About ACIF

The Australian Construction Industry Forum (ACIF) is the meeting place for leaders of the construction industry in Australia. ACIF facilitates and supports an active dialogue between the key players in residential and non residential building, engineering construction, other industry groups, and government agencies.

Our members are the most significant Associations in the industry, spanning the entire asset creation process from feasibility through design, cost planning, construction, building and management.

ACIF also provides a number of resources for the industry, including twice yearly release of the ACIF Forecasts, the industry’s ‘compass’ to the demand for work over the next decade.

ACIF is focused on creating a competitive construction and property industry that is a leader in building Australia’s prosperity. As well as facilitating communication between the different interests that make up the construction sector, ACIF provides governments and other agencies with a central and efficient industry liaison point.

ACIF harnesses the energies of its members to provide leadership and facilitate change within the industry, to increase productivity, efficiency, research and innovation. ACIF is governed by a Board of Directors comprising senior practitioners and chief executives of its member organisations. A secretariat supports the Board and the working groups tasked with developing policies and productivity tools.

ACIF seeks to develop a successful, strong and sustainable construction industry in Australia.

For more information about ACIF, visit www.acif.com.au.

Thanks to our Principal Sponsor

As one of Australia’s largest industry super funds, Cbus is the proud Principal Sponsor of ACIF.

Established in 1984, Cbus is now one of Australia’s leading industry superannuation funds for workers in the building, construction and allied industries. Driven by a core commitment to maximise returns to members, and not profits to shareholders, Cbus has a membership of more than 700,000 industry and general public members, and 80,000 participating employers.

Cbus’ support makes it possible for ACIF to create sources of information, develop knowledge tools, and guides, to boost the productivity of the industry.
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Industry Structure and Capacity

The three sectors of the construction industry deliver economic and social infrastructure fundamental to all parts of the economy.

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The construction industry accounts for more than 10% of GDP.

Since 2003 activity in the engineering construction sector has dominated the industry and the economy overall, driven largely by mining investment. As the investment phase of mining is replaced with production, the traditional place of residential building as the dominant sector of the economy is returning.

Engineering construction however will remain at high levels for several years.

Total value of work across the three sectors of the construction industry was more than $200 billion in 2012-13.

It will continue at high levels as demographic, investment and social change drive demand for new and improved economic and social infrastructure.

The construction industry offers rewarding and fulfilling work to nearly one million people.

The ABS Construction Industry Survey in 2012 reported that 950,000 were employed in the industry at the end of June 2012. This number is expected to grow over time, maintaining the industry as employer of around 10% of the workforce.

Source: ACIF Construction Forecasting Council November 2013
The ABS Survey reported that there were 209,783 businesses in the construction industry at the end of June 2012.

The construction industry is a major source of work and income for small businesses. The ABS Survey reported that small construction businesses (employment range 0-19) accounted for 97.7% (or 204,949) of all construction businesses and the largest share of total income with 49.0%.

The total OPBT (operating profit before tax) of these businesses was $22.4b. In contrast, large construction businesses (employment range of 200 or more) accounted for 0.1% (or 186) of all construction businesses but generated just over a quarter of total construction income.

More broadly, the property and construction industry employs more than 1.3 million people, and generates more than 11% of GDP.

Who is ACIF?

ACIF members represent the broad span of organisations working across the three sectors of the industry.

The ACIF Board, made up of senior officers of its members, provides the industry with its most inclusive and wide ranging forum to identify issues that concern the industry and propose solutions to them.

It also works with its government counterpart, the Australasian Procurement and Construction Council, on matters of strategic importance to both public and private sectors of the industry.

ACIF’s Construction Forecasting Council provides the industry with six-monthly forecasts of activity across the industry. It is unique in facilitating critical review of forecasts prepared by respected forecasters and economists the ACIL Allen Consulting, before being published to the industry.

Australian Construction Industry Forum Members

Air Conditioning and Mechanical Contractors’ Association of Australia
Australian Constructors Association
Association of Consulting Architects Australia
Australian Institute of Architects
Australian Institute of Building
Australian Institute of Building Surveyors
Australian Institute of Quantity Surveyors
Consult Australia
Engineers Australia
Facility Management Association of Australia
Fire Protection Association Australia
Housing Industry Association
Master Builders Australia
Master Plumbers Australia
National Fire Industry Association
National Precast Concrete Association
Property Council of Australia
# Key Recommendations

<table>
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| **1. Housing Affordability** | 1. To instigate a Productivity Commission inquiry into the cost of Australian housing, encompassing impact of regulations, taxes, workplace relations system, labour market policies, skills capacity and other cost imposts.  
2. To engage the Federal and State governments to identify actions that can assist in reducing the impediments to housing delivery and stimulate increased housing supply to meet the current and future demand for housing Australia’s population affordably and sustainably. |
|  |  |
| **2. Design and Construction for a Sustainable Industry** | 1. Australian Government should appoint a Government Architect to provide design leadership.  
2. ACIF supports calls for the Federal Government to appoint a Minister for Cities. Include in that Minister’s portfolio (or that of the Industry Minister) responsibility for coordinating the role of government agencies as buyers of services.  
3. Governments should provide incentives to encourage the alteration, retrofitting and rebuilding of our current building stock.  
4. The industry must continue to promote to all clients whole-of-life costs and benefits. |
|  |  |
2. Provide a flexible workforce through a modern approach to training and education.  
3. Ensure procurement policy encourages collaborative working - Government is a large customer. Demand innovation.  
4. Simplify land use planning, encourage consistent regulations.  
5. Establish a national standard for private certifiers.  
6. Encourage investment in energy efficient equipment and operations. |
|  |  |
| **4. Occupational Licensing** | 1. With nationally consistent frameworks of licensing or regulation there should be one arbiter of change rather than allowing multiple agencies to introduce additional or varied requirements or, worse, introducing minimal or lowest common denominator standards.  
2. The Commonwealth Government agency working on national occupational licensing needs to ensure that licensing requirements include elements for maintaining appropriate commercial skills for individuals who are responsible for payments from customers and to staff, contractors and service providers. |
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| **5. Procurement**                   | 1. Project sponsors should not undertake significant capital works projects without the advice of appropriately skilled and experienced advisers. *The Guide to Project Initiation*, and *The Case for Project Team Integration*, provide valuable guidance.  
2. The guidance in the APCC *Guide to Procurement Options* should be followed before a procurement decision is made.  
3. Procurement policies and practices should be periodically reviewed to ensure that they do not prevent or inhibit the consideration of good project team relationships in their formal evaluation criteria for competing proposals.  
4. Project sponsors should review commonly used delivery strategies and contract conditions, and be open to consider modifications to facilitate improved management practices for projects so as to encourage better team relationships.  
5. ACIF believes that government, as a major client, has a responsibility to provide policy leadership in the adoption of new technologies and private sectors must coordinate the adoption of new technologies such as Building Information Modelling (BIM) in an orderly and consistent fashion. |
| **6. Workforce Development and Relations** | 1. ACIF calls for the reintroduction of the ABCC and all of the industry-specific laws previously administered by the ABCC.   
2. ACIF also calls on Federal and State Governments to align their procurement policies so far as these regulate workplace relations. This step would assist the task of building and construction industry workplace reform, as the ABCC would oversee the application of the disciplines imposed.  
3. ACIF calls for the immediate remediation of modern awards to make them accessible to and understandable by workers and small business operators.  
4. A protected action ballot must not be ordered unless the Fair Work Commission is satisfied that a party is not pattern bargaining.  
5. ACIF supports the reintroduction of an exemption from unfair dismissal laws for small businesses.  
6. Regulation of independent contractors must as a matter of urgency be removed from the industrial relations system to minimise third party involvement in the contracts negotiated with principals. |
| **7. Workplace Health and Safety**   | 1. Governments need to complete the move to harmonisation of workplace health and safety laws to enable industry to further its action to achieve continued improvements in workplace safety.  
2. As workplace health and safety affects all of those that work, a clearer and more connected health and safety educational process should be implemented by governments during secondary, vocational and higher education.  
3. Delivery of appropriate studies within the various Built Environment professional discipline higher education programs is of the utmost importance to achieve appropriately qualified people.  
4. It should be mandatory that those who lead the various education providers, including design professionals, have a good understanding of the safety requirements of construction managers.  
5. Better and expeditiously available data from government agencies and the industry should be a priority so that stakeholders are able to expeditiously identify the major causes of incidents and take appropriate action. |
1. Housing Affordability

Overview

1. Essentially, the concept of affordability explores the proportion of earnings absorbed by servicing costs on a 25 year mortgage with a 90 per cent Loan-to-Valuation-Ratio (LVR) at inception. The affordability index measures the extent to which average weekly earnings can repay and service a mortgage for a median-priced dwelling. The index is calculated based on prevailing mortgage interest rates, average weekly earnings and median home prices.

2. The September 2013 Housing Industry Association-Commonwealth Bank of Australia Affordability Report shows that housing affordability increased during the September 2013 quarter and is at its highest level since June 2002. Compared with a year earlier, affordability was 15.0 per cent higher. The Report notes that affordability has improved by 43.0 per cent since the low point in mid-2010.

3. While these levels are welcome, it is expected that as interest rates increase the structural issues which have limited the supply of affordable housing in the past will again become a significant driver of reduced affordability. They need to be addressed with real energy by governments at all levels.

4. Relatively high taxation on new housing has adverse effects on affordability right across the market. The limited availability of appropriate land supply for new housing and inefficiencies in the planning process also need to be tackled.

Policy Objectives

1. To raise the profile of housing affordability as an ongoing policy matter for the attention of all levels of government – Federal, State and Local.

2. To clearly identify the role of government in supporting housing affordability, separate to the responsibility of government to deliver subsidised (social) housing for those in the community in greatest housing need.

3. To instigate a Productivity Commission inquiry into the cost of Australian housing, encompassing impact of regulations, taxes, workplace relations system, labour market policies, skills capacity and others cost imposts.

4. To engage the Federal and State governments to identify actions (arising from the COAG Housing Supply and Affordability Report along with other COAG recommendations) that can assist in reducing the impediments to housing delivery and stimulate increased housing supply to meet the current and future demand for housing Australia’s population affordably and sustainably.

ACIF Policy Statement

1. The availability of affordable housing is critical to the social and economic cohesion of our cities and regions.

2. Governments have a responsibility to support those in the community who cannot afford to own or rent housing through the facilitation of assisted housing options including social and affordable housing programs.

3. Governments have a responsibility to encourage the delivery of private housing (for both ownership and rental purposes) by maintaining appropriate policy settings that create certainty for the residential building and development industry to invest and deliver a range of housing solutions.

4. To achieve a timely and cost effective delivery of private housing, governments must ensure the appropriate policy settings for private investment in the housing market. These include addressing:
   - Land supply delays including strategic planning processes for zoning of land and planning approvals for construction and subdivision.
   - Planning and building approval processes for housing including single dwellings, dual occupancies and multi-unit developments.
   - The taxation of land and housing.
   - Funding and delivery of local and regional infrastructure to support housing.
2. Design and Construction for a Sustainable Industry

Overview

1. The Australian Construction Industry provides shelter, infrastructure and community facilities for our social, economic and cultural needs. It accounts for more than 10% of GDP, and employs close to one million people. The industry recognises the need to offer satisfying and rewarding work to people regardless of background or gender.

2. It needs to do this productively, safely, sustainably and economically by managing risk and safety whilst eliminating waste and creating value and quality. It recognises the need for continuous improvement in all parts of the asset delivery process, to increase productivity.

3. The development of relevant skills and experience in all sectors of the industry are crucial to this aim, as is a willingness to challenge and improve on accepted ways of delivering assets.

Policy Objectives

1. Quality design adds value to projects. Quality design is an investment in the places that make our communities better environments in which to live, work and play.

2. ACIF believes that time and care spent in the briefing, planning and design phases of projects reduces waste, disputes, time and cost in construction and assists the efficient use of the resulting built assets.

3. ACIF encourages the adoption of technologies and processes which enhance the planning, design, and delivery process and encourage greater collaboration between designers, end users, and contractors. It also encourages the adoption of a national architecture policy to raise design standards.

4. An informed client produces better outcomes. Public and private sector clients have a responsibility to prepare adequately when they are about to engage in commissioning a construction project.


6. Sustainable design. Urgent action is needed to address the challenges of climate change. The ongoing viability of the industry is linked with its ability to deliver environmentally sustainable buildings. It is imperative that we change the way we approach the design and management of the built environment. We must continually improve the efficiency of buildings through design and use, and innovate in our design and procurement processes to move progressively toward a built environment that positively contributes to natural systems and truly sustainable communities.

ACIF Policy Statement

1. **Productivity improvements from a better flow of information.** The industry must encourage timely and accurate information gathering and flow from the briefing and design phases through to the end of the building’s life. ACIF believes there is a need for:
   - Common protocols for the transfer of information in the construction industry;
   - Better systems for sharing information to reduce risk and enhance functionality and design quality; and
   - Better collaboration within project teams to reduce errors, misunderstandings and delays.

2. **Productivity improvements from building information modelling (BIM).** The adoption of innovative new technologies such as building information modelling will assist in increasing productivity through better information sharing. ACIF believes that government, as a major client, has a responsibility to provide policy leadership in the adoption of new technologies and private sectors must coordinate the adoption of new technologies such as BIM in an orderly and consistent fashion.

3. ACIF recognises the importance of making the way people work on projects more productive and satisfying. Optimal use of BIM requires project teams to be appointed before design is finalised. More highly integrated project teams including contractors and suppliers work with designers to achieve best results, minimising design changes and wasted effort.
4. **Productivity improvements from off-site manufactured components.** There is great scope for the construction industry to increase its productivity. There are a range of options available to clients and governments that can assist in providing a step change in productivity. These options include:

- Rapid adoption of BIM;
- Greater use of off-site manufacture;
- Seamless transfer of construction information and data from concept design to maintenance and decommissioning; and
- Improvements in skills training.

5. **Off-site manufacture can increase efficiency and quality.** Advanced off-site manufacture of building components and systems can improve the efficiency and productivity of construction processes. The advantages which can accrue include:

- Shorter construction times – less lost time due to inclement weather, more reliable supply of components which can be more quickly constructed, and construction occurring concurrent with offsite manufacture of components;
- Safer, healthier sites as products are made in controlled factory environments;
- Less waste due to exact elements being delivered to site;
- Less disruption to neighbouring properties with less noise, dust and waste;
- Better quality outcomes due to manufacture in controlled factory environments;
- Reduced unit cost; and
- Improved labour productivity;
2. Design and Construction for a Sustainable Industry

Actions Required

1. The Informed Client
   - Government agencies must retain (or hire) expertise within the public sector in project implementation, briefing and design.
   - All clients, public or private, should use procurement methods that encourage good design and construction processes.
   - State and Territory Governments should maintain their Government Architect positions, and the Australian Government should appoint a Government Architect to provide design leadership.
   - Obtain support for comprehensive briefing guidelines to assist clients brief their designers with their functional needs efficiently and accurately.

2. Quality Design
   - The industry must promote the importance of quality design in achieving excellent project outcomes.
   - We recommend that the Australian Government adopt a national architecture policy, developed in consultation with industry.

3. BIM
   - Governments and the industry should support and fund national initiatives for the coordinated introduction of BIM.
   - ACIF and its counterpart the Australasian Procurement and Construction Council will advocate for and monitor coordination of government and private sector BIM implementation requirements.

4. Sustainability
   - The industry will promote the concept of sustainable communities.
   - The industry must continue to promote to all clients, public and private, whole-of-life costs and benefits.
   - ACIF will continue to support the work of the Australian Sustainable Built Environment Council (ASBEC) in defining and measuring progress in sustainable design.
   - It will work with ASBEC to establish policy frameworks to achieve greater energy and resource efficiency in the building sector and to facilitate innovation in building design and procurement.
   - Governments should provide incentives to encourage the alteration, retrofitting and rebuilding of our current building stock to achieve more sustainable outcomes.

5. Off-Site Manufacture
   - ACIF and APCC will work together to encourage governments to maintain expertise within the public sector about the benefits of using off-site manufactured components.
   - ACIF and APCC will advocate for the use of procurement methods that encourage increased use of off-site manufactured components.

6. Government Coordination
   - ACIF supports calls for the Federal Government to appoint a Minister for Cities. It also calls for the Commonwealth Government to include in that Minister’s portfolio responsibility for coordinating the role of government agencies as buyers of services from the industry, and for promoting policies that encourage innovation and productivity improvement in service delivery by the industry.
3. Government Economic Management -
Regulation

Overview

1. The Council of Australian Governments (COAG) has identified planning and building regulation reform and infrastructure delivery as national “hot spots” and has embarked on initiatives including reform of the planning approvals process, a national construction code, national trade licensing, and changes to building standards to support sustainability.

2. These reforms are focussed on areas of known problems or inefficiency related to regulatory process. There is substantial scope for reforms that aim to improve the quality of the built environment and the business environment in which the industry operates.

3. The benefits of increased innovation in the industry, and many of the drivers that stimulate it, have been identified, dissected, and discussed over many years in Australia and elsewhere. ACIF has had an involvement in this area through a survey and report in 2002 and a more recent report to the Built Environment Industry Innovation Council (BEIIC) in 2011 when ACIF was commissioned to gather stakeholder views and ideas on problems with existing regulation in the built environment and on the potential to use regulation to support innovation.

4. The ACIF study for BEIIC identified the following 10 groups of regulations that affected the industry and that could be reviewed or altered to drive greater productivity, efficiency, and innovation:
   - Service provider capability;
   - Land use planning;
   - Economic infrastructure;
   - Design and construction standards;
   - Building controls and compliance verification;
   - Contracts for design and construction;
   - Government standards for contracts including security of payment;
   - Codes of practice;
   - Government procurement; and
   - Sustainability.

Policy Objectives

1. There is an ongoing need for government and industry to work together to implement continued reform of planning and building laws and regulatory systems to reduce red and green tape to support investment in construction and infrastructure.

2. The commercial rules and practices surrounding projects need to be re-adjusted to enable project risk to be identified and for the appropriate parties to bear the relevant risk.

3. The regulatory system needs to be able to facilitate the introduction of new products and innovative processes eg. Building Information Modelling (BIM) to be used by industry while maintaining quality and reliability responsibilities.
3. Government Economic Management - Regulation

ACIF Policy Statement

1. Harmonise licensing and registration nationally – Governments must now move expeditiously to complete the process of harmonising licensing and registration across the country. However, this process must be completed without increasing red tape, operational costs for business or the introduction of additional “local” requirements and hurdles.

2. Provide a flexible workforce through a modern approach to training and education – There is a need to expand the size of the construction workforce and to upgrade the skills of existing workers to ensure that Australia remains competitive in terms of quality of output and productivity in the future.

   Competency standards need to address and match the likely future requirements of the industry and the need for flexibility in the workforce to provide workers with appropriate pathways into higher levels of skills.

   However, any adjustments to competency standards or requirements for licensing or registration should also reflect the need to ensure that occupations retain the capacity to provide a full suite of skills to maintain and ensure ongoing health and safety and quality and reliability of construction.

3. Ensure procurement policy encourages collaborative working – Success in the future will involve greater attention being paid to collaborative working at all levels within a construction project. Procurement and tendering policies should support and encourage greater involvement of key stakeholders at the early stages of project development and should address the capacity of the industry to meet project objectives by allocating risk appropriately.

4. Government is a large customer. Demand innovation – Government must encourage innovation by demanding innovative practices and sustainability on its projects. Done properly, demand side innovation will not inhibit competition or transparency. It can lift standards that flow across the public sector and to the private sector. These innovations include requiring the use of integrated project teams and the use of Building Information Modelling.

5. Simplify land use planning, encourage consistent regulations – There is a need to implement the following in relation to land use planning to achieve greater productivity at lower prices:
   - Reduce land/development holding costs and land/development delivery times and minimise development/planning application processing times;
   - Remove unnecessary red and green tape imposed by regulators on development proposals and applications;
   - Reform infrastructure costs imposed on residential development to reflect the broader community benefit of the infrastructure investment; and
   - Effectively analyse and report on land supply delivery at each stage of the delivery pipeline.

6. Establish a national standard for private certifiers – The proper certification of projects is integral to maintaining the public’s ongoing confidence in the construction industry. A national standard for certifiers is needed to ensure skills are maintained and projects are assessed on a consistent basis. National standards should set minimum qualification and experience requirements.

7. Encourage investment in energy efficient equipment and operations – Government should assist the private sector to develop and implement energy efficiency by proactively clearing red and green tape and other barriers and encouraging investment through procurement and tendering practices and business support initiatives.
4. Occupational Licensing

Overview
1. ACIF supports the need for rigorous registration or licensing of individual professions, trades and disciplines working in the industry as a means to maintain and improve the standards of work delivered to consumers.

2. ACIF advocates the necessity of regulation and licensing of key professions, trades and disciplines undertaking work in the building and construction industry.
   - The inherent danger in many aspects of the construction process, including some high risk work types e.g. electrical installation work, demands it be done by providers with appropriate qualifications and experience.
   - The potential for inadequate work quality to seriously affect the safety and amenity of the users of buildings leads to a need for consumer protection regulation via appropriate licensing.
   - Community standards demand that there are protections in place to mitigate the effects of contractors and service providers failing and leaving incomplete work.

3. Clients, whether individuals or organisations, need to identify whether service providers have the capability required to perform particular work, but often lack the information or skills to do so. Occupational licensing mandating minimum skill levels is an important part of the policy response to the need for consumer protection.

4. Policy responses to the problems associated with commercial failure include requirements for business management skills to be acquired by contractors, service providers, or others who are responsible for payments from customers and to staff and contractors.

Policy Objectives
1. Occupational registration and licensing provides consumers with evidence of capability. Only appropriately qualified persons are able to undertake prescribed work types.

2. Clients are safeguarded from contractors or service providers who may have insufficient knowledge and experience to undertake the proposed work.

3. Clients are safeguarded from failure to complete work by a contractor or service provider, and workers, contractors and service providers are paid for work performed.

ACIF Policy Statement
1. ACIF believes that a genuinely national market for like contractors, professions, trades and disciplines working in the industry would make for a more efficient market, responsive to varying needs for particular skills in different jurisdictions. This requires consistent capability and licensing and recognition standards across all jurisdictions.

2. It is for the representatives of those professions, trades and disciplines to agree on the appropriate skills requirements, and the requirements for continuing professional development of organisations and individuals.

3. With nationally consistent frameworks of licensing or regulation there should be one arbiter of change rather than allowing multiple agencies to introduce additional or varied requirements or, worse, introducing minimal or lowest common denominator standards.

4. The Commonwealth Government agency working on national occupational licensing needs to ensure that licensing requirements include elements for maintaining appropriate commercial skills for individuals who are responsible for payments from customers and to staff, contractors and service providers.
4. Occupational Licensing

Individual Sector Objectives

Individual ACIF Members’ areas of influence include needs for greater efficiency in occupational licensing or registration. They each point to benefits in terms of quality outcomes. They include:

- National registration for architects rather than state and territory registration;
- Consistent national registration for engineers;
- National accreditation for all protection sectors; and
- The alignment of registration and certification qualifications standards for building surveyors across all jurisdictions.
5. Procurement

Overview

1. The Australian Construction Industry provides shelter, infrastructure and community facilities for our social, economic and cultural needs. It accounts for more than 10% of GDP, and employs close to one million people.

2. Procurement processes are part of the larger challenge for project sponsors of achieving excellent project outcomes by, in part, creating project environments that encourage productivity, and the elimination of waste and wasted effort.

3. Sound procurement processes are essential to the efficient delivery of those facilities. They start with disciplined and rigorous project initiation. The Guide to Project Initiation published by ACIF and the Australasian Procurement and Construction Council (APCC) identifies the steps involved in project initiation. Sound project initiation will clearly articulate the service need to be met by investing in capital works, be based on the whole of life costs of the asset to be produced, and identify the most appropriate delivery strategy to achieve it.

4. Before selecting a particular project delivery strategy and procurement approach, the processes described in the APCC Guide to Procurement Principles and Options should be followed.

5. Regular capital works project sponsors will have in-house staff or a suitably independent adviser experienced in those processes. Clients without the required in-house skills should seek professional assistance, and refer to the project initiation processes described in the ACIF and APCC Guide to Project Initiation.

6. Following project initiation procurement of construction projects has four parts:

   - **Determination** of the procurement strategy to be used based on the clients desired outcomes;
   - **Prequalification**/competency of each of the proposed project team members to achieve the desired outcomes;
   - **Planning and design** sufficient to allow project team members to be selected consistent with the procurement strategy selected; and
   - **Delivery** of projects based on fair and equitable risk sharing through terms of engagement and contracts that fairly share risks, and are equitable to the client and project team members, so minimising the risk of disputes are essential.

7. The introduction of a National Prequalification Scheme (NPS) by the APCC and Austroads in 2010 was a welcome step, requiring consistent processes for pre-qualification of firms across all government agencies, and mutual recognition of prequalification for projects worth $50 million or more.

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1. *Project sponsors* are the client, financiers, and end users who, individually or jointly, determine the risk allocations and terms of the head contract offered to the head contractor. Whilst during design and construction there will usually be only one organisation acting as the client under a contract with a head contractor, its ability to determine all relevant commercial and technical conditions may have been influenced or even controlled by providers of finance, or the requirements of end users.

2. Studies in Australia and other countries have identified up to 30% wasted effort in 'business as usual' construction.


5. Procurement

Policy Objectives

1. The end objective of the procurement process for all capital works projects is the creation of wealth or the achievement of enhanced social capital through delivery of an excellent project. An excellent project is one which achieves five measures of success:
   - End users expectations are met or exceeded;
   - The project sponsors’ strategic and financial objectives are met;
   - Project team members achieve their financial expectations of the project;
   - The project delivery team worked well together, and want to work together again; and
   - Community and stakeholder expectations of the project in terms of safety, quality, design, environmental outcomes, and social objectives, are met or exceeded.

2. These measures are capable of being achieved on all projects regardless of size, asset type or ownership, or the delivery strategy used.

3. The key drivers of excellent projects are behavioural. They will operate only within a project environment that encourages positive project team relations. That environment requires the project sponsor to consider the ability of project team members to work well together when appointing design consultants and head contractors.

4. Project sponsors in both government and private sectors serve their own interests best, and those of their project team members, when they pay as much attention to the ability of team members to work well as an integrated team, as they do to the prices they have been quoted. The entire value proposition that is being offered by a potential contractor or designer should be considered.

5. Contract conditions rarely consider the role of project team relationships in delivering a project or the services required from an asset. Commonly they are focused on limiting the risk to which project sponsors may be exposed, rather than encouraging positive behaviour from project teams that has the capacity to avoid risk events or mitigate their impact. This is counterproductive, commonly leading to disputes on projects that erode wealth of all parties to the project. The Cooperative Research Centre for Construction Innovation\(^5\) pointed to the substantial costs incurred because of such disputes.

6. Procurement policies and practices should encourage the selection of design consultants, head contractors, and trade contractors, on the basis of proven performance including performance on recent projects, as team players, and sustainable financial expectations.

7. Value for money selection policies and practices should explicitly encourage the selection of other than lowest price firms, when it can be demonstrated that a higher priced firm is suitably qualified and likely to deliver a lower whole-of-life cost.

8. ACIF recognises the need for continuous improvement in all parts of the asset delivery process to increase productivity. This should involve consideration of innovative approaches to design, procurement and delivery. The adoption of innovative new technologies such as Building Information Modeling (BIM) will assist in increasing productivity through better information sharing.

9. ACIF recognises the importance of making the way people work on projects more productive and satisfying. Optimal use of BIM requires project teams to be appointed before design is finalised. More highly integrated project teams including contractors and suppliers work with designers to achieve best results, minimising design changes and wasted effort.

10. Good project team relations encourage innovation and a desire not to let anyone down. They lead directly to better work quality, fewer defects, improved safety, and more predictable time and cost outcomes.

\(^5\) Guide to Leading Practice for Dispute Avoidance and Resolution, Cooperative Research Centre for Construction Innovation, November 2009
5. Procurement

ACIF Policy Statement

Project sponsors

1. Project sponsors should not undertake significant capital works projects without the advice of appropriately skilled and experienced advisers. The Guide to Project Initiation\textsuperscript{6}, and The Case for Project Team Integration\textsuperscript{7}, published by ACIF and APCC, provide valuable guidance.

2. The guidance in the APCC Guide to Procurement Options should be followed before a procurement decision is made.

3. Procurement policies and practices should be periodically reviewed to ensure that they do not prevent or inhibit the consideration of good project team relationships in their formal evaluation criteria for competing proposals.

4. Project sponsors should review commonly used delivery strategies and contract conditions, and be open to consider modifications to facilitate improved management practices for projects so as to encourage better team relationships.

5. Who is best qualified to decide if a firm should be pre-qualified for a particular field of service needs to be reviewed. Selection criteria and the weightings assigned to them need to be transparent. Involvement jointly of government and the relevant private sector associations on the selection panels is needed.

6. ACIF believes that government, as a major client, has a responsibility to provide policy leadership in the adoption of new technologies and private sectors must coordinate the adoption of new technologies such as Building Information Modelling (BIM) in an orderly and consistent fashion.

The Industry

1. ACIF will continue to urge project sponsors to consider innovative approaches to procurement, including early integration of project teams and the use of BIM, to facilitate more efficient and productive project outcomes.

2. ACIF will continue to work with APCC to monitor the NPS to ensure that a single registration in any one jurisdiction and field of practice does give a firm Prequalification in all other jurisdictions.

3. ACIF will advocate for an extension of the NPS to trade contractors and consultants, and for the elimination of a threshold value for application of the NPS to head contractors.

4. ACIF will work with APCC to develop innovative approaches to procurement policies and procedures for adoption by government and private sector clients.

\textsuperscript{6} A Guide to Project Initiation for Project Sponsors, Clients, and Owners, Australian Construction Industry Forum Limited and Australasian Procurement and Construction Council Inc, March 2010

\textsuperscript{7} The Case for Project Team Integration, Australian Construction Industry Forum Limited and Australasian Procurement and Construction Council Inc, September 2013
6. Workforce Development and Relations

Overview

1. ACIF supports workplace reform. Currently, the Australian workplace relations system is overly complex and imposes significant transaction and compliance costs upon employers and employees. The balance within the Fair Work regime is tilted towards unions and the legislation is inadequate to control the unlawful behaviour of militant construction unions.

2. Productivity growth is essential for the continued prosperity and competitiveness that Australians currently enjoy, but which is eroding. A productivity dividend would be available to all Australians if the former building and construction industry specific workplace arrangements were reintroduced.

Policy Objectives

Building and Construction Industry Workplace Reform

1. The union tactic of preparing pattern agreements which are then imposed upon employers through a “sign up or else” strategy is opposed because it is directly opposite to the notion of free and effective bargaining. This tactic contributes to a number of labour market rigidities, especially expressed in the idea of “lockdown” days and the related, general inflexible operation of the 36 hour week, where introduced. It also permits the illegitimate regulation of independent contractors, discussed below. ACIF strongly supports a system of workplace relations for the building and construction industry that is underpinned by the rule of law and which promotes genuine collective bargaining.

2. Workplace relations legislation should generally be applicable to all Australian employers rather than apply specifically to any one industry sector. However, the Cole Report in 2003 made it plain that the building and construction industry is unique in its need for specific workplace relations reform; unfortunately the cogency of that proposition has not diminished over time.

3. From 1 October 2005, following the passage of the Building and Construction Industry Improvement Act 2005 (Cth) (BCII Act), which created the Australian Building and Construction Commission (ABCC), the building and construction industry enjoyed a period of significantly improved industrial relations and increased productivity in which industrial relations was not the predominant and negative influence that it had been in the past. That change benefited all parties in the industry, including workers. Equally importantly, it benefited the Australian economy and the community. This regime should be re-installed because since June 2012 a weaker agency administering the Fair Work Act has been in place and the powers of that agency as well as the flaws in the Fair Work Act have seen an upsurge in industrial activity and the partial return of the climate of fear and intimidation that has regrettably dogged the industry for decades.

Simplifying the Safety Net

4. In line with the need to have in place a simple, uniform and fair safety net, ACIF calls for the immediate remediation of modern awards to make them accessible to and understandable by workers and small business operators. Modern awards make up the second tier of the Fair Work Act safety net which must be read with the National Employment Standards. At present, the safety net instruments, that is the building and construction industry “modern” awards, fail the industry because they are neither modern nor able to be readily understood by non-lawyers.

Reforming Agreement Making

5. Transaction costs associated with agreement making should be reduced to the greatest extent possible. Complexity and formality reduce the likelihood of small business, in particular, using the agreement making stream of the current workplace relations system. ACIF supports the removal of pattern bargaining from the workplace relations system. Pattern bargaining has long been a blight on the building and construction industry and a drag on productivity. Pattern bargaining leads to poor outcomes for all concerned, particularly in relation to the loss of value-for-money in public works. As the Cole Royal Commission found, the results of pattern bargaining have been detrimental to both workers and employers, to the industry and to the national economy.

6. One of the adverse effects of the requirement under the Fair Work Act that parties not be acting in good faith before accessing industrial action is seen in the prevailing culture in the building and construction industry, which is that unions force parties to sign up to pattern or template agreements, with the return of a ‘sign up or else’ culture which the BCII Act was designed to eliminate.
6. Workforce Development and Relations

7. The Fair Work Act does not contain a requirement that a party must satisfy the Commission that it is not pattern bargaining before applying for a protected action ballot. This, combined with the absence of proper constraints relating to good faith bargaining, have permitted the re-establishment of ‘take it or else’ agreement making.

8. While the Fair Work Act does permit an employer to seek to prevent industrial action from being taken where a party is pattern bargaining, this can only occur once it becomes clear that the action is taking place (typically three days’ notice). Importantly, a Full Bench case has found that a party can still be genuinely trying to reach agreement even if it is pattern bargaining. This effectively neuters any attempt to police pattern bargaining, except in extreme cases.

Reform of the Unfair Dismissal Laws

9. Procedures for dealing with unfair dismissal laws are convoluted. Employers, particularly small business employers, are forced to expend resources defending often speculative claims. Employers regularly pay ‘go away’ money to rid themselves of the need to undertake costly legal proceedings. The Fair Work Act has failed to provide adequate safeguards for small employers. The balance of the Fair Work Act is towards employees. The lack of a small business exemption provides a drag on the efficiency of small business and discourages the building of sustainable, flexible enterprises which provide employment.

Independent Contracting

10. The dividing line between employment and independent contracting relationships should be clear. Freedom of contract should be a fundamental tenet of commercial relationships. At present enterprise agreements are able to regulate independent contracts through so-called job security provisions which, in effect, allow unions via pattern bargains to regulate the terms and conditions upon which subcontractors may be engaged. This is completely unacceptable.

ACIF Policy Statement

1. ACIF proposes the changes set out in this policy to advance productivity through workplace reform. The regulation of labour markets must be a topic that is central to ongoing reform because efforts to promote fairness for individuals must also be assessed against the need to secure Australia’s productivity potential, a matter of fairness for all Australians.

2. ACIF calls for the reintroduction of the ABCC and all of the industry-specific laws previously administered by the ABCC. The application of these laws will ensure an upsurge in labour productivity in the sector which must be an essential part of the effort to ensure an industry level productivity boost.

3. ACIF also calls on Federal and State Governments to align their procurement policies so far as these regulate workplace relations. At present, there are conflicting regimes of government procurement policies which contain potentially conflicting provisions. The greater disciplines imposed by, for example, the Victorian Code of Practice for the Building and Construction Industry and the related Implementation Guidelines should be consistently applied in all jurisdictions. This step would assist the task of building and construction industry workplace reform, as the ABCC would oversee the application of the disciplines imposed.

4. ACIF calls for the immediate remediation of modern awards to make them accessible to and understandable by workers and small business operators.

5. A protected action ballot must not be ordered unless the Fair Work Commission is satisfied that a party is not pattern bargaining. This reform should be urgently introduced.

6. ACIF supports the reintroduction of an exemption from unfair dismissal laws for small businesses.

7. ACIF opposes regulation of independent contractors via the workplace relations system. Regulation of independent contractors must as a matter of urgency be removed from the industrial relations system to minimise third party involvement in the contracts negotiated with principals.
7. Workplace Health and Safety

Overview

1. The incidence of fatalities and serious injuries in the construction industry has shown improvement over recent years, but ACIF considers that the industry has the capacity to further improve on the current positive trends.

2. Moves by Australian governments towards standardisation of workplace health and safety laws are a welcome and substantial step to enabling industry to develop and implement more effective systems, policies and procedures aimed at further reducing workplace injuries and fatalities.

3. However, the laws are not fully standardised, integrated with or consistent with building industry organisational practices. Taking this into account, there is still further action required to achieve a fully integrated and harmonised set of legislation, codes and practices for the construction industry. This needs to be progressed expeditiously.

4. To move to the next level of improvement in preventing workplace injuries requires a commitment from all stakeholders. Employers, workers, consultants, designers, suppliers and clients need to work cooperatively in identifying and minimising workplace risk.

Policy Objectives

1. Workplace culture and the “human” factor are critical issues that must be addressed if the industry is to achieve a further reduction in workplace injuries and generally lower workplace risk.

2. The industry and regulators should be concentrating efforts on preventative activities as well as identifying why injuries occur and developing systems, procedures and educative tools to ensure that risks are identified and the risk of injury eliminated.

3. All persons involved in construction projects need to understand the important roles that they each have in ensuring safer workplaces and safety should transcend the pursuance of industrial relations objectives by any stakeholder. In particular, workplace health and safety needs to have a greater profile across all levels of management.

ACIF Policy Statement

1. Governments need to complete the move to harmonisation of workplace health and safety laws to enable industry to further its action to achieve continued improvements in workplace safety.

2. Safety consciousness should be incorporated as a central component of any project by all team members (consultants, contractors, workers, suppliers and clients).

3. Safety in design is a key issue in eliminating workplace hazards and risk and must be incorporated as a central component of any project.

4. Employers need to identify the required leadership capabilities and competencies appropriate for supervisors, managers and company boards and provide relevant training for these individuals.

5. As workplace health and safety affects all of those that work, a clearer and more connected health and safety educational process should be implemented by governments during secondary, vocational and higher education.

6. Delivery of appropriate studies within the various Built Environment professional discipline higher education programs is of the utmost importance. These specific subjects should be delivered by appropriately qualified people.

7. It should be mandatory that those who lead the various education providers, including design professionals, have a good understanding of the safety requirements of construction managers.

8. Consistent communication of safety principles and systems across worksites is essential to achieving a lowering of injury and fatality rates. Communication systems and training and educational programs should have regard to the ethnicity of the workforce and be practical and easily understood by all workers and visitors to worksites.

9. Better and expeditiously available data from government agencies and the industry should be a priority so that stakeholders are able to expeditiously identify the major causes of incidents and take appropriate action.