

## Jobs and Skills Summit

### Speech by Australian Constructors Association CEO Jon Davies

Thursday 1 September 2022

A healthy construction industry is the foundation of a strong economy.

The sector kept Australia moving through COVID, helped our communities recover from floods and bushfires, and is now leading our nation's economic recovery through a record \$248Bn investment in infrastructure over the next four years.

But this industry, Australia's 3<sup>rd</sup> largest, which contributes 8% of GDP and employs 1 in 10 of the working population is not in great shape.

It operates on the slimmest of margins and accounts for 25% of all business insolvencies. It is so slow to change that only hunting and fishing have a worse track record when it comes to adoption of digital technologies.

Great progress has been made in recent years to improve the physical safety of our workers and that effort must continue, but the same focus needs to be applied to addressing other issues that are slowly killing our industry.

Of critical importance is the need to improve the culture of the industry because it is simply not good enough!

Women make up only 12% of our workforce and that percentage dwindles to single digits for trades. Disputes are common, and our workers are six times more likely to die from suicide than a workplace incident.

Government, industry and unions recognise the need for cultural change and are taking positive steps to achieve this. An example is the Culture Standard, developed by the Construction Industry Culture Taskforce.

The Culture Standard is an important start in fixing our issues, but they are complex and interrelated.

And arguably, many of them are self-inflicted.

We love delivering 'stuff' you can see and touch—something you can show your kids and grandkids. We are also an optimistic bunch, that thrive on challenges, and we are all too happy to provide our clients a fixed price that includes managing risks that cannot be quantified even though we've seen that movie many times before and know how it ends.

Construction is not like manufacturing tins of beans, a commodity that can be easily priced.

It is a highly skilled industry that solves complex problems every day. It operates as a large network of businesses right across the economy from mum and dad contractors to large multinationals that generates a \$3 stimulus for every \$1 invested in projects.

There is a lot we should be proud of and yet our industry could and should be so much better.

If we could just halve the gap in productivity growth between construction and other major industries, we could be saving \$15 billion annually and, most importantly, improve the lives of our workers.

## **SPEECH – CHECK AGAINST DELIVERY**

Skilled migration and training are important, but they will not solve the skills shortage in the construction industry. The only way to do this is to lift our productivity and do more with the resources we already have.

To arrest the spiral of decline, and become a safer, fairer and more productive industry, we need to change.

We need to improve the culture of the industry, we need to improve our capability, capacity and skills and we need to become more financially sustainable.

But change will only happen if government, industry and unions leave behind the baggage of history.

We all need to work collaboratively together as never seen before. And we need a disciplined client... a responsible client... a model client who will help us to move in the right direction.

That Client is the government!