



NAILING CONSTRUCTION PRODUCTIVITY

A BLUEPRINT FOR REFORM

TRUST

Why project bank accounts are the search of a nail



ALL RISK NO REWARD

Fixing the building industry's profitless boom



NAILING CONSTRUCTION PRODUCTIVITY

A BLUEPRINT FOR REFORM



2023

Year in review



AUSTRALIAN CONSTRUCTORS ASSOCIATION



2023 YEAR IN REVIEW

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#TIME
FOR
CHANGE





Every participant in our industry is recognising the need for change, and the momentum is undeniable. We are doubling down on our efforts to create a good culture, promote fair commercial practices, and build capability and capacity, while grounding these priorities in a firm commitment to improve environmental sustainability and productivity. By aligning these opportunities with a culture of collaboration, innovation, flexibility and inclusiveness, the Australian construction industry can truly become the envy of the world.

Annabel Crookes, ACA President

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Strategic report



HIGHLIGHTS

LEADERSHIP



Leading public debate

on productivity and the financial health of the industry



ACA CEO appointed member of
National Construction Industry Forum

COLLABORATION



Collaboration with
all major industry bodies

submissions and thought leadership

INDUSTRY PARTNER



Partner to the NSW and Victorian Governments in the

Construction Industry Culture Taskforce



As well as the Queensland and Commonwealth Governments in the

Construction Industry Leadership Forum



One of the founding partners of the

Infrastructure Net Zero Initiative

ADVOCACY

18 government
submissions



Represented at
major forums
government and industry

WEBSITE



80,000+
page views



28,000+
website users

MEDIA



\$3.3M+
in media mentions

21,000+
LinkedIn followers



Highest
LinkedIn
engagement

of any construction
industry association



*The spotlight is on the
culture of our industry,
and change is on the horizon.*



Annabel Crookes, ACA President

President's introduction

Changing tide

A year ago, I stepped into the role of President at the ACA, marking a significant milestone in our association's history. This appointment, making me the first female President, symbolises the progressive shift taking place in our industry. The groundwork for this change began five years ago when the ACA Board deliberately revised the rules, providing an opportunity for every member to appoint at least one female director. This change aimed to bring more diverse perspectives into our discussions and the impact of this diversity cannot be overstated. It is more than gender representation; it has opened doors to fresh thinking, leading to better ways of working across the construction sector.

Unexpected year

Stepping into the role of President, I could not have anticipated the changes we have seen in the market. Nationally, the AUKUS announcement and Defence Strategic Review pivoted the pipeline of Defence infrastructure, and the long-awaited outcome of the Infrastructure Investment Program Strategic Review will no doubt redirect priorities and spending across the country. We have also experienced targeted reviews in almost every state and territory.

However, what we have been able to do as an association is leverage our position developed during COVID as a trusted partner of industry and work with government successfully to influence and address key concerns. The Construction Industry Leadership Forum has continued to be a key forum

for engagement; our Chief Executive Officer, Jon Davies, has been invited to be part of the National Construction Industry Forum and most recently invited to attend the Infrastructure and Transport Senior Officials Committee.

Laying the foundations

I am immensely proud of the contributions made by our members this year. Together, we have set a strategy that looks further forward than ever before and considers the breadth of the great industry we work in - horizontal and vertical infrastructure, construction services, Defence, the new energy transition, and the upcoming 2032 Olympics. We came together for the Future of Construction Summit and challenged where the industry could go next - and made a pledge to fundamentally change the culture of our industry.

Our pledge signified a shared understanding that our industry must transform at its core, and ACA members committed to promptly implement flexible work plans for employees on every project. This move is a direct response to the industry's notorious long hours, high stress and poor work-life balance. The aim is to create a healthier, more balanced work environment. As part of the pledge, at least 75 per cent of ACA members will attain the Workplace Gender Equality Agency (WGEA) citation by 2028. Currently, only a handful of construction companies have achieved this recognition. The WGEA citation will help the industry close gender pay gaps faster and shift the industry to one that supports more equal sharing of caring responsibilities at home.

Moreover, it will impose a zero-tolerance approach to gender-based harassment and sexual harassment, and that managers genuinely create environments within their teams that support equality for all employees.

Our industry has the potential to offer people from all walks of life a rewarding career where they are challenged to solve complex problems and leave a legacy that serves local communities for generations. That is why ACA members further pledged to highlight the many positive aspects of the industry in a bid to attract more workers to join from other sectors. This effort is not just about recruiting talent; it's about creating an inclusive, supportive and innovative space for everyone involved.

Constructing tomorrow

The spotlight is on the culture of our industry, and change is on the horizon. We have all recognised the need for change, and the momentum is undeniable. Our collective vision for a sustainable industry that is a great place to work is coming to life. We are doubling down on our efforts to create a better culture, promote fairer commercial practices, and increase capability and capacity. We have also acknowledged the critical role we have to play in lifting environmental sustainability standards and increasing productivity. By aligning these opportunities with a culture of collaboration, innovation, flexibility and inclusiveness, the Australian construction industry can truly become the envy of the world.

Annabel Crookes, ACA President



*Jon Davies answers the
burning questions.*



Jon Davies, ACA Chief Executive Officer

Chief Executive Officer's Q&A

What new challenges emerged in 2023?

This year, the construction industry faced challenges with pipeline reviews and IR reforms. In May, the Federal Government announced a review of \$120 billion worth of infrastructure projects and the NSW Government launched a review of the Sydney Metro project, leaving contractors anxiously waiting for clarity on whether projects would proceed. Our response was clear: deferring or scrapping projects due to rising costs will only delay the inevitable. The demand for infrastructure won't decrease, and costs won't get lower. Cancelling or deferring projects just kicks the can down the road. Rather than reviewing pipelines, we should review how to get more productive.

IR reform was another big agenda item of the Federal Government this year. ACA's strategy was to engage proactively and pragmatically with the Federal Government, members of the Senate cross bench and other key industry stakeholders. This resulted in the construction industry being carved out of the first raft of changes, but more work is still required to address concerns with the latest round of proposed changes under the banner of 'Closing Loopholes'.

Is productivity still the silver bullet to address capacity constraints?

Improving the productivity performance of Australia's construction industry is an enormous opportunity. The Productivity Commission this year

reported that Australia is experiencing the worst productivity growth in 60 years. If we don't change things, our living standards will drop, and we'll have to work longer and earn less.

Construction is a major powerhouse in our economy and plays a pivotal role in this story. It directly adds about \$150 billion and another \$300 billion through the supply chain every year. This industry provides jobs for over a million people, creating even more jobs in related sectors. No other industry in Australia contributes as much value and employment opportunities.

To enhance our country's overall productivity, we need to focus on improving construction. If we can catch up with other major industries in terms of productivity growth, we could save \$56 billion annually and have enough resources to construct all projects in the pipeline and more. It's a crucial step toward a stronger construction industry, a stronger economy and better lives for everyone.

What is the trigger to unleash productivity growth in the industry?

There is no shortage of solutions available to improve productivity, but there are many barriers to implementing them which is why productivity performance has been stagnant for 30 years.

The fact is the construction industry needs a new operating system. The industry's current model drives all the wrong behaviours - a myopic focus on lowest price at the tender box with little bandwidth for innovation. The commercial environment of

construction actively discourages the longer-term planning and decision-making needed to drive productivity growth.

The key to unlocking productivity is creating an environment for industry to innovate. Contractors and consultants must be incentivised to invest in and adopt innovative solutions, and clients should actively encourage and empower innovation in their projects. However, given the size of the industry and number of clients, the only way we will get substantial change is if the biggest buyer of them all, state and federal governments, lead the way.

ACA proposes a concerted national approach to construction productivity reform—a National Construction Strategy. Our plan is a genuinely national and tripartite Strategy accountable to the highest level of national policy oversight and underpinned by a shared responsibility between all levels of government, industry and the unions.

What lies in store for 2024?

I am optimistic that we will start to see significant reform in how projects are procured and delivered in order to increase productivity and improve the financial sustainability of the industry.

I am also looking forward to the conclusion of the Culture Standard trials that will inform a final version of this important document. The Standard will provide a top down approach to improving the culture of the industry. At the same time, the continued implementation of ACA's pledge will improve culture from the bottom up.

Jon Davies, ACA Chief Executive Officer



Your industry ran into
a problem and needs
to restart

Strategic context

The construction industry has continued to do it tough as a result of having to absorb significant rises in material and labour costs. While material price inflation began to moderate this year, the cost of labour increased significantly.

Capacity and budget constraints have made it increasingly difficult to deliver the pipeline of work ahead and, in some respects, the government's pipeline review is of no surprise. But despite the challenges, we can't halt construction. With over 500,00 migrants predicted to enter the country this year, we can't afford to cut back on building schools, hospitals and transport infrastructure. There's also a housing crisis, so we can't stop building houses. On top of that, the world is becoming more uncertain, so we can't reduce defence spending. We're also falling behind on our goals to reduce carbon emissions, so we can't stop building things like transmission lines and new energy projects.

The good news is we don't have to cancel projects. We could afford to build everything we need, without any significant inflationary impact, if we focus on improving the construction industry's productivity.

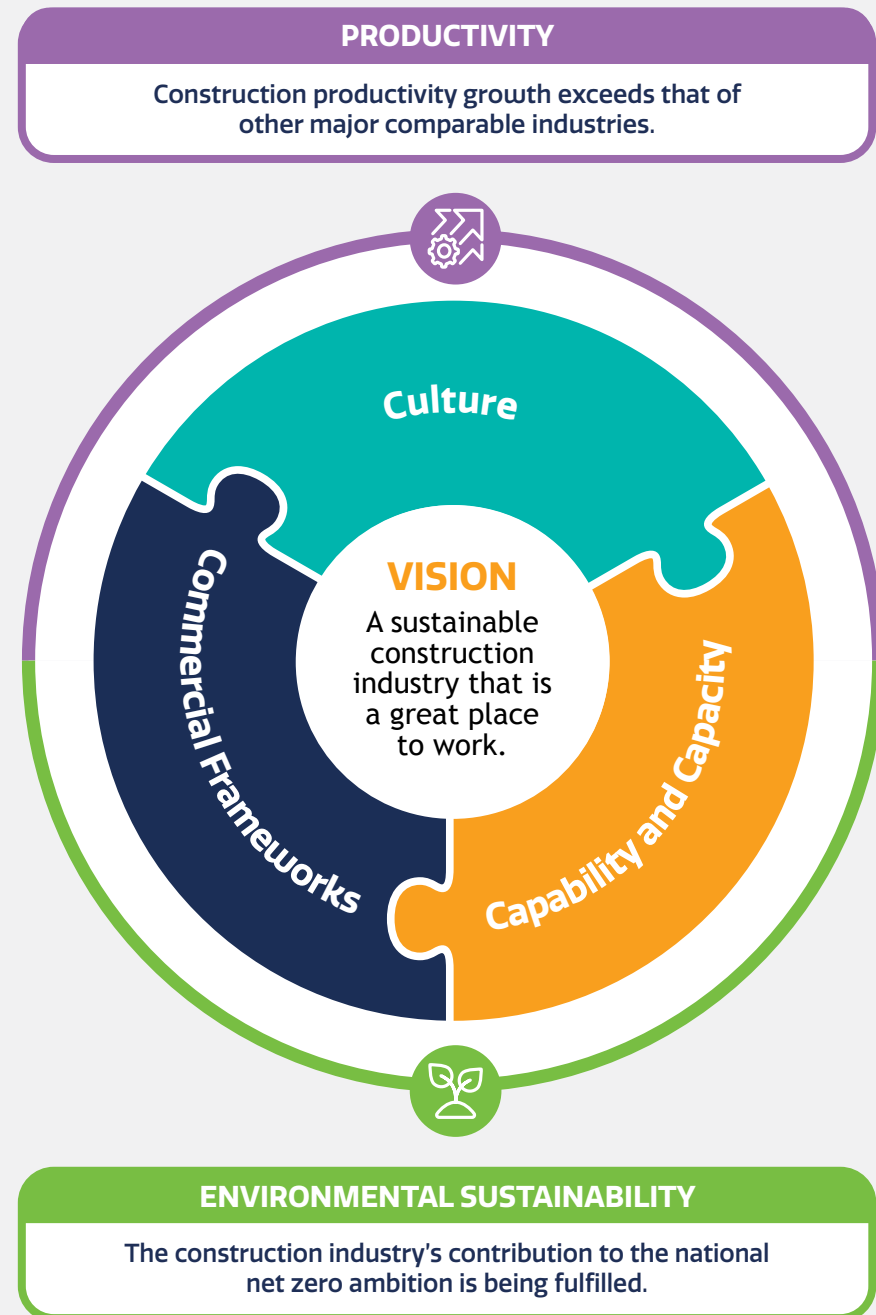
This year's renewed focus on productivity has presented an opportunity for a much-needed industry reset.

Priorities

ACA's advocacy agenda focuses on the concept that three crucial elements are necessary for an enduring and sustainable construction industry - a good culture, equitable commercial frameworks and sufficient capability and capacity.

In recent times, we added a focus on environmental sustainability to our strategic planning, recognising the importance of environmental stewardship in our industry. This year, we further added greater emphasis on improving industry productivity.

The persistently poor productivity within our industry is not a recent issue; it has plagued us for over three decades. We have tirelessly advocated for the realisation of the annual \$57 billion productivity opportunity within the construction industry. This opportunity is not merely a hypothetical concept but a tangible and achievable goal. We have plenty of suggestions to grasp this opportunity, many of which involve simple changes to how projects are procured, delivered and governed.



Advocacy

Advocacy is at the centre of everything we do. We're not just advocating though. We're rolling up our sleeves and getting our hands dirty, actively engaging in solving the challenges facing the industry.

Within our association, we establish platforms for internal dialogues among members, focusing on specialised sectors such as vertical infrastructure and defence. A significant achievement stemming from our defence discussions was a meeting with financiers to explore the insights outlined in our report, *All Risk, No Reward*. Externally, our efforts extend to state-based reforms and initiatives, alongside a concentrated effort on shaping the role of the Commonwealth in incentivising and coordinating reform.

Collaborations

Construction Industry Leadership Forum

The Construction Industry Leadership Forum (CILF) comprises the governments of NSW, Victoria and Queensland, along with the ACA. CILF meet quarterly to openly discuss key industry issues and share valuable insights, lessons learned and best practice. Meetings this year focused on exploring new ways of policy-making, planning and working together to improve procurement and achieve decarbonisation commitments.

Construction Industry Culture Taskforce

Created by CILF in 2018, the Construction Industry Culture Taskforce (CICT) has been working to create a step change to improve the industry's wellbeing, equity and attractiveness, without compromising on productivity or performance. The Culture Standard is being piloted across jurisdictions and a range of project and contract types to assess the benefits of reduced work hours, flexibility and access to mental health, wellness and leadership training on productivity, capacity and retention rates. The appetite for meaningful change is growing as the CICT seeks to achieve its ambition for the Culture Standard to become embedded in the procurement process.



National Construction Industry Forum

Established under amendments to the *Fair Work Act 2009*, the National Construction Industry Forum (NCIF) was established this year to provide advice to government on a broad range of issues relating to work in the building and construction industry including safety, workplace relations, skills and training, industry culture, diversity and gender equity, and productivity. The Hon Tony Burke MP is the Chair of the forum and members include the Hon Ed Husic MP - Minister for Industry and Science, the Hon Catherine King MP - Minister for Infrastructure, Transport, Regional Development and Local Government, along with six employer representatives including ACA CEO Jon Davies and six Employee representatives. NCIF met once in 2023.



Australian Government

Infrastructure Net Zero Initiative

This year ACA joined forces with several other private sector peak bodies and federal agencies to launch the Infrastructure Net Zero initiative. The Infrastructure Net Zero initiative underscores the close collaboration between government and industry in creating a clear path for the sector to reach net zero emissions. The immediate priority areas include defining net zero for infrastructure, reaching alignment between public and private sectors, uplifting capability in the supply chain and procuring for net zero. Infrastructure Net Zero members include: ACA, Australasian Railways Association, Clean Energy Finance Corporation, Consult Australia, Department of Infrastructure, Transport, Regional Development, Communications & the Arts, Green Building Council Australia, Infrastructure Australia Infrastructure Partnerships Australia, Infrastructure Sustainability Council and Roads Australia.



Government and industry working groups

A collective response is needed to improve the sustainability of the industry and we are delighted to work alongside government and industry stakeholders in numerous committees and working groups including:

- » Infrastructure Industry Steering Committee (IISC) in Queensland
- » Q2032 Industry Advisory Group - Queensland Government 2032 Olympic and Paralympic Games
- » Transport for NSW executive dialogue and working groups
- » Dispute Resolution Board Foundation
- » Transport and Infrastructure Council
- » Women in Transport
- » Federal Safety Commissioner Industry Reference Group
- » NAWIC Industry Leaders Collaboration Roundtable
- » Partnership for Change with Consult Australia
- » Engineers Australia Engineering Workforce Roundtable
- » Queensland Infrastructure Industry Steering Committee
- » Review of the OFSC Advisory Group
- » NSW Electricity Supply and Reliability Check Up
- » INSW Women in Construction Advisory Group
- » Consult Australia Liability & Contracts Roundtable
- » Australian Skills Guarantee consultation
- » Ministerial Roundtable on Procurement
- » Infrastructure WA External Stakeholders Reference Group
- » Wellness in Infrastructure.

Thought leadership

ACA's report *Disrupt or die* was the catalyst for a series of proactive thought leadership pieces developed by the ACA this year.

All risk, no reward

All risk, no reward - Fixing the building industry's profitless boom, released in July 2023, spotlights the poor health of the building industry and the need for urgent action.

Building firms are entering administration at more than twice the rate of other industries. Building sector profit margins have fallen from around 3 per cent to below 1 per cent and liquidity has collapsed from 15 per cent to below 5 per cent. Most concerning, over half of all large builders now carry current liabilities in excess of current assets—a technical definition of insolvency.

The building industry is a textbook example of market failure. The basic lesson is simple: fixed-price contracts work well when the buyer knows exactly what they want and the seller knows exactly how much it costs to produce. That market is not construction. In the building industry, all the uncertainty and risks are the responsibility of the contractor and, when those risks are realised, they are funded out of the contractor's already razor-thin profits. This practice of transferring all the risks to contractors under fixed-price contracts has led to a deeply unstable industry.

ACA's report proposes government clients lead the way by committing to new rules of engagement. The new guidelines recommend that building contracts become less transactional and involve the builder at the earliest opportunity to ensure an accurate price can be determined. This is to the benefit not only of the contractor but also the client who can be confident the builder will survive the delivery of their project. Changing current practices will create the conditions for improved productivity and a healthier industry.

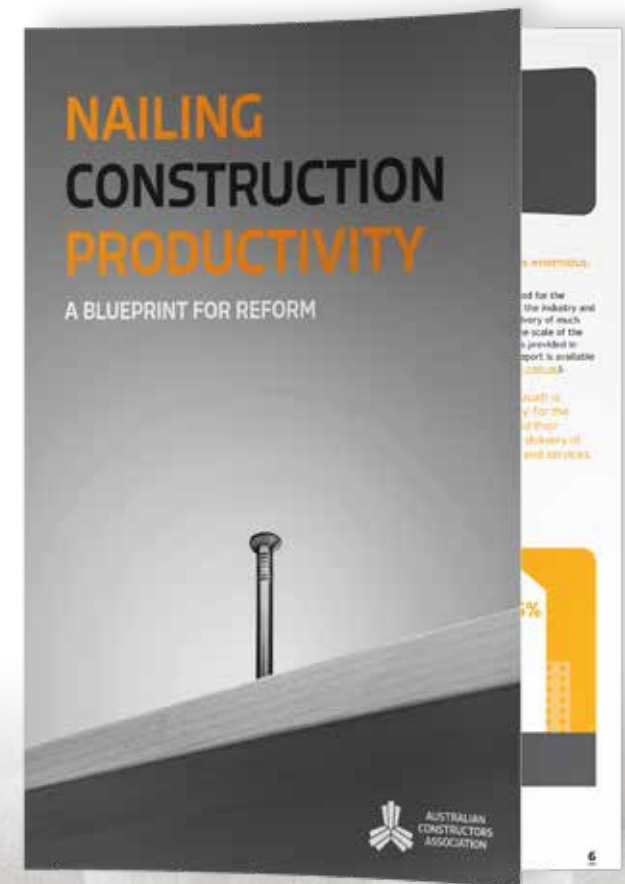


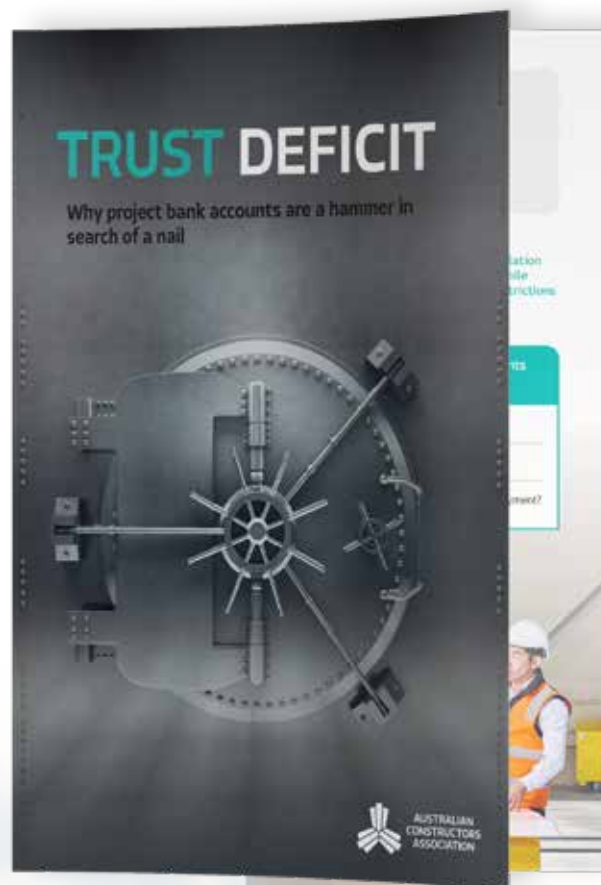
Nailing construction productivity

Nailing construction productivity - A blueprint for reform, released in August 2023, reveals the key to lifting national productivity is improving the performance of the construction industry. There is no other industry that compares to the level of combined value and job creation that the construction industry produces yet its productivity performance is among the worst.

Improving the efficiency of the construction industry is a matter of national importance. Just raising construction productivity to the national average would restore the nation's faltering productivity growth to levels not seen since the 1990s and deliver billions of dollars of savings. On the current trajectory, we will simply be unable to deliver the current pipeline of new energy, housing, defence, transport and social infrastructure in a timely manner.

Our report reveals there is no shortage of solutions available to drive construction productivity but the sector's 'operating system' requires a complete overhaul to realise the benefits. ACA is calling on the federal government to bring together state and territory governments, industry and unions, to urgently develop a comprehensive National Construction Strategy. With National Cabinet oversight, implementation of the National Construction Strategy will provide a focus on improving this critical industry that has been missing for too long.





Trust deficit

Challenging the widely held belief that underpayment is rampant in the construction sector amid the industry's increasing insolvency rates, our report *Trust deficit - Why project bank accounts are a hammer in search of a nail* reveals that payment performance among construction firms is on par with the rest of the economy. Released in October 2023, the report argues that attempts to single out the industry with additional regulation like PBAs would further hinder, not help.

According to the Federal Government data, the construction industry pays almost 70 per cent of its invoices on time, aligning closely with the economy-wide average. Industries such as health and social assistance, IT and the retail sector are less likely than construction to pay their suppliers on time. The only valid reason to impose additional regulation like PBAs on head contractors would be if the industry's payment performance was systematically worse than others - and it isn't.

PBAs are not a guarantee for subcontractor payment because they don't reflect the realities of the way construction payments flow. If no money is coming in, there is no money to pay out. We have seen this play out recently in the first test case of Queensland's PBA laws, where the insolvent builder's trust accounts held less than 10 per cent of the funds owed to subcontractors.

Our report emphasises that the significant restrictions PBA schemes impose on legitimate trade are not justified by the problem they are trying to solve. PBAs require builders to act as 'trustees,' as if they were a solicitor in a property transaction. This significant market intervention prevents builders from engaging in essential strategies crucial for business growth and stability. Such heavy-handed regulation should not be adopted lightly. It must be based on a compelling case of market failure. That case simply hasn't been made.

There is no question that the construction industry is in a weak financial position. But the answer is not to further hobble one category of business that is already heavily burdened with regulation. The answer is to fix the broken commercial model that transfers all the risk to the builder and drives a race to the bottom. We need more collaborative procurement models that focus on delivering best value not lowest price at the tender box.

2023 Construction Market Sentiment Survey

To further understand the issues that are impacting and challenging the construction market, ACA partnered with Arcadis for the second consecutive year in undertaking a Market Sentiment Survey. This year's findings revealed the recent inflationary crisis continues to have a severe and far-reaching impact on Australia's construction industry.

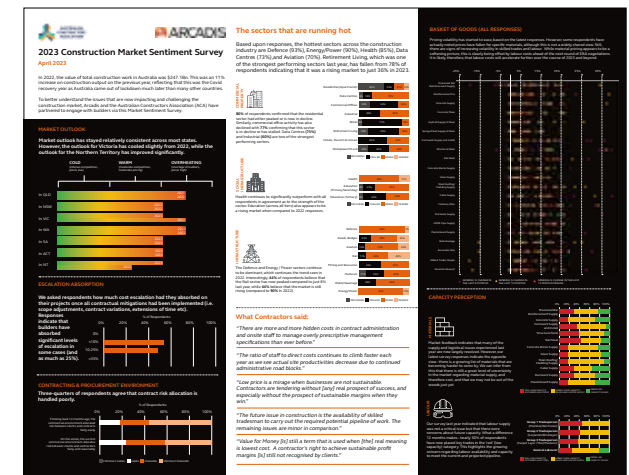
Every single surveyed contractor reported having to absorb material price escalation in 2022 that could not be recovered or offset in any way. Nearly half of the respondents stated that the unrecovered cost increases amounted to more than 10 per cent of their project budgets, which could result in losses of many millions of dollars.

Despite some improvement since the last survey, a significant 76 per cent of respondents believe that the current commercial environment still unfairly and unreasonably allocates risk between clients and contractors. Risk allocation has been identified as the most significant barrier to innovation and productivity growth in the industry and, to put this into perspective, the industry's productivity performance is at a 30-year low.

While the report indicates material price inflation is beginning to moderate, the cost of labour is starting to increase significantly. More than half of respondents rated trade labour capacity as severely constrained compared to only 20 per cent last year.

The latest data also indicates that pricing volatility for materials has started to ease, which some respondents noting that prices have fallen for specific items. While material pricing appears to be a softening picture, this is now being offset by increasing labour costs ahead of the next round of EBA negotiations. Labour costs are therefore anticipated to become a primary driver of the next wave of construction cost inflation.

The survey confirmed the industry is doing it tough as a result of having to absorb significant rises in material and labour costs. ACA used this report to advocate for government can help by compensating contractors undertaking government projects for these increased costs.





Culture pledge

As the construction industry has continued to grapple with poor productivity, high insolvency rates and acute workforce shortages, it is not surprising in the search for solutions that the most active conversation this year has been about the industry culture. And ACA has been a first mover.

This year, ACA member companies committed to significant actions aimed at transforming the culture of the industry within the next five years. Pledging to transform the industry from the bottom up, members of the ACA set ambitious goals for gender equality and flexibility - addressing two issues that are part of the Culture Standard: flexibility and diversity.

While other countries are already legislating flexible working options, ACA members decided not to wait for Australian governments to do so; instead, pledging to establish flexible work arrangements for all employees. The construction industry has lagged well behind in providing people-centric working hours. Unsurprisingly, the result has been poor work/life balance, significant stress and mental ill health, deterring this and the next generation of workers, especially women, from joining our ranks.

Speaking of women, the Workplace Gender Equality Agency (WGEA) plays a crucial role in promoting gender equality in Australian workplaces. Currently, only four out of 128 private sector construction companies have achieved the WGEA citation as workplaces of choice for women. As part of the ACA pledge, 75 per cent of members aim to achieve this ranking in the next five years.

There should be a place for everyone in the construction industry and the ACA has further pledged to attract more workers, especially women from different backgrounds. Construction is a varied and exciting industry that solves complex challenges every day. The ACA will seek to campaign to change how people see construction, painting a modern picture that focuses on its opportunities and positive impact on society.

The pledge demonstrates the ACA is taking action on matters it can control while progressing important initiatives with the government and other industry stakeholders.



METAVERSE
CREATE A VIRTUAL
WORLD WITH
the SAFETY OF DATA

ALL FAIR IN
PROCUREMENT and
DELIVERY

MAKE the BEST
PROCUREMENT
DECISIONS IN A
TOUGH LABOUR MARKET

GREEN
TECH

LOOKING at
ENVIRONMENTS
BY DATA SHARING

WE HAVE
LOTS OF
GREAT
TOOLS NOW



CONCEPT of
JUSTICE and
FAIRNESS



RELATIONSHIPS
ARE IMPORTANT

OPPORTUNITY
TO DECARBONISE

FAIRNESS

IN THE CONSTRUCTION
INDUSTRY

THE MOST
IMPORTANT
PRINCIPLE

IT'S OUR
BEHAVIOUR



7-10 HOURS
SCREENING
PROJECTS



REAL TIME
DATA



ADOPT
FAST IF
IT WORKS
FOR YOU!

LOTS OF
OPPORTUNITIES
IN COLLABORATION

WITH DATA, SYSTEMS and
AI



A TOOL
TO HELP and ENABLE

HOW
TECHNOLOGY
CAN HELP
US!

PROCUREMENT
MODELS

FAIRNESS with
IN MIND

RULES OF
ENGAGEMENT



"DIGITISATION
IS PART of the
SOLUTION

SMARTER
DECISIONS

BUT NOT
JUST the ONLY THING"



PEOPLE

PROCESS

TECHNOLOGY

DIFFERENT
METHODOLOGIES

"IT TAKES A VILLAGE
TO BUILD a DIGITAL
SYSTEM"

FAIRNESS

SHOULD DRIVE

OUR INDUSTRY
BEHAVIOUR

SUCCESS CRITERIA

FAIRNESS

Submissions

Submissions were presented to various state and federal government agencies throughout 2023. Our submissions are backed by an extensive engagement program that has left ACA encouraged that the industry is on the brink of major change as government looks to improve procurement processes to unleash productivity and cultural gains.

ACA submissions:

18 government submissions:

- » Support for HRIA on PPSA changes - November 2023
- » Australian Skills Guarantee PCP Guidelines - October 2023
- » Closing Loopholes Bill - September 2023
- » Queensland Sustainable Liquid Fuels Strategy 2023 - September 2023
- » Sydney Metro West Inquiry - August 2023
- » Review of the NPA on Land Transport Infrastructure Projects - August 2023
- » Review of the Office of the Federal Safety Commissioner - August 2023
- » Federal Treasury Review of Climate Related Financial Disclosure, 2nd Round - July 2023
- » Infrastructure Investment Program Strategic Review - July 2023
- » NSW Electricity Supply and Reliability Check Up - June 2023
- » NSW Strategic Infrastructure Review - May 2032
- » Employment White Paper - April 2023
- » Queensland State Nominated Skilled Migration - April 2023
- » Same Job, Same Pay Legislation - March 2023
- » Dispute Avoidance Boards - March 2023
- » MTIA early engagement practices - February 2023
- » Federal Treasury Review of Climate Related Financial Disclosure, 1st Round - February 2023
- » Migration Inquiry - January 2023.



Communications

We dived headfirst into 2023 releasing important reports and launching big initiatives. We're not slowing down anytime soon.

Broadcast media

ACA again led public commentary on emerging industry issues. This year, we led public debate on the financial health of the industry and productivity. We stepped up to the podium to voice our views about the review of Australia's \$120bn infrastructure pipeline. The message to government was clear: deferring or scrapping projects due to rising costs will only lead to delaying the inevitable.

 **\$3.3M+**
in media mentions

 **20**
media statements

Media statements

- » Project bank accounts - a hammer in search of a nail (October)
- » NSW Budget needs \$17.3Bn construction opportunity, industry needs certainty (September)
- » Construction industry holds key to easing budget pressures (August)
- » Infrastructure Net Zero initiative launched (August)
- » Construction vital for building national productivity growth (August)
- » NCIF an opportunity construction must not waste (July)
- » All risk no reward revealed in building industry (July)
- » Risk management key to making PPPs work (July)
- » If you build it - will they come? (July)
- » ACA launches future vision for construction industry (June)
- » Australia's productivity performance: ACA comment (June)
- » Federal budget funds new national construction forum (May)
- » Freeway of the future receives Australia's top construction industry award (May)
- » Ground-breaking pledge: Transforming Australia's construction industry culture from within (May)
- » Inflationary crisis continues to impact the construction industry (May)
- » Construction industry at risk - project cancellations a major threat (May)
- » 2023 NSW Election (March)
- » Productivity farmer wanted: ACA Comment on Productivity Commission report (March)
- » Proof will be in the pudding for Infrastructure Australia (March)
- » Finalists for the 2023 Australian Construction Achievement Award announced (February)

Tough decisions looming on rail projects stay on track

Everyone agrees Australia's infrastructure pipeline needs major rehabilitation and cancellations and deferrals. Who pays for that?

Jennifer Hewest Columnist

May 1, 2023 - 6:32pm



Announcing another government review always risks sounding like an exercise in delaying hard decisions, but it clearly makes good policy sense to do a quick 90-day audit of Australia's clogged infrastructure pipeline.

A combination of rapidly increasing labour and supply costs for hundreds of projects, many of dubious productive value, means state governments will also be quietly relieved about no longer having the responsibility to deliver on many of them. Being able to blame a federal review, even one backed by national cabinet, is a political bonus.

But although a review should clarify choices and raise the standard for continued funding, it doesn't guarantee all the infrastructure projects likely to be ticked off will be the best choices for taxpayers.

In its first budget last October, the Albanese government gave Victoria \$2.2 billion for the suburban rail loop that has been pushed by the Andrews government, for example. This followed Labor's election campaign promise to help fund the project despite a lack of any cost benefit analysis from Infrastructure Australia, increasingly strong criticism of its route and massive cost blowouts already apparent. Neither government is going to back out now.

But there will be plenty of other indefinite deferrals and "re-prioritising" as governments at all levels struggle with a cluster of projects when costs are

National Construction Industry Forum to consider security of payment push



Australia's best business investment. On the edge with AI and PM building, plus looking across state and cross industry.

Inflation fuelled by \$260bn in road, rail and energy infrastructure project spending by states



The Reserve Bank is struggling to tame inflation being exacerbated by \$260bn worth of state and territory infrastructure spending and a failure to slow the mammoth pipeline of road, rail and energy projects will see rates hiked even higher, big business and experts warn.

The Reserve Bank's struggle to tame inflation is being exacerbated by \$260bn worth of state and territory infrastructure spending and a failure to slow the mammoth pipeline of road, rail and energy projects will see rates hiked even higher, big business and experts warn.

Ahead of Tuesday's RBA rates decision, the Australian Industry Group and infrastructure experts cautioned state governments from pumping taxpayer money

This is where Australia's construction titans see going

Increasing productivity, risk averse builders and squeezed funding are affecting construction from its improvements in digital modelling and opportunities for massive growth, say

The Australian Financial Review reached out to leaders in the construction sector to gauge the state of the industry. Here is an edited transcript of their insights.

Responses included Leighton managing director, construction David Peterson, Multiplex CEO John Flecker, Hochtief Australia chairman Scott Macdonald, ADCC chief executive Neil Harding, Hochtief Australia CEO development Spence

INFRASTRUCTURE SUMMIT FINANCIAL REVIEW

Labor to force states to pay for bigger share of projects



“We just don't have the resources to do the funding, so we have to find a way to get it from the states.”

Investors 'taking a breather' from dealmaking



Argue against new federal payment rules

Construction firms are fighting a federal government (construction) to not pay more for infrastructure, say these industry leaders. Infrastructure is more expensive than other, and should be treated differently from other parts of the economy.

As reported by the Australian Construction News, these leaders claim that while infrastructure is a key part of the economy, it is not a core part of the economy. The new 6.5 per cent rate of infrastructure is not a core part of the economy, and the new 6.5 per cent rate of infrastructure is not a core part of the economy.

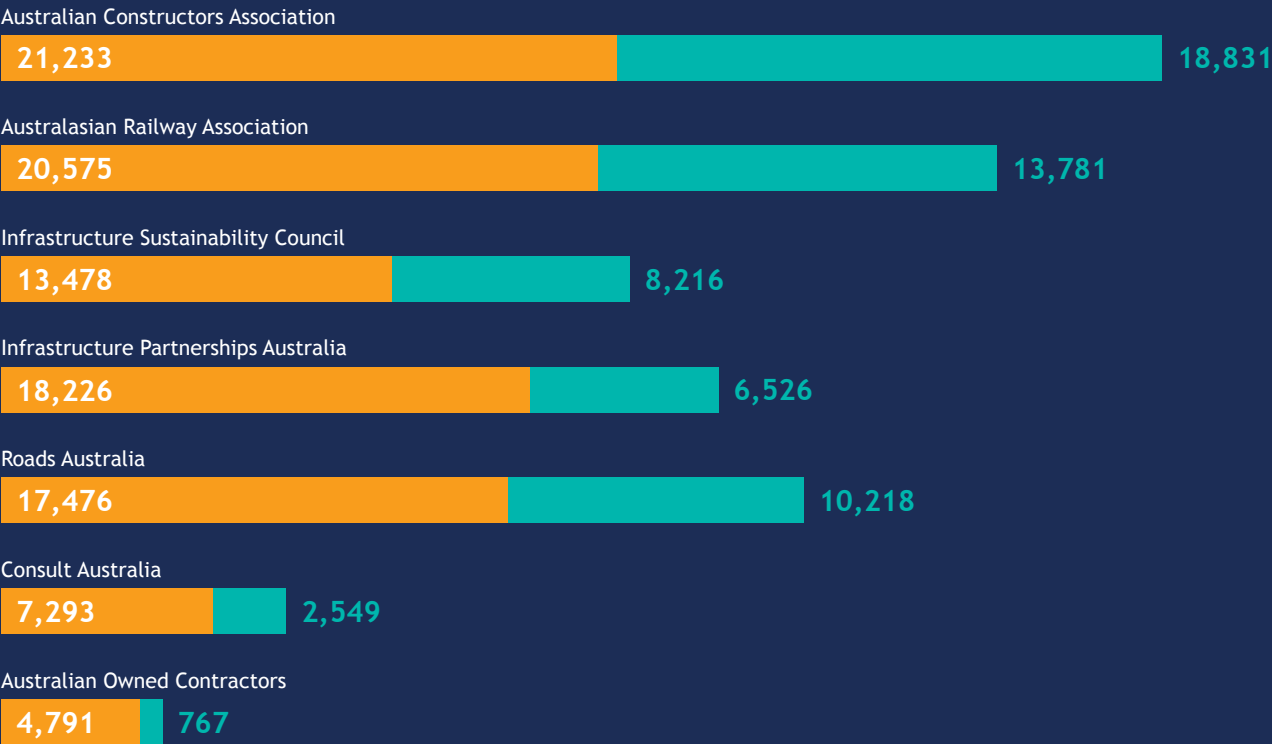


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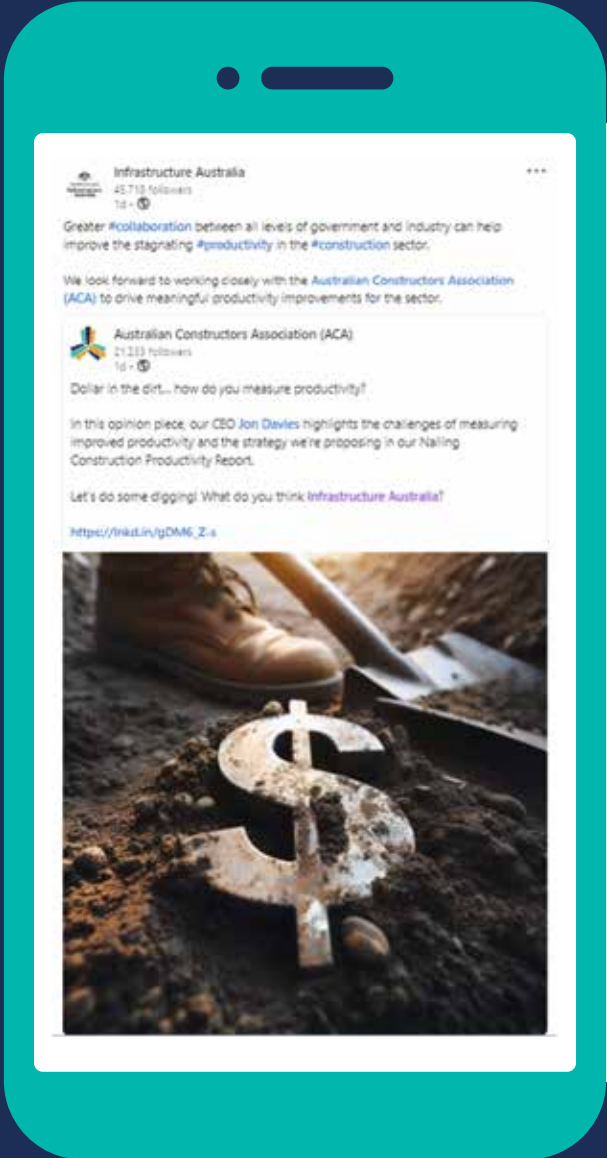
Social media

Our passion for the construction industry radiates through our team, and we channel that enthusiasm into our social media content. By sharing our perspectives and inspiring others, we've grown a vibrant online community. In fact, our efforts have propelled the ACA to boast the highest LinkedIn engagement among all associations. Notably, we've been expanding our reach by consistently growing our LinkedIn followers and improving our YouTube channel with 51 video clips now available. We're excited to see 74 people subscribe to our YouTube channel.

LinkedIn follower metrics



● Followers ● Engagements Jan-Oct 2023



Website

The challenges confronting the Australian construction industry are not isolated; they resonate worldwide. The increasing international attention our website receives serves as a testament to ACA's leadership in driving the movement toward a more sustainable industry.



Website users by location



80,000+

page views



28,000+

website users

Blog

Our blog is more than just a platform; it's a knowledge hub where we share best practice and our frank and fearless views. Our approach attracts new audiences to our website and generates robust engagement on LinkedIn.

Throughout 2023, we shared views on what we see as a broken commercial model, project procurement, financial sustainability, market capacity, productivity and project bank accounts. We believe in diversity of thought, which is why we opened our doors to industry experts, inviting them to contribute guest blogs relevant to our advocacy. This collaborative effort saw Legal firm Pinsent Masons share views on fairness in procurement and delivery.

Sunday surveys

The construction industry's future is in the hands of those who work in it. We're proud to assist industry stakeholders in their efforts to make the sector better. This year we continued our Sunday Surveys initiative, housing on our website links to important research surveys that stakeholders can participate in. Every Sunday, we promoted these surveys on LinkedIn to encourage wider participation.



Events

Australian Construction Achievement Award

The best of the best in the construction industry was again on show in 2023 through the pre-eminent industry award, the Australian Construction Achievement Award (ACAA). This year marked the 26-year history of the award, which is proudly presented by the ACA and Engineers Australia, with support from our major industry partners Adbri, Caterpillar, Cbus, Infrabuild and InEight.

The award not only recognises traditional construction excellence, but also excellence in initiatives designed to make the industry a more efficient and better place to work. It is fiercely contested by the largest construction and engineering businesses operating in Australia whose projects must first qualify to be finalists and then submit to the most rigorous assessment by an independent panel of experts.

Finalists

Seven projects were selected as finalists to compete for the 2023 award.

- » Echuca-Moama Bridge Project - Stage 3 by McConnell Dowell Constructors (Aust) Pty Ltd and Major Road Projects Victoria
- » Edithvale, Chelsea and Bonbeach Level Crossing Removal Project by Southern Program Alliance (ACCIONA Rail, WSP, Metro Trains Melbourne, and the Level Crossing Removal Project)
- » M4-M5 Link Tunnels Project (WestConnex Stage 3A) by ACCIONA Samsung Bouygues Joint Venture
- » M80 Ring Road Upgrade Sydney Road to Edgars Road by CPB Contractors and Major Road Projects Victoria
- » Parramatta Light Rail Stage 1 Infrastructure Contract by Parramatta Connect (CPB Contractors Downer EDI Works Joint Venture)
- » Parramatta Square Precinct - 3, 4, 6&8 Parramatta Square & PHIVE Parramatta Square by Built
- » Sydney Football Stadium Redevelopment by John Holland Group.



Winner

The M80 Ring Road Upgrade from Sydney Road to Edgars Road by CPB Contractors and Major Road Projects Victoria was announced as the winner of the 2023 ACAA. The project has transformed one of Melbourne's busiest freeways, providing additional capacity and improving safety for more than 165,000 drivers each day.

The upgrade team widened 5.7 kilometres of freeway; adding additional lanes, ramps, collector distributors and a smart freeway system - all in and around live traffic flows. Clever technical solutions and a strong innovation and sustainability culture saw the project completed a year ahead of schedule and under budget.

The CPB Contractors and Major Road Projects Victoria M80 project team set a new standard for diversity and inclusivity. They achieved a representation of 3.1% Aboriginal employees and a leadership team comprised of 40% women, while 30 per cent of the overall project workforce is also comprised of women.

This diverse team achieved remarkable success, driven by a cohesive 'one team' culture that fostered collaboration and innovation from the very beginning. This culture paved the way for exceptional achievements, such as being the first freeway to incorporate recycled content in every pavement layer.





Future of Construction Summit

ACA again co-presented the Future of Construction Summit (FCON23) with FuturePlace in 2023. Held from 3-4 May in Melbourne, FCON23 saw government, industry and union leaders come together to discuss a collective and disruptive response to the industry's challenges. Appropriately themed 'FCON disrupted' this year's event was based on the premise that the industry cannot afford to continue down the path of slow incremental change. It is time to fundamentally disrupt how it operates, if for no other reason than to ensure the industry has sufficient workers delivering infrastructure that Australia can afford.

Addressing the 750+ attendees, the ACA challenged participants to embrace collaborative efforts in transforming our industry's culture. Throughout the two days, the consensus was that doing nothing is not an option.

ACA's involvement in this event has now concluded and in 2024 we will be launching a new ACA conference. The conference will be an opportunity for all sectors of the industry to engage in discussions about reform and generate a response to see a more productive and sustainable industry emerge.

Speaking engagements

We are passionate about actively participating in discussions and collective efforts to improve the sustainability of the construction industry. Throughout the year, ACA's CEO, Jon Davies, President Annable Crookes and Head of Policy, Robert Sobyra, enthusiastically participated in various industry forums and events.

Key speaking engagements:

- » Ceda 2023 Infrastructure Conference (March)
- » Property Council Construction Crunch - understanding the economic factors at play and how to best navigate (April)
- » Skills Summit (April)
- » Australian Tunnelling Conference (May)
- » Future of Construction Summit (May)
- » Infralogic Investors Forum - Australia (June)
- » Performance-based specifications for concrete - SmartCrete CRC (June)
- » Women in Construction, Engineering, and Infrastructure Summit (August)
- » Australian British Infrastructure Catalyst (October)
- » National Roads & Traffic Expo (October)
- » AFR Infrastructure Summit (November)
- » AusRAIL PLUS 2023 (November)

ACA's CEO was also a guest speaker at various university short courses, Dispute Resolution Board Foundation events and more.



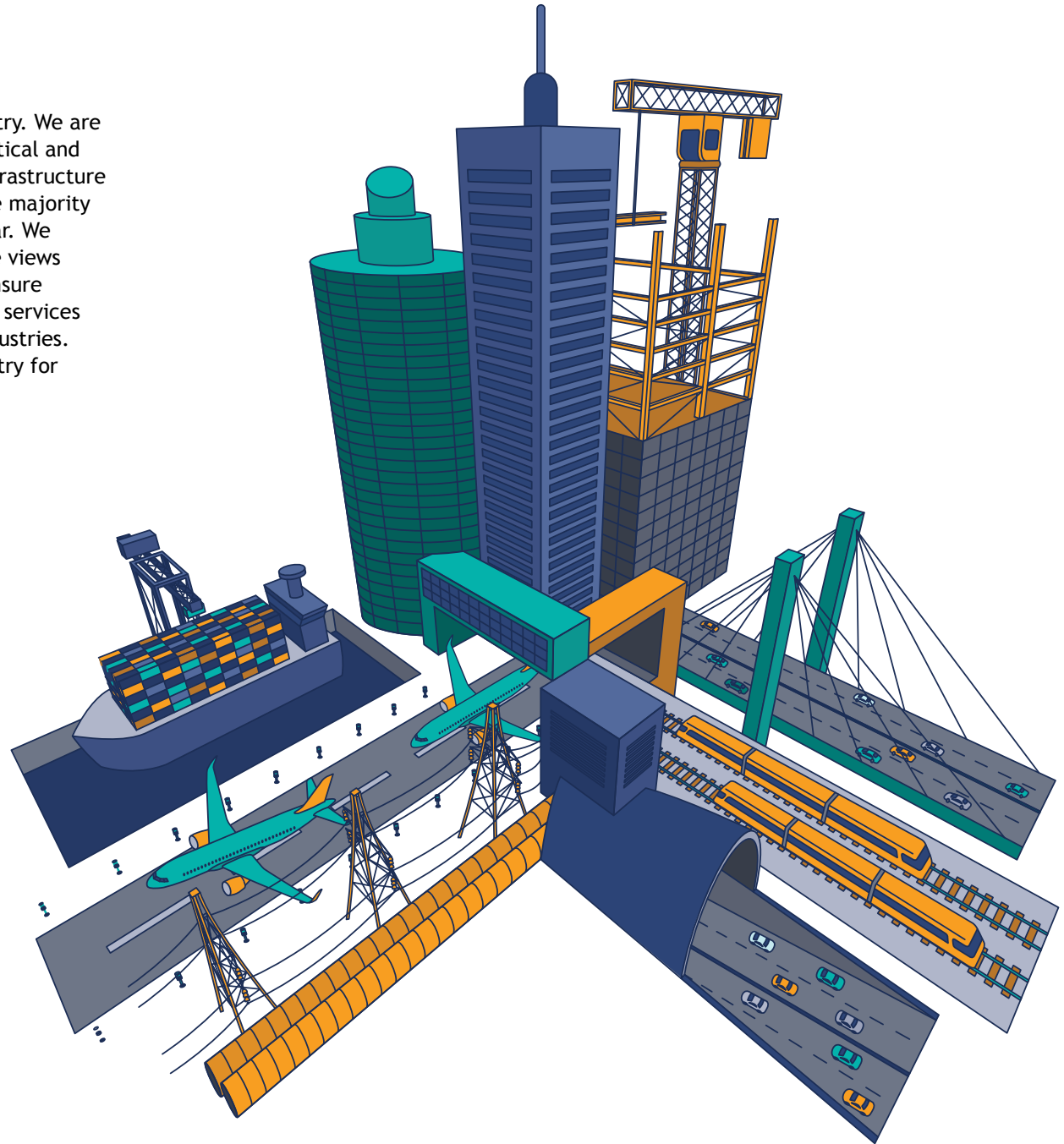


Governance report

A photograph of a modern, multi-story building with a glass and brick facade at night. The building's interior lights are on, and the glass reflects the surrounding environment. A large, stylized teal and dark blue geometric shape is overlaid on the right side of the image. The text "Governance report" is centered in the upper half of the image.

About

Established in August 1994, ACA is a trusted voice for industry. We are the only representative body for contractors delivering vertical and horizontal construction projects, as well as undertaking infrastructure asset management. Our members construct and service the majority of major infrastructure projects built in Australia every year. We collaborate extensively across the sector and represent the views of industry leaders to help shape government policies to ensure Australian communities receive high-performing assets and services from the infrastructure, building, resources and energy industries. Our goal is to create a more sustainable construction industry for the benefit of all.



Our Board



ANNABEL CROOKES
PRESIDENT

Director - Legal, Risk & Delivery
Laing O'Rourke



JOE BARR
VICE PRESIDENT

Chief Executive Officer
John Holland



MEG REDWIN
VICE PRESIDENT

Executive Director, General
Counsel-Global
Multiplex



SCOTT CUMMINS
TREASURER

Chief Executive Officer
McConnell Dowell



MICHAEL DEGOTARDI
COMPANY SECRETARY

Chief Operating Officer
UGL Limited



PILAR GOMEZ

Human Resources Director
Acciona Australia



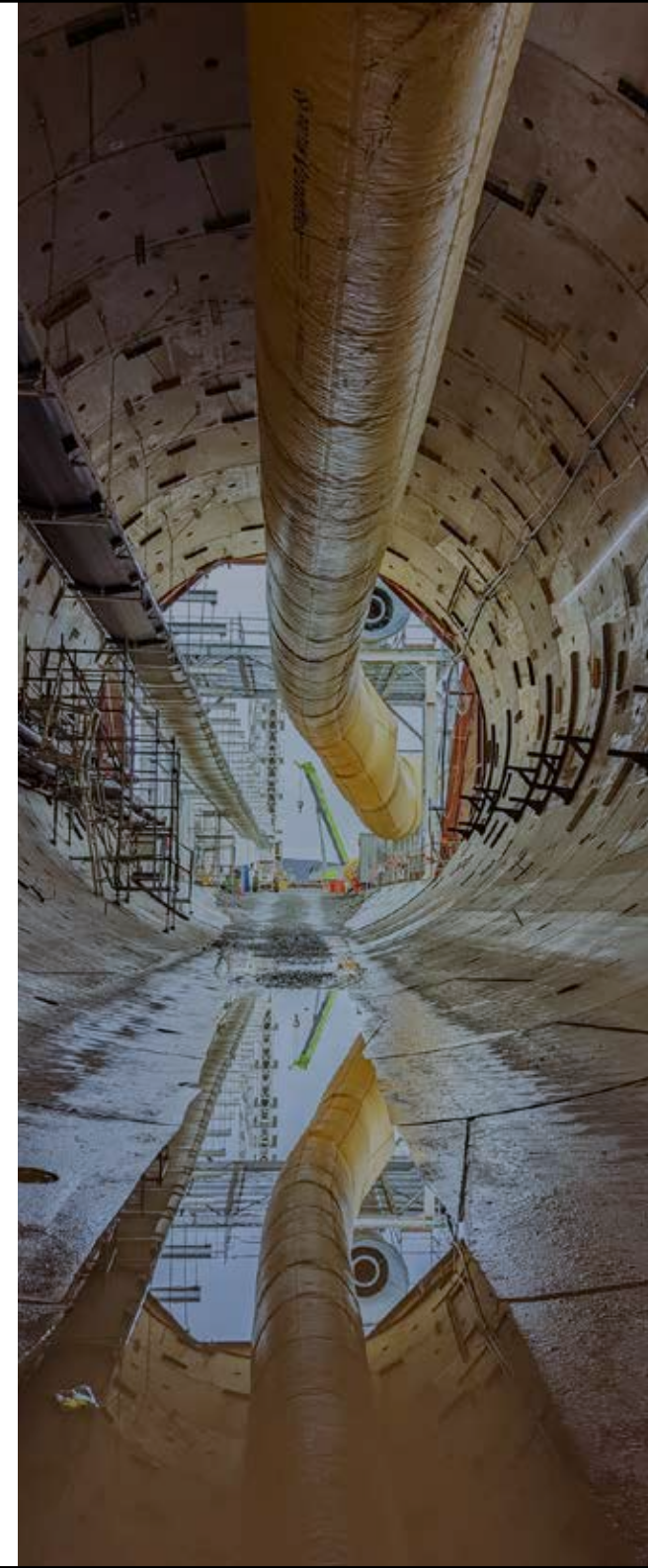
BEDE NOONAN

Chief Executive Officer
Acciona Australia



MARK BAKER

Chief Executive Officer
BESIX Watpac





KATIE O'MALLEY

Group Corporate Affairs
Manager
BESIX Watpac



SEVED ROBIN

Chief Executive Officer
**Bouygues Construction
Australia**



KAITLYN DAVIDSON

Director of Strategic
Growth, Corporate Affairs
and Marketing
Built



BRETT MASON

Managing Director
Built



PETER BENNETT

Chief Executive Officer and
Managing Director
Clough Group



CYNTHIA CALDERON

Head of Communications
and Stakeholder Engagement
Clough Group



CATHY HAYES

Head of Client Strategy NSW
and ACT
CB Contractors



JASON SPEARS

Managing Director
CPB Contractors



MARCO FONTANA

Managing Director
Ghella



GRAEME JOHNSON

Chief Executive
Fulton Hogan



SARAH MARSHALL

Executive General Manager
- People, Safety and
Sustainability
Fulton Hogan



EVAN BYRNE

Chief Executive Officer and
Managing Director
Icon



MICHAEL READ
Executive Director
Icon



JAYNE WHITNEY
Chief Strategy Officer
John Holland



REBECCA HANLEY
Managing Director
Laing O'Rourke



JOCELYN BROWN
Senior Legal Counsel
Lendlease Building



DAVID PATERSON
Managing Director, Building
Lendlease Building



JOHN FLECKER
Global Chief Executive
Officer
Multiplex



SAMANTHA JOHNSON
Executive General Manager Health
and Safety, Environment and Quality
McConnell Dowell



JOHN KIRKWOOD
Managing Director and Chief
Executive Officer
Seymour Whyte



STEVE LAMBERT
Chief Operating Officer
Seymour Whyte



DOUG MOSS
Managing Director
UGL Limited



MARCO ASSORATI
Executive Director Asia
Pacific
Webuild



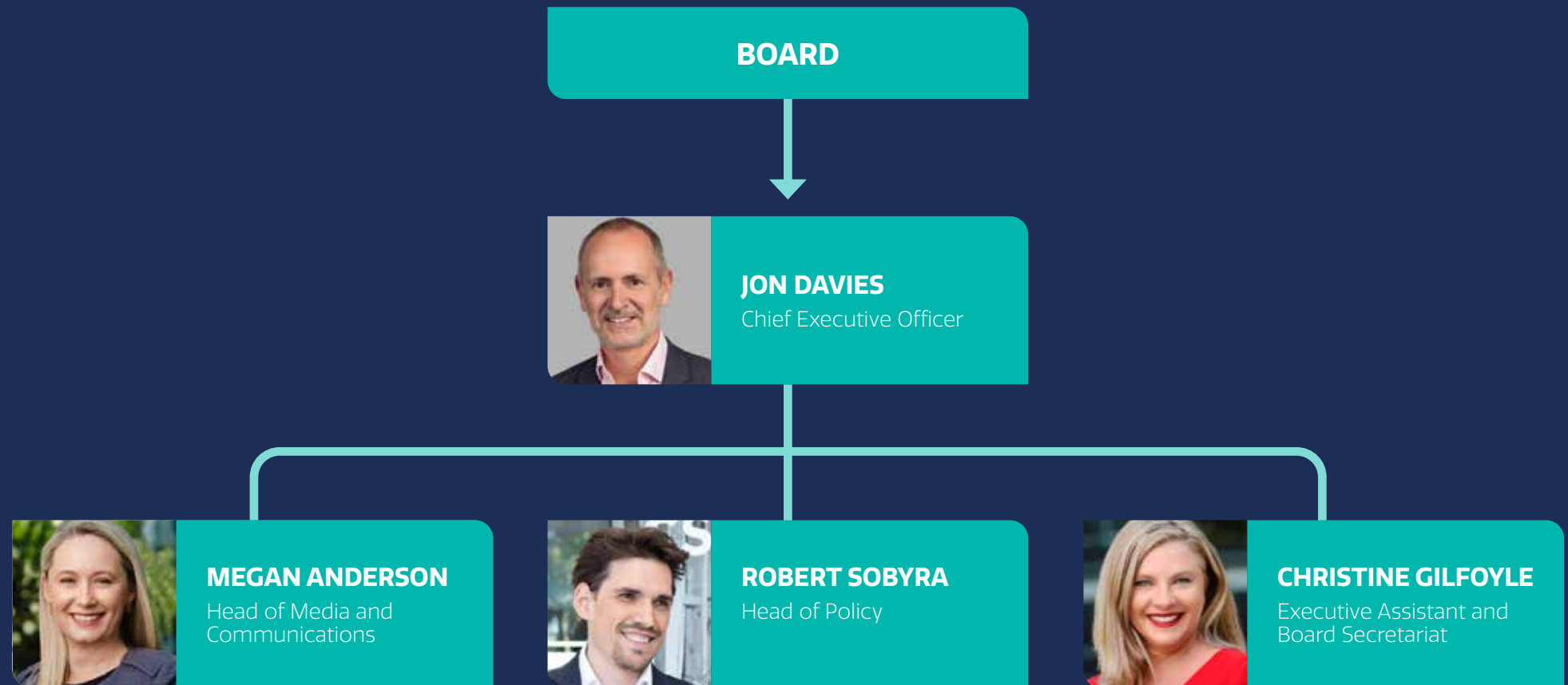
GUIDO CACCIAGUERRA
Head of PPP & Concessions
Australia
Webuild



Our operating model

ACA operates with four full-time employees including our CEO. Our members dedicate considerable time and resources to our Board Committees and Advisory Groups to deliver our large agenda. These forums are the engine room of our association.

TEAM STRUCTURE





Pictured left to right: Robert Sobyra, Megan Anderson and Jon Davies.



Board committees



Commercial Board Committee

Focussed on improving the commercial environment within which members of the ACA operate.



Capability and Capacity Board Committee

Focussed on addressing the workforce and skills issues impacting ACA members.



Culture Board Committee

Focussed on improving the culture of the construction industry through improved work-life balance, employee wellbeing and workforce diversity.

Members

COMMERCIAL BOARD COMMITTEE	CAPABILITY AND CAPACITY BOARD COMMITTEE	CULTURE BOARD COMMITTEE
Andrew Lonsdale (Built)	Chris Layton (Multiplex)	Eliza Newton (Bougues)
Anna Gleeson (Icon)	Eliza Newton (Bougues)	Sarah McDonald (Icon)
Annabel Crookes (Laing O'Rourke)	Chris Pracy (Acciona)	Alanna Herbst (Seymour Whyte)
David Foot (Clough)	Dene Macleod (Acciona)	Dean Riha (Fulton Hogan)
Kate Terry (Bougues)	James Glastonbury (McConnell Dowell)	Deb Cownley (John Holland Group)
Gian Barritt (John Holland Group)	Katherine McPherson (UGL)	Caitriona Comerford (Multiplex)
Frank Leahy (Webuild)	Emily Brooks (BESIXWatpac)	Angela Gott (BESIXWatpac)
Joseph Game (Lendlease)	Skye Banjade (Multiplex)	Fabio Intorre (Webuild)
Gareth Barrett (CPB Contractors)	Sarah Marshall (Fulton Hogan)	Emma Hassett (Acciona)
Gary Clarke (McConnell Dowell)	Sam Jones (Ghella)	Harriet Christopherson (McConnell Dowell)
Jason Santoso (Fulton Hogan)	Sandra Lovaas (Lendlease)	Mabel Vargas (Ghella)
Gerard Komomichalos (John Holland Group)	Sarah Wilson (Built)	Hollie Hynes (Laing O'Rourke)
Matt Kipatrick (Seymour Whyte)	Rob Blaze (Clough)	Meg Abaldonado (UGL)
Martin Webster (John Holland Group)	Sarah McDonald (Icon)	James Barta (Built)
Matt Thomas (Lendlease)	Nick Hopkins (John Holland Group)	Romy Sullivan (Fulton Hogan)
Matthew Senescall (Fulton Hogan)	Taneal Sultana (Laing O'Rourke)	Skye Mason (Lendlease)
Matteo Piva (Ghella)	Mike Evans (UGL)	Jayne Whitney (John Holland Group)
Matthew Jan (Acciona)	Toni Bailey (Fulton Hogan)	Sarah O'Neill (CPB Contractors)
Matthew Frazer (Laing O'Rourke)	Kylie Smart (Seymour Whyte)	Diana Burgess (Lendlease)
Meg Redwin (Multiplex)	Zorica Vasiljivic (Fulton Hogan)	Sunil Karkera (Bougues)
Stuart McKenzie (CPB Contractors)	Fabio Intorre (Webuild)	Damien Waller (Clough)
Melissa da Silva (BESIXWatpac)	Sarah O'Neill (CPB Contractors)	Sarah Elliott (John Holland Group)
Robert Ioffrida (Fulton Hogan)	Tanya Bailey (CPB Contractors)	
Samuel Knowles (Clough)	Glen Hunt (UGL)	
Tim Page (Seymour Whyte)		
Tony Griffiths (Bougues)		
Michael Degotardi (UGL)		
Jonathan Harrison (Acciona)		



Advisory groups



Sustainability Advisory Group

Focussed on the most material aspects of sustainability impacting our membership so that ACA can educate members and advocate for informed responses with relevant stakeholders.



Industrial Relations Advisory Group

Focussed on improving industrial relations outcomes for ACA members and providing a unified contractor voice to stakeholders on relevant issues.



Health and Safety Advisory Group

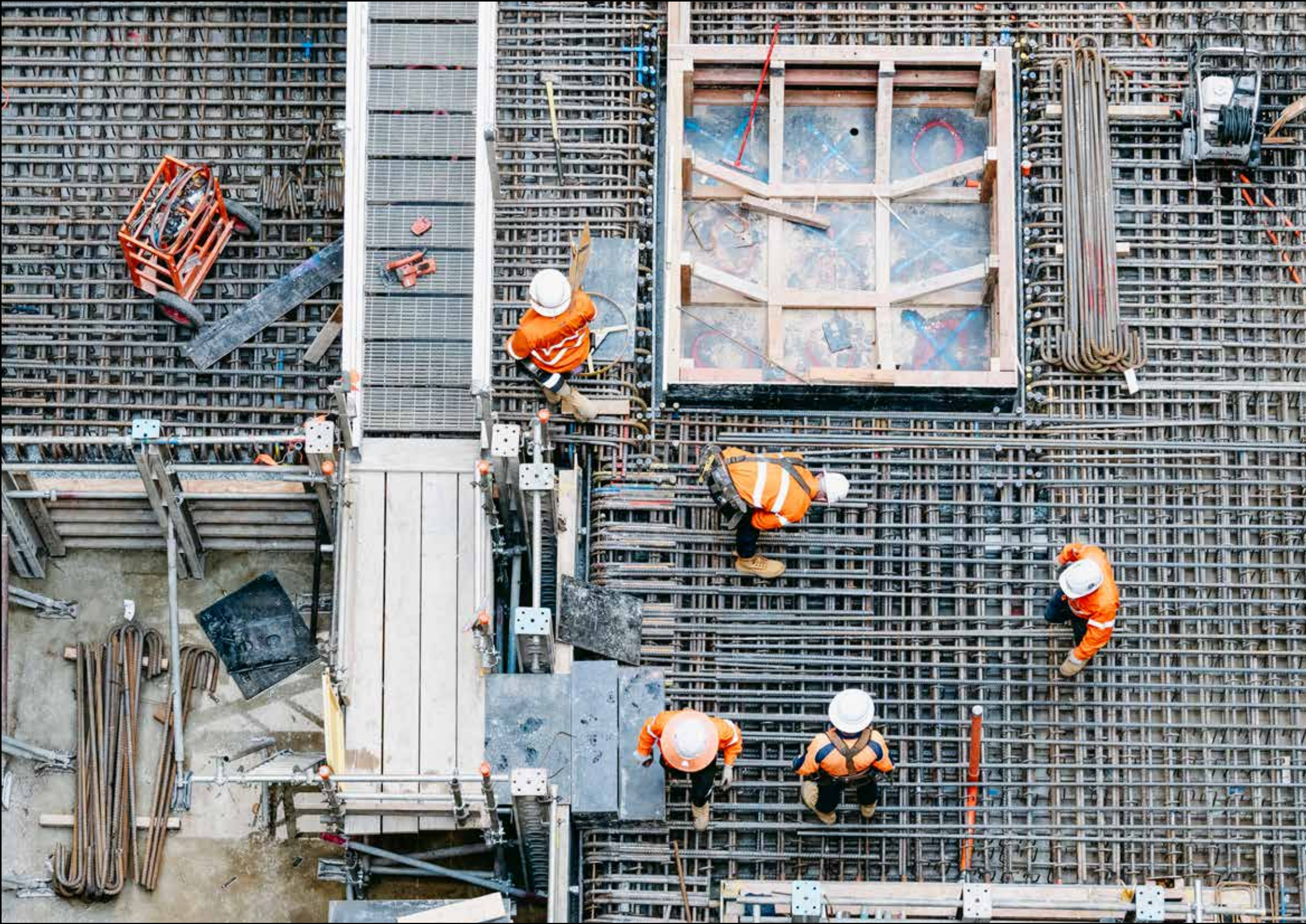
Focussed on advocating for WHS policy outcomes that will ensure a safe and commercially viable construction industry.



Communications Advisory Group

Focussed on amplifying ACA's advocacy and building our reputation as a trusted industry partner.

SUSTAINABILITY ADVISORY GROUP	INDUSTRIAL RELATIONS ADVISORY GROUP	HEALTH AND SAFETY ADVISORY GROUP	COMMUNICATIONS ADVISORY GROUP
Allan Armstrong (Webuild)	Martin Monro (ACA)	Allan Armstrong (Webuild)	Andrew Nelson (John Holland)
Cornelius Buitendag (Ghella)	Sandra Lovaas (Lendlease)	Cornelius Buitendag (Ghella)	Ashley Jarquin (John Holland)
Cameron Ginn (Fulton Hogan)	Mabel Vargas (Ghella)	Martin Smith (John Holland Group)	Carla Vanner (Laing O'Rourke)
Bourne, Christopher (Acciona)	Allan Armstrong (Webuild)	Paul O'Connell (Acciona)	Cynthia Calderon (Clough)
Brett Mason (Built)	Aaron Thompson (CPB Contractors)	Danielle Backland (BESIXWatpac)	Dene Macleod (Acciona)
David Fox (CPB Contractors)	Ammon Kelemen (McConnell Dowell)	Dennis Else (Multiplex)	El Blaney (BESIXWatpac)
Grant Sainsbery (Bougues)	Dane Bates (Laing O'Rourke)	Graeme Silvester (CPB Contractors)	Eliza Newton (Bouygues)
Matthew Gorski (BESIXWatpac)	David Ghannoum (Multiplex)	Joel Fraser (UGL)	Elizabeth Matkovich (Built)
Martin Smith (John Holland Group)	Mark Greenhill (Bougues)	Don Aroney (Multiplex)	Gilles Rene Castonguay (Webuild)
Lauren Leslie (Icon)	Matthew Borghesi (Fulton Hogan)	James Foreman (Laing O'Rourke)	Kari White (Acciona)
Melissa Davies (John Holland Group)	Dean Saprshott (CPB Contractors)	Michelle Nation (John Holland Group)	Kate Balme (McConnell Dowell)
Sam Donaldson (Laing O'Rourke)	Patrick McCormack (Seymour Whyte)	Michael McInerney (Lendlease)	Katie O'Malley (BESIXWatpac)
Paul O'Connell (Acciona)	James Andrews (Acciona)	Paul Farrell (Built)	Kimberleigh Stratford (Ghella)
Ravi Prasad (Seymour Whyte)	Steve Boss (Built)	Sumesh Singh (McConnell Dowell)	Mike Evans (UGL Limited)
Tim Walker (McConnell Dowell)	Raul Baonza (Fulton Hogan)	Tim Marsh (Fulton Hogan)	Natalie Godrick (Multiplex)
Sean Helbig (UGL)	Trent Smith (John Holland Group)	Ritchie Green (Bougues)	Natasha Adamsas (CPB Contractors)
Joe Karten (Built)	Terry Elliot (UGL)	Tony Vaile (UGL)	Nina McHardy (Fulton Hogan)
Abigail Heywood (Lendlease)		Zach Humphrey (Fulton Hogan)	Peter Worcester (McConnell Dowell)
		Walter Caoduro (Icon)	Romy Short (Fulton Hogan)
		Shannon Spark (Clough)	Samantha Wolany (Icon)
		Steve Gibbs (Clough)	Seppe Embrechts (Seymour Whyte)
			Umesh Ratnagobal (Laing O'Rourke)





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