

Federal Government's Building And Construction Industry Reform Strategy

- John Tyrnil

In December 1991, the then Prime Minister, Bob Hawke, announced major reforms for the building and construction industry and the establishment of the Construction Industry Reform Agency. In announcing the reforms, Mr Hawke commented that a 10% improvement in construction industry efficiency would boost gross domestic product by 2.5%.

The Construction Industry Reform Agency will be charged with developing, implementing and monitoring industry reforms.

By becoming signatories to a "Construction Industry In-Principle Reform And Development Agreement" major participants in the industry, including the two head contractor organisations - the AFCC and MBCHAA, committed to the Federal Government's reform process.

However, at this stage, not all organisations have committed to the process. It is understood that engineers', architects' and subcontractors' organisations are yet to sign up. The New South Wales Government was a notable holdout, whilst it first awaits the recommendations of the NSW Royal Commission into Productivity in the Building Industry.

The Construction Industry In-Principle Reform And Development Agreement commenced operation in December 1991 and will remain in force until 30 June 1995.

Signatories' Commitments

Some of the commitments made by the signatories are as follows:

1. Industry Development

Efficiency And Productivity

- to improve project definition and contract documentation, reflecting evidence that errors and ambiguities in drawings and specifications and the late supply of documents are a major cause of delay, increased costs and poor quality;
- to improve project efficiency through better management practices and contractual arrangements, including risk allocation, selection of contractors, improved design of subcontract packages, quality assurance and cost and time management;
- to improve professional and management training;
- to improve technical efficiency and capability through research and development, including the development of construction research centres;

Performance Standards For Contractors

- performance requirements expected of contractors

and subcontractors to be developed by the Reform Agency in consultation with the construction industry, the Department of Industry, Technology and Commerce and with the States and Territories through the National Public Works Conference;

- commercially based and measurable performance standards to form the basis for the registration of pre-qualified contractors for both public and private sector projects;
- these performance standards to include measures of:
 - (a) quality assurance;
 - (b) research and development;
 - (c) training - including trade and non-trade workforce, management and contract administration;
 - (d) occupational health and safety;
 - (e) import substitution and export development strategies;
 - (f) contractual arrangements;
 - (g) project planning;
 - (h) product performance warranties;
 - (i) minimum financial performance criteria covering both capital and turnover;

Contract Improvements

- revision or initiation of standard forms of contract and standard project procedures to reflect the principles of good practice for efficient projects, as set out in the NPWC/NBCC No Dispute report;
- development of efficient project procurement awareness, understanding, attitudes and processes at all levels in all sectors of the industry to avoid inefficient and adversarial approaches evident on many past and current projects;

Public Works

- acknowledgement of the role of the Commonwealth, State and Territories in using government purchasing power as a vehicle for implementation of the reform process, with the expectation that similar practices will spread to the private sector;
- agreement to work jointly with government public works agencies to introduce the full range of initiatives for public works projects;

Export Performance

- to make a greater commitment to improving the industry's export performance through the development of an export culture, better market intelligence systems, better coordination of Australian and international project aid and improved horizontal and vertical linkages;

Regulation Reform

- achievement of greater efficiency and uniformity in building regulations;
- support for the government's efforts to improve and streamline building and planning approval systems;

Industry Data

- to provide data to assist the Construction Industry Reform Agency in industry analysis, in developing measures of industry performance and measures of the effectiveness of the strategies;

2. Labour Market Reform**Industry Representation**

- rationalisation of the number of employer groups in the industry and the formation, within 12 months, of single employer bargaining units for major sectors of the industry;
- rationalisation of the number of unions in the industry and the unions to form within 12 months a single bargaining unit representing all significant unions for each major building project;

Single Industry Award

- rationalisation of the number of existing awards and the commencement of discussions within 12 months aimed at reaching in principle agreement on the nature and scope of new national awards;

Rationalisation of Agreements

- identification of, and a strategy for the rationalisation of, all agreements, formal and otherwise, within the industry;

Workplace Reforms

- to seek agreement within six months through the Construction Industry Reform Agency on measures to resolve restrictive practices, involving the adoption of more efficient work and management practices and more flexible work practices;
- any restrictive work practices on which the parties are unable to reach agreement to be referred to the Australian Industrial Relations Commission for resolution by conciliation and, if necessary, by arbitration;
- to reduce the incidence of lost time on sites by consultation and cooperation and through the adoption of dispute prevention and settlement procedures;
- to establish within six months effective dispute prevention and settlement procedures for each site for disputes in relation to health, safety and inclement weather;
- agreement that no claim shall be pursued or accepted in relation to lost time arising from an industrial dispute or a dispute concerning health and safety or inclement weather, where the claimant has not complied with the relevant dispute prevention and settlement procedures;
- to review within six months the effectiveness and uniformity of the various arbitration systems dealing with claims for payment of lost time;

Award Restructuring And Training

- to pursue award restructuring over the next 12 months, including the introduction of skill related career paths and the development of nationally determined competency standards;

Health And Safety

- to support the development and implementation of national health and safety standards for the industry through Worksafe Australia;

Equal Opportunity Employment

- to promote equal opportunity employment principles and to comply with equal employment opportunity and affirmative action legislation in implementing reforms;

Continuity of Employment

- to introduce measures to improve opportunities for continuity of employment, including encouraging a higher incidence of direct contractor employment;
- to improve the efficiency and effectiveness of workers' benefits, i.e. superannuation, long service leave and severance payments;

Site Consultation

- to establish at each site effective consultative committees representing managers and workers to address:
 - (a) award restructuring and training;
 - (b) occupational health and safety matters;
 - (c) industrial relations issues;
 - (d) sharing of relevant information;

Workplace Bargaining

- to encourage workplace bargaining to devolve industrial relations responsibilities and to implement the matters set out above, within the framework of the Industrial Relations Act and the Australian Industrial Relations Commission;

Model Sites/Pilot Projects

- to support the establishment of pilot projects/model sites to trial innovative arrangements, including single bargaining units, new working arrangements, productivity schemes and on-site skills centres;

Code of Practice

- to support the development, finalisation and implementation of a Code of Practice to facilitate industry reform and development.

Funding

The industry participants in the Federal Government's Construction Industry Reform Strategy are to contribute approximately \$3m funding over the duration of the agreement to establish the Construction Industry Development Council and the Construction Industry Reform Agency and to implement the strategies. This funding is a precondition to the provision of Commonwealth funding. □