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## ECONOMIC ANALYSIS OF BUILDING AND CONSTRUCTION INDUSTRY PRODUCTIVITY: 2008 REPORT

This report was prepared for the  
Office of the Australian Building and Construction  
Commissioner  
by Econtech Pty Ltd.

30 July 2008

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Report fully updates, and therefore supersedes, the economic analysis in the 2007 Econtech Report.

The specific new developments factored into this 2008 Econtech Report include the following.

- In August 2007 the Australian Constructors Association released a report from the Allen Consulting Group showing that productivity in non-residential construction has increased substantially in recent years.
- In February 2008 Rawlinsons released its Australian Construction Handbook 2008, containing January 2008 data on comparative costs for the same tasks on the residential and non-residential sides of the construction industry. Econtech has incorporated this additional data into its analysis; adjusted the base year to remove the effects of an apparent break in some of the data series; refined the list of tasks to only include those that are important on both sides of the construction industry; and reviewed its previous use of the Rawlinsons data to remove anomalies.
- In March 2008 the ABS released national accounts and employment data showing that the strong growth of recent years in construction industry productivity continued in 2007.
- In March 2008 the Australian Bureau of Statistics (ABS) also released data showing that in 2007 a record low of less than 7,000 working days was lost from industrial disputes in the construction industry.

This report is structured as follows.

- Section 2 analyses productivity in the construction industry by undertaking a range of productivity comparisons. It compares construction industry productivity between different years, between the non-residential and residential sides of the industry and between individual projects undertaken before and after the establishment of the ABCC. It then assesses the extent to which productivity changes are attributable to the role of the ABCC and the Taskforce.
- Section 3 describes the MM600+ model, its main assumptions, and the scenarios that are modelled.
- Section 4 presents and explains the results of modelling the impact of productivity gains in the building and construction industry, attributable to ABCC and the Taskforce, on the Australian economy.

While all care, skill and consideration has been used in the preparation of this report, the findings refer to the terms of reference of the ABCC and are designed to be used only for the specific purpose set out below. If you believe that your terms of reference are different from those set out below, or you wish to use this report or information contained within it for another purpose, please contact us.

The specific purpose of this 2008 Econtech Report is to update the economic analysis performed in the 2007 Econtech Report for new developments over the last year.

The findings in this report are subject to unavoidable statistical variation. While all care has been taken to ensure that the statistical variation is kept to a minimum, care should be taken whenever using this information. This report only takes into account information available to Econtech up to the date of this report and so its findings may be affected by new information. Should you require clarification of any material, please contact us.