

EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS

**SENATE LEGISLATION COMMITTEE – QUESTIONS ON NOTICE
2008-09 SUPPLEMENTARY BUDGET ESTIMATES HEARING**

Outcome **Agency – Office of the Australian Building and Construction
Commissioner**

DEEWR Question No. EW810_09

Senator Cameron provided in writing

Question

Econtech Report

Can you provide the committee with the terms of reference, and any other associated or relevant material, prepared by the ABCC and provided to Econtech for the Economic Analysis of Building and Construction Industry Productivity Reports of 16 July 2007 and 30 July 2008?

Answer

The Office of the Australian Building and Construction Commissioner has provided the following response.

A copy of the Statement of Requirement for the provision of the 2007 Economic Analysis of Building and Construction Industry Productivity Report is attached.

On 11 January 2007, a request for tender to the ABCC for the provision of economic analysis of building and construction industry productivity was published on AusTender, the Australian Government's online procurement information system.

On 1 July 2008, the ABC Commissioner wrote to the Executive Director of Econtech requesting an update to the 2007 report. A copy of this letter is attached.

The ABCC did not provide any further documentation to Econtech other than the contract that contained the Statement of Requirement.

2 STATEMENT OF REQUIREMENT

2.1 Overview

- 2.1.1 The ABCC follows earlier organisations established by the Commonwealth with particular regard to the Building and Construction industry. The Building Industry Taskforce was established on 1 October 2002, following the Cole Royal Commission's findings that the building and construction industry was characterised by a widespread disregard for the law. The Building Industry Taskforce was established as an interim body to secure the law in the industry prior to the establishment of a national agency. The Taskforce operated for three years, until the establishment of the ABCC on 1 October 2005.
- 2.1.2 The ABCC's role is to ensure workplace relations laws are enforced in building and construction industry workplaces. To promote proper conduct, the ABCC also educates industry participants on their rights and obligations. In broad terms, the jurisdiction of the ABCC includes all of the construction industry, as defined by the ABS, except for domestic housing and mining operations.
- 2.1.3 Since its launch, the ABCC has established itself as an active regulator of the building and construction industry. The ABCC's Commissioner, The Hon. John Lloyd, has noted a number of ways that the organisation has already improved the workplace relations framework of the building and construction industry over the last nine months. These included:
- Investigating possible contraventions of relevant laws, the National Code of Practice and industrial instruments;
 - Instituting proceedings against those who break the law;
 - Promoting appropriate standards of conduct; and
 - Providing advice and assistance to building and construction industry participants.
- 2.1.4 The ABCC is now looking to assess its impact on the industry. In particular, the ABCC is interested in examining the change in building and construction industry productivity since the interim building industry taskforce was established.

2.2 Detailed Outcomes

- 2.2.1 The changes in productivity in the building and construction industry that have occurred since 2002.
- 2.2.2 Allocation of the productivity gains within the building and construction industry across three distinct sources:
- 2.2.3 The ABCC;
- 2.2.4 Other industrial relations reforms; and

- 2.2.5 Those attributable to normal productivity.
- 2.2.6 The effects of these productivity gains in the building and construction industry on the Australian economy as a whole.

2.3 Essential Requirements

- 2.3.1 The Tenderer is required to provide details of the proposed methodology to be adopted.
- 2.3.2 The ABCC requires that that the methods used to attempt to measure the changes in productivity include:
 - 2.3.3 Aggregate construction industry data;
 - 2.3.4 Quantity surveyor data on the cost of building and construction industry tasks; and
 - 2.3.5 Case studies of individual companies.
 - 2.3.6 The ABCC requires that the main drivers behind the productivity changes within the building and construction industry be identified and that the following main sources of productivity change be considered:
 - 2.3.7 Changes attributable to the ABCC, including its role supporting the National Code of Practice;
 - 2.3.8 Changes attributable to the Federal Industrial Relations Reforms; and
 - 2.3.9 Changes that can be attributed to normal productivity improvements.
 - 2.3.10 The ABCC requires that the estimates from the steps set out in 2.3.7 to 2.3.8 above be used to estimate the impact across the whole economy of: (a) the activities of the ABCC; and (b) industrial relations reform generally. The ABCC expects that this will be able to show the impact of building and construction productivity gains on:
 - 2.3.11 Activity in the building and construction industry and other industries;
 - 2.3.12 GDP; and
 - 2.3.13 Consumer welfare.
 - 2.3.14 The Final Report that is to be provided to the ABCC requires an Executive Summary.
 - 2.3.15 The Final Report is to be accompanied by a short overview document and PowerPoint presentation suitable for public presentation of the main findings.

2.4 Time frame

- 2.4.1 The resultant contract is expected to commence on 19 February 2007 and conclude on 25 May 2007 in accordance with the following timeframe:

2.4.2 Closing Date for Lodgement of Tenders: 9 February 2007

2.4.3 Engagement of Consultant: 19 February 2007

2.4.4 Project Period: 19 February 2007 – 25 May 2007

2.4.5 Initial Report for ABCC Comments: 27 April 2007

2.4.6 Draft Final Report: 11 May 2007

2.4.7 Final Report for the ABCC: 25 May 2007

2.5 Additional Services

2.5.1 While not a Requirement, tenderers may offer additional services to the ABCC such as:

2.5.2 Regular meetings/briefings to discuss/document economic trends and emerging issues in the building and construction industry.



Australian Government
**Australian Building and
Construction Commissioner**

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1 July 2008

Mr Chris Murphy
Executive Director
Econtech Pty Ltd
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KINGSTON ACT 2604

Dear Mr Murphy

I note that it is approximately one year since your company prepared the Report *Economic Analysis of Building and Construction Industry Productivity*. I have concluded that it is now timely to conduct a further analysis of the economic effects of the ABCC's activities on the building and construction industry.

I request that Econtech conduct this assignment. The terms of reference would be similar to those on which the 2007 Report was based. However, I request that the assignment take the form of an update of the economic analysis and productivity data contained in the 2007 Report. The assignment would not be required to canvass the workplace relations and policy settings, matters that were described in some detail in the 2007 Report.

It would be appreciated if you would advise me of your availability to undertake the assignment, together with the estimated costs of the assignment that would be payable by the ABCC.

We will arrange for a written contract in relation to the work to be developed for signature by both parties. Following contract signature, the task should be commenced as soon as possible with the final report completed no later than 31 July 2008.

If you have any questions concerning the ABCC's request could you please contact Eugene Quigley (03 8509 3008) or mobile (0434 603 472), who will assist you with any queries that you might have.

Yours sincerely


John Lloyd PSM
ABC Commissioner