part of the package of legislation that has recently been introduced into Parliament by the current Federal Government. Providing substantial penalties for unlawful industrial activity is an important component of an effective regulatory regime for the industry.

DRAFT RECOMMENDATION 8.2

The Australian Government should fund the development and ongoing implementation of a detailed benchmarking framework for major infrastructure projects in Australia. This would substantially assist in the future planning and evaluation of projects, and is an essential factor in the much-cited pipeline of projects.

The benchmarking should, at a minimum, include information on tender costs and other procurement outcomes, completion times and final out-turn costs and levels of remuneration and industrial dispute.

The provision of data to support the benchmarking framework should be a requirement attaching to all Australian Government funding for major infrastructure projects. Mechanisms should also be developed to capture similar data from projects funded by other levels of government and consideration should be given to what information might be gathered from the private sector to enhance the quality of information provided by the benchmarking.

This ongoing benchmarking must be seen to be independent of both government and industry influence and also be seen as technically robust and credible.

ACA Response

ACA supports this recommendation

DRAFT FINDING 8.2

Comparisons of major project construction costs between Australia and other countries suffer from a range of methodological and data problems that limit their use.

Recommended improvements in data availability, together with further development of reference frameworks, should assist greatly in reducing such limitations.

ACA Response

ACA supports this finding.

DRAFT RECOMMENDATION 13.1

The Australian Workforce and Productivity Agency should make and publish regular projections of labour demand from public infrastructure construction. Information collected and produced as part of the proposed benchmarking activities (draft recommendation 8.2) should support this activity, including data from all cost–benefit analyses undertaken for infrastructure projects that receive Commonwealth funding. The private sector and State and Territory Governments should be invited to participate in providing data pertaining to non-Commonwealth-funded projects.

ACA Response

ACA supports this recommendation.

DRAFT RECOMMENDATION 13.2

In a reformed partnership with key stakeholders, the administrators of training funds should review existing objectives, conditions and processes around funding allocation. The parties should agree on suitable guidelines that will be able to meet the current needs of industry, as well as their likely future needs in an environment where there is a more continuous flow of infrastructure investment.

ACA Response

ACA supports this recommendation and also submits that there should be a root and branch review of training for the industry that ensures that future skills needs are addressed and available funding is focused on those needs. This approach is already taking shape in some areas but needs broad, Australia-wide engagement and commitment rather than relying on the interests inherent in individual jurisdictions or based on outdated views of industry structures.

DRAFT FINDING 13.1

The Commission considers that overall, men and women who work as tradespeople, their clients and their employers have been poorly served by the lack of progress amongst governments in producing consistent occupational licensing across jurisdictions.

ACA Response

ACA supports this finding.

DRAFT RECOMMENDATION 14.1

The current Review of the Australian Government Building and Construction OHS Accreditation Scheme should examine options such as ‘recognition’ and ‘provisional accreditation’, with a view to the implementation of measures to improve access to Commonwealth-funded projects for firms not presently operating in Australia.

ACA Response

ACA supports the current review of the OHS Accreditation Scheme and does not object to the review examining more effective ways for entities to participate. However, ACA submits that any changes to the Scheme should ensure that a level playing field applies between those entities currently accredited and those seeking accreditation and any changed processes should not compromise compliance with Australian safety laws and practices.

April 2014

ANNEXURE A

MEMBERS OF AUSTRALIAN CONSTRUCTORS ASSOCIATION

BGC Contracting Pty Ltd

Brookfield Multiplex Australasia Pty Ltd

CH2M Hill Australia Pty Ltd

Clough Limited

Downer EDI Limited

Fulton Hogan Construction Pty Ltd

Georgiou Group Pty Ltd

John Holland Group Pty Limited

Laing O'Rourke Australia Construction Pty Ltd

Leighton Holdings Limited

Leighton Contractors Pty Ltd

McConnell Dowell Corporation Limited

Lend Lease Building Pty Ltd

Lend Lease Construction and Infrastructure Pty Ltd

Lend Lease Engineering Pty Ltd

Thiess Pty Ltd

UGL Limited

Watpac Limited