

NSW Government Green Paper: The Construction Industry In New South Wales Opportunities and Challenges

The Policy Division of the New South Wales Department of Public Works and Services has prepared and published a Green Paper: The Construction Industry In New South Wales Opportunities and Challenges. This Green Paper is a consultative document, aimed at stimulating broad-ranging and constructive debate on the future of the construction industry in New South Wales. It raises the issues the NSW Government believes are important in setting a framework for productive discussion.

On 18 October 1996, a meeting of Federal, State and Territory Ministers endorsed the Green Paper as the basis to develop a national strategy for the construction industry.

The Green Paper outlines reform proposals aimed at ensuring effective management of the construction boom expected in NSW in the lead up to the 2000 Olympic Games.

Key aims of the paper include:

- increased training and a turnaround in recent skills shortages;
- a more strategic approach within the industry, with better planning and less emphasis on short-term needs;
- better waste minimisation, materials and selection and recycling;
- greater priority for workplace reform;
- more harmonious relations between employers and unions as part of moves to tackle the adversarial nature of the industry;
- significant improvements in occupational health, safety and rehabilitation; and
- better industry use of information technology.

Set out below with the kind permission of the NSW Department of Public Works and Services Policy Division is the Green Paper's summary of its key comments and recommendations -

SUMMARY OF OPPORTUNITIES AND CHALLENGES

Level of Industry Activity

1. There is limited capacity (nor would it be economically responsible) for the Government to intervene in the market to influence or regulate demand.

2. Private sector clients have greater discretion about when, where and how to invest. Consequently, the only dampening of demand that could occur on private sector building would operate through investment, e.g. giving greater weight to the cost implication of industry cycles in timing their investment decisions.
3. The Government is responsible for ensuring that essential social and economic infrastructure is provided. Therefore, there is limited opportunity to reduce government expenditure in times of high activity in the construction industry.

Industry Development

4. If the industry is to develop and move forward, it is essential that industry stakeholders support the Government's initiatives to develop a strategic vision for the industry. Comment and debate sparked by this Green Paper will be used to consolidate a draft vision to be released later in the year for further comment.
5. All stakeholders should consider applying the NSW Government's *Code of Practice for the Construction Industry* and attendant *Code of Tendering* to all private sector activities to improve industry standards and competitiveness.
6. The Government should have discussions with the finance and investment sector to encourage adoption of the Codes as a condition of project funding.
7. The Government should, in selecting its service providers, consider their performance on non-government projects in relation to the Codes.
8. That government agencies consider longer-term

relationships by considering procurement options that involve contracting with industry for a number of capital projects.

9. Other stakeholders should adopt co-operative contracting principles and use techniques such as partnering and alternative dispute resolution to enhance business relationships for all projects, including those undertaken for the private sector.
10. The Government is developing a new construction contract for public works aimed at fostering a best practice relationship between client and service provider. The new construction contract is to be released for industry comment prior to its final adoption and widespread use.
11. The Government has developed and is applying a number of security of payment initiatives. All industry enterprises should consider applying these initiatives to all private sector projects.
12. The Government is investigating additional security of payment initiatives which will be quantified in a separate Green Paper to be issued for industry comment.

Training is Required to Expand Workforce and Individual Competency

13. All stakeholders need to help identify where and when skill shortages are likely to occur short- and long-term. The Government will facilitate this through a working group chaired by the Department of Training and Education Co-ordination (DTEC) and comprising the Construction Industry Training Advisory Board (CITAB), the Construction Policy Steering Committee (CPSC), employer and union organisations.
14. Industry stakeholders, in collaboration with CITAB and training institutions and providers, should formulate programs that will effectively address the long-term skill needs of the industry.
15. It is proposed that the Government's existing purchasing policy, based on a ratio of one apprentice to four tradespersons on government construction projects, be replaced by the four-level policy described in Table 1 (page 30). The target starting date is 1 January 1997, to allow an appropriate period for consultation.
16. The Government will provide a guideline to assist individuals in finding how and where to access site-related training programs and identify any assistance available.
17. All construction industry employers should develop training plans that address the needs of their individual enterprise and their employees. The focus of these plans should be on competency-based training.
18. The Government is developing a Training Plan guideline to help industry stakeholders formulate training plans. This will be available towards the end of the year.
19. Employers should make better use of group training schemes. This could be encouraged by clients

requiring their use as a condition of tender on major projects.

Building Materials

20. All stakeholders should pursue similar initiatives to those of the Government in the areas of waste minimisation, materials selection and recycling. The Government's initiatives are being further developed to assist industry, and a separate strategy paper will be released.
21. Suppliers need to urgently consider finding alternative sources of fine sand, which will become subject to severe shortages. Coupled with this is the need to find more appropriate materials for use as fill.
22. All stakeholders are invited to highlight any other issues dealing with building materials that have not been covered in this paper.
23. The Government will liaise closely with the Australian Competition and Consumer Commission (ACCC) to monitor price movements for materials that fall outside the accepted norms.

Workplace Issues

24. Employers should give greater priority to implementing workplace reform within their individual enterprises.
25. To assist employers in implementing workplace reform, the Government is developing new Workplace Reform guidelines that will be available later in the year.
26. All employers should be proactive and have a strategic approach to the management of industrial relations issues at both the enterprise and project level. For example, clients should insist that all project risk management analyses address industrial relations.
27. Employers and unions should work more harmoniously and adopt a more flexible approach to the changing needs of industry and individual enterprises, to give a better balance between short- and long-term needs.

Industry Process Improvement

28. The Government has established a Best Practice Contractor Prequalification Scheme for DPWS projects to encourage the better industry performers, through more opportunities to gain business.
29. The NSW Government is endeavouring to define key best practice criteria through initiatives such as the joint venture with the University of New South Wales (UNSW) Building Research Centre. On the basis of this work it should be possible to extend the criteria to provide best practice performance indicators that can be used by industry stakeholders at all levels.
30. Other stakeholders could seek to participate in the NSW Government benchmarking joint venture with the UNSW Building Research Centre, or pursue similar strategies of their own.
31. Buildability offers industry the opportunity to enhance the quality of completed projects.

32. The Government requires formal buildability reviews for all its major projects. Both industry clients and participants should make greater use of formal buildability reviews to maximise the probability of the contractor achieving successful project outcomes.
33. Off-site construction can offer substantial productivity gains. Designers, contractors, suppliers and others engaged in project planning should pursue opportunities for off-site construction. This could also be included in the wider issue of re-engineering of industry processes.
34. Stakeholders should take advantage of the significant opportunity offered by information technology to improve communication and construction industry processes. For example, wider adoption of electronic business practices such as project payments by electronic funds transfer (EFT); electronic tendering, etc.
35. The NSW Government will facilitate the take-up of information technology by industry by preparing a strategic plan for introducing information technology on government projects.
36. Industry stakeholders should acknowledge that a system-based approach to occupational health, safety and rehabilitation (OHS&R) is essential if individual enterprises are to achieve a significant improvement in their OHS&R performance.
37. Widespread adoption of the NSW Government's OHS&R model should be considered by all industry stakeholders. This applies particularly to contractors, but should be considered by private-sector clients as a pre-qualification criterion.
38. The Government is currently reviewing occupational health and safety issues through: an inquiry by the Standing Committee on Law and Justice into workplace safety matter; and a review of the *Occupational Health and Safety Act 1983*.
39. That all industry stakeholders acknowledge that achievement of Ecologically Sustainable Development (ESD) is an essential requirement in all project planning and procurement activities.
40. The Government's environmental management system model is being developed to assist industry in improving its environmental performance. A draft of the model will be circulated for industry comment.

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