Construct Australia -
Building a Better Construction Industry in Australia

- Australian Procurement And Construction Council Inc.

Foreward

The Construction Industry in Australia is vital to the economy, production being a cost input for all other sectors. The industry accounts for almost seven percent of the GDP in peak periods. A ten percent increase in industry productivity would result in a 2.5% improvement in Australia's GDP.

Commonwealth, State and Territory Ministers responsible for construction procurement policy confirmed their commitment to the development of a more competitive, productive, safe and vigorous construction industry when they met in Perth on 8 August 1997. The industry has a responsibility and indeed much to gain from joining with government to achieve these objectives. Governments will facilitate industry development and provide leadership in policy setting and use their influence as a major client of the industry.

In the past, industry development initiatives have lacked support due to a poor understanding of the industry's future and an absence of agreement by both government and industry stakeholders on what the construction industry should be striving to achieve.

As a result, attention has focused on addressing the symptoms rather than the causes. For example, the use of statutory declarations to address security of payment issues and the use of partnering to improve relationships. While these initiatives have made valuable incremental improvements, breakthrough change requires that the underlying causes be tackled, namely: the industry's adversarial culture, its high number of under-capitalised businesses and the overall fragmented nature of industry structure and process.

A "*vision*" with a clear understanding of future directions, can move the industry forward and help manage its growth and development. It will move from simply dealing with the "*here*" and "*now*" as it does at present, to plan strategically to meet the future needs of clients, managers, workforce and others in the industry, and to make a positive impact on other sectors of the economy, in the short and long-term.

Put another way, to enjoy sustainable growth and be in a position to meet changes in market needs, it is essential industry participants have a clear understanding of where their industry stands now, where it should be in the future, and what has to be done to achieve those objectives.

This statement has been prepared following the National Construction Industry Forum held at Sydney on 30 May 1997. It draws on the views, opinions and direction that industry stakeholders believe should be pursued to achieve breakthrough change.

Fundamentally, it is widely acknowledged that it is not enough for individual businesses to simply focus on "*bottom line*" profitability. Therefore, to assist benchmarking industry and individual performance, the final section of this paper includes a range of strategies that all jurisdictions will be pursuing.

The strategies to be pursued by all Governments will allow:

- single members of the industry to evaluate how they are doing and what they have to do to improve their position;
- develop forecasts to enable better strategic decision making; and
- identification of the better performers who can be rewarded with more business opportunities and better terms of trade.

In sum, the issues canvassed establish cooperative goals for the industry.

1. CURRENT PROFILE OF THE INDUSTRY

Structure

Most construction industry enterprises engaged in contracting and subcontracting are small, with les than 20 employees. The Royal Commission Into Productivity in the Building Industry in New South Wales review of Australian Bureau of Statistics data showed that:

- 65% of all enterprises in the industry employ less than two people.

- 88% of enterprises have turnover of less than $500,000.
- Less than 1% of enterprises employ more than 50 people.
- Only 1.3% of enterprises have a turnover of $20 million a year or more.

While this industry diversity makes the industry highly competitive, the less satisfactory characteristics that ensue include:

- adversarial culture;
- under-capitalisation;
- low margins, with little or no investment in research and development of new processes or use of new technologies;
- short-term focus, relationships and planning; and
- fragmented approach, second only to agriculture.

Processes

The industry's construction processes are largely determined by the industry's subcontracting structure. This has particular implications based on the profile of these enterprises, namely 77,000 establishments with 0-4 employees, predominantly family businesses and generally taking the form of a commercial venture performing a particular industry trade or task skill. As a result:

- Up to twenty specialist skilled subcontractors may be employed on a residential housing project.
- Up to 200 specialist skilled subcontractors may be employed on a major construction site.

This means that work is organised into small, almost isolated packages. The outcome is a fragmented approach both in terms of design, where separate small design consultants are used project by project, and in terms of construction, where multiple levels of small specialist subcontractors and suppliers are used. This fragmentation, together with the divisions between design and construction, limits opportunity for efficiency gains and encourages the pursuit of singular interests.

2. WHAT IS EXPECTED OF THE CONSTRUCTION INDUSTRY

Economic Role

The Construction Industry in Australia is one of the largest employers in the country. It produces the infrastructure that enables the wheels of industry to turn, facilitates the delivery of services to the community by government, and contributes to a better working and living environment for everyone.

The industry operates in three broad areas of activity:

- residential building;
- non-residential building; and
- engineering construction.

Nationally, annual output in these three areas is expected to exceed $45 billion (all figures are based on 1989/1990 constant dollars) in seven of the next ten years to 2007.

In considering the industry's future it must be remembered the construction industry's output is a cost input to all other sectors of the economy. It is vital, therefore, that the industry is able to respond positively to demands for industry efficiency in order firstly, to make a positive contribution to growth of the economy, secondly to assist in attracting investment in Australia.

Client Buying Practices

One of the more significant trends is the shift in demand by the industry's private and Government sector clients who are moving away from buying construction products, preferring instead to buy packaged construction services, increasingly at strategic levels. That is, clients will show an increasing preference for industry participants that can supply single source solutions to complex problems. These shifts in demand allow clients to concentrate on solving core business issues. For example:

Residential

Provision of a "*suburb*" or precinct rather than incrementally acquiring land, developing services and residential allotments and building dwellings.

Commercial

Provision of a fully serviced space rather than incrementally building, fitting out, maintaining and managing a building, factory or commercial premises.

On the other hand, over a considerable period, the industry structure has become increasingly disaggregated, i.e. it is predominantly made up of small to medium enterprises offering specialist expertise and a narrow range of industry services. There is clearly a conflict between what the market is demanding and trends occurring in the industry. However, this does not mean that the industry will not satisfactorily meet clients' demands in the future if the parties involved acknowledge individual contributions and effectively manage relationships.

The industry needs to recognise that its members have a role to play in a global market and have the expertise to contribute to solving worldwide problems. Asian Pacific nations, the so-called "*big emerging markets*" ("BEMs"), offer substantial business opportunities for the future.

It is expected that in the next five years most significant Australian construction firms that have not already done so will develop international affiliations of one kind or another to service both the domestic and international markets. It was recently estimated that the many Australian architects, lawyers, consultants and accountants that are exporting expertise already, are earning as much as 10 to 15 percent of their fee income offshore.

The down-side of this level of activity in the Asian

Pacific markets is that it also means the industry will be competing for both capital for new infrastructure and skills in this country.

Technical Trends

Impacts on Infrastructure Needs

The conduct of government, business and essential services in Australia will all be effected by global information networks in a global marketplace. People will be able to be reached anywhere in the world via voice, data, text or image, at the speed of light. Networks are developing which produce global "*villages*" that transcend national boundaries and "*virtual enterprises*" are emerging that alter the nature of business relationships dramatically.

For example, businesses could be structured and operate differently, processes can be improved, technology in some industries could affect the layers of management and job categories. Work teams can be created that facilitate training and multi-level skilling, production and distribution processes can be shortened and/or simplified and overall business activities streamlined.

Innovative use of technology will introduce new considerations in infrastructure needs as a result of the major shifts in the work people do, the way they work, indeed where and when they work. By the year 2005, it is likely that electronic access/delivery will be a prime means for payments, dissemination of information, data collection, and general communications between agencies and members of the community. The shift from over the counter, mail or phone delivery to electronic delivery of integrated Commonwealth, State and Territory Government services, will introduce economies of scale in infrastructure with positive long-term benefits in terms of both services and costs of Government.

These trends also produce new design considerations with the potential for a marked improvement in management of the built environment and flow-on benefits in the management of energy and waste, however, they can also limit the scope for speculative investment/construction.

Impacts on Industry Processes

It is likely that advances information technology will be the greatest single catalyst for construction industry process re-engineering. Advanced technology can help generate enormous savings in time in the construction industry. It will break down boundaries and accelerate sharing of knowledge and experience at all levels of the industry.

All processes in the procurement of infrastructure will be affected. The industry will rely on advanced technologies for efficiency in:

- conceptualisation;
- feasibility;
- design coordination - demonstration, verification and review;
- tendering;
- contract, construction and cost management;
- operations and maintenance management; and
- decommissioning planning.

It means planning coordination that would have normally taken weeks or days, in future will be accomplished in hours, with substantially reduced face-to-face contact. Indeed, a number of the parties involved in a particular project may be half a world away and yet will be able to contribute as fully as those that are physically present.

Advanced design systems will allow "*virtual*" analysis and scheme presentation. The "*virtual*" design process will enable clients to "*walk through*" a design, minimise or even eliminate documentation, avoid conflicts and coordination problems and provide a real time interface between the design and construction phases. The resolution of complex design and production problems, paperless plans and construction accompanied by increased off-site component production will be commonplace.

Impacts on Industry Business Practices

Technology will have a very significant impact on business practices in the industry, principally because it will help improve communication across an industry that is today largely unconsolidated and fragmented.

The numerous, small, diversified, specialist contractors, subcontractors, consultants, suppliers and others who are the industry's service providers, who now only come together on a discrete project basis, will link up in longer term consortia, partnerships and similar arrangements. To all intents and purposes a group of service providers will appear as one seamless "*virtual enterprise*" that is capable of meeting clients' needs for single source solutions.

Industry Structure

Globalisation and exposure to international competition will have an increasing impact on the way business is done and particularly the industry structure: its participants, ownership, business practices and areas of activity.

In the Australian market, international corporations and consortia in construction are already active and are vying for major infrastructure projects in transport, communications and utilities. It is expected that in the next ten years there will be a significant increase in the development of international affiliations of one kind or another across all areas of activity in the industry. The growth of international business thus relationships, is occurring for example through joint-ventures, alliances or partnerships, formed in some instances with governments.

Against that background, it should be borne in mind that subcontractor enterprises deliver between 75% and 85% of the value of the industry's production. It is this

group that will be most effected by changes in industry structure. At present, at this level, the range and longevity of relationships between the various parties involved in a project or program of work can vary significantly, from relatively few long-term strategic alliances through to the normal one-off project-based relationships.

Relationships

Changes affecting relationships in the industry are occurring for a number of reasons and are fundamentally being driven by the needs/demands of clients. These include:

- rapidly changing their approach to procurement of goods, services and infrastructure;
- seeking packaged, system-wide business answers to a range of issues;
- limiting the extent of investment in new infrastructure;
- finding better ways to manage the existing stock;
- demanding whole-of-life infrastructure service;
- forging long rather than short-term project focused relationships.

Recognising that the industry is presently highly diversified and disaggregated, it will only be possible to present single source solutions if the state of communication/relationships established between service providers maintains the diversity and flexibility with individual service teams, and builds on the essential qualities of trust, cooperation, equity and honesty. This is doubly important where advanced technology, open information systems and shared communication is used to improve service to clients. Effective management and sharing of information will not occur in a technology driven world unless honesty and trust prevails between the parties.

The ultimate expression of a cooperative business relationship is what has been termed a "*virtual enterprise*", with shared values and objectives. These relationships will take many forms both informal and formal and usually will not involve changes in ownership or loss of identity. Indeed, part of the strength of the arrangements lies in recognition of the complementary strengths and identity of the individual members.

Procurement

In future, the services packaged for clients will extend beyond the familiar range of construction services associated with a single project. This might be achieved by a packaged solution that involves re-engineering systems, sourcing, supply chain management, negotiation of cost effective purchasing arrangements, and the maintenance of minimum inventories.

Innovative value adding ways of procuring goods, services and infrastructure will be the competitive advantage that distinguishes one organisation from another. Innovative ways of procuring goods, services and infrastructure are essentially about balancing the risks that could arise and the severity of the impact that these could have on the buyer's efficiency, costs and achievement of other business objectives, against using a complex procurement process.

Business Management

A more competitive market, increased product sophistication, and expanded clients' needs will require significant improvements in the industry's business and risk management skills. Strategic planning in terms of product line, market position, relationships and business growth, will underpin the construction industry enterprise of the future. Part of the current failure of many industry businesses can be directly attributed to the lack of a well thought out and executed strategy and business plan.

Overall, a major shift is needed to alter current ways of thinking about business improvement, training and continuous education. The industry needs to lift both business management skills as well as the technical capabilities of their workforce as the investment in training falls well short of what is needed. The benefits on the other hand should not be ignored: improved competitiveness, quality, flexibility, capability and morale - to name a few.

Environmental Performance

The industry is the prime creator of the built environment and has an impact on our landscape. How well or how badly this is managed is central to the quality of life enjoyed by every member of the community and thus is of vital interest to everyone. This will increase the focus on the industry's performance through increased community demand for Ecologically Sustainable Development ("ESD").

3. RESPONDING TO THE FUTURE - ATTRIBUTES

This section summarises the attributes required for the industry to respond to what is expected in the future environment. This environment will require a sustained improvement in productivity and quality. Essentially, the attributes which should be pursued are:

- **Seamless**
  Client and service focused enterprises delivering seamless services through integrated alliances that provide packaged, high value, single source solutions for clients offering long-term contracts.

- **Efficient and profitable**
  Financially robust enterprises that employ a stable, well-educated, flexible workforce.

- **Innovative**
  Enterprises that are clever and use today's and tomorrow's technology and integrated

processes.

- **Environmentally responsible**
  Enterprises that are committed to ecologically sustainable development.

What are the short, medium and long-term benefits? What has to be done to achieve these objectives? More specifically: How can individual enterprises reap the benefits from changing the way things are done?

The answers to these and many other questions encapsulated in the following propositions need careful thought on the part of all stakeholders.

4. INDUSTRY PROPOSITIONS

Seamless industry

Proposition 1 - Integration

The industry must move from being inwardly focused, adversarial and fragmented to being outwardly oriented, cooperative and integrated in terms of both the industry's structure and its production processes.

For SME's, the majority of industry participants, this means that greater attention will be required in relationships and communication management, particularly with information technologies increasingly facilitating the creation of "*virtual enterprises*".

These entities provide a strategic alliance platform for the organisations involved to offer combined products and services while also strengthening their marketing efforts thus substantially enhancing their ability to secure business when compared with their singular efforts.

Proposition 2 - Relationship management

All participants will look to minimise risk through the maintenance of high quality relationships. These relationships will extend from client to lead supplier to all sub-supplier arrangements. As overall performance relies on the performance of all participants, there will be a need for more effective management of supply chain relationships and alignment of all participants' objectives.

Proposition 3 - Merging industry boundaries - single source solutions

Clients, rather than dealing with numerous individual suppliers, will look for single source solutions.

The single supply source will comprise a number of service providers formed into a consortia/partnership/ alliance that will supply packaged solutions that extend beyond the familiar range of construction/development services supplied by the industry today. This will include participants from other industries, e.g. finance, health care, etc.

Individual construction industry participants operating within these horizontally-integrated arrangements, will rely for success on the integration of tasks, shared objectives and mutual respect for the specialist contribution of skills and labour made by others.

Proposition 4 - World markets

Clients will be buying services in a world market and industry project participants will be both local and internationally based. Individual participants will be both competing and partnering with world class production. This will require higher standards of service and new approaches to business relationships.

Proposition 5 - Client interface

As clients focus increasingly on service delivery and longer-term relationships, they will become part of the virtual organisations which will exist throughout the industry.

This will require: new approaches to risk sharing; and, more open relationships as advanced information technologies provide the linkages that integrate all business activities.

These circumstances will also have a significant impact on demand for new competencies and skills that will be felt by all participants, industry and client alike.

Benefits

- Cooperative business relationships will see industry service providers better equipped to meet the changing demands of the market.
- Better integrated business relationships will enable increased cooperation and considerable information sharing between the parties involved in delivery of individual projects.
- Efficiencies across all construction activities will be gained when members of these dynamic, horizontally integrated business arrangements, use modern information technologies and open communication systems.
- The "*members*" of these virtual organisations will be able to use their combined resources, market position to arrange for their people to acquire skills and qualifications, and continue learning throughout their working lives, to encourage innovation, improve work practices, enhance workers career prospects and earning capacities.

Key issues

As it enters this phase participants need to answer a number of questions including:

- How will industry accommodate clients' needs long-term when the industry is more accustomed to short-term expediency and arrangements that simply last the life of a single project?
- What has to be done to ensure today's enterprises can act effectively in "*virtual enterprise*" arrangements?
- How will the industry adopt the open communication demands of the future?
- What can be done to encourage individual businesses to work collaboratively, meet mutually agreed objectives and strengthen outcomes?
- What are the industrial relations and workplace aspects that need to be considered?
- What will the labour market response be to these

new business arrangements and relationships?

Efficient and Profitable Industry

Proposition 6 - Strategic focus

Industry participants must adopt a strategic focus in business development which will create their own future rather than being reactive to demand. This will enable the development of new products; diversification of services; and, expanding the market and business sustainability.

Proposition 7 - Resource management

Breaking the current low-margin paradigm can only occur with major shifts in the way the industry operates. Industry participants must address human, technical and financial resource issues, so that they have both the capacity and capability to perform efficiently and profitably in the area of the market in which they operate.

Proposition 8 - Business/financial management

The industry can only become profitable if enterprises strengthen their strategic planning, business and resource management capabilities and develop the necessary human, technical and financial management skills.

Proposition 9 - Flexibility

People in the industry must improve their capabilities and flexibility. A key prerequisite of an efficient and flexible industry is a workforce which is able to adapt quickly to new situations and challenges. This requires an expansion of the industry's skills base.

Proposition 10 - Value for money

All participants, including clients, must move from the low bid position to the adoption of a wider value set which includes whole-of-life costs, innovation and value adding components.

Benefits

- Industry enterprises are capable of weathering fluctuations in the market.
- Fewer business failures occur.
- Investment in the business for long-term planning, management, re-engineering of production processes, will increase industry stability and increase client confidence.
- Within strategic alliances there will be greater opportunity to harness the desire for mobility and enable people to move between areas served by the industry and between industries.

Key issues

- How should organisations go about strengthening their strategic planning, business and resource management capabilities and developing the necessary human, technical and financial management skills?
- How will industry cope with the forecast need for investment over the next decade for not only physical capital (plant, equipment and infrastructure) but also in human capital?
- What skills and competencies will be needed to ensure new tools - modern information, work process and communication technologies - are used for increased efficiency and profitability?
- How can people in the industry continue to up-grade skills to meet the demands of competition, need for flexibility, within their market and in other markets? What can enterprises do to expose their skills and experience in other markets of the world?
- How can the competencies that are gained in one place in Australia count toward recognition and application in another area of Australia or overseas?
- How can a cooperative approach be engendered that ensures the right skills are in the right place to meet the needs of the market?

Innovative Industry

Proposition 11 - Best practice culture

To become truly innovate the industry must commit to best practice - continuous improvement in production and deliver innovative solutions to clients' needs, and building a flexible, skilled, continuously educated, mobile workforce.

Proposition 12 - Working smarter

The industry must work smarter by re-engineering business and project processes and by engaging in research and development.

Proposition 13 - Technology

Industry enterprises will embrace advanced technology in design, project management, business and financial management, using today's and tomorrow's technology in process management, monitoring and information management.

Proposition 14 - Information networks

The industry will integrate business practices through using common information networks.

Proposition 15 - Critical success factors

Innovation will be an increasing imperative in an environment where seventy percent of the new products and services required in the next ten years have not yet been invented.

To achieve success will require a positive shift in the mindset on the part of both clients and industry participants to: look for new ways of doing things; doing things first; adopting new approaches to risk share; and, being prepared to invest in research and development.

Benefits

- Increased efficiency in design, tendering, project management and financial management.
- Speedy resolution of complex design and production

problems.
- Less rework thus a lower cost finished product with flow-on benefits to the entire economy.
- Clients will enjoy improved delivery of projects in terms of higher quality outcomes, timely delivery, environmentally responsible buildings, etc.

Key Issues

Innovation requires participants to re-examine the ways things are done and finding new/better ways of achieving a better result. It means participants, at all levels of the industry, must be prepared to become involved in benchmarking performance, then actively working to introduce innovative approaches to production that improve responsiveness, time, cost and quality outcomes.

- How can the scope for innovation in adoption of electronic tendering and commerce be advanced?
- What innovations in commercial practices will work best in the industry? Should commercial practices be benchmarked to identify examples of best practice?
- Innovation occurs when there is clearly understood best practice criteria and performance indicators within enterprises. Individual industry enterprises and alliances must set themselves on a path of best practice and continuous improvement and seek to innovate and re-engineer their business activities.
- What can be done to ensure the industry realises the potential for high returns that are possible through widespread application of technology in design, planning, project management and construction?
- How will industry participants develop a culture of innovation?

Environmentally Responsible Industry

Proposition 16 - Ecologically Sustainable Development ("ESD")

The industry must move from having an average to poor environmental management record to one which gives the lead to the adoption of ESD by both clients and the community.

Proposition 17 - Built environment

Industry participants play a pivotal role in the quality of life of the community in the sustainability of the built environment. This opportunity gives all participants including clients a unique opportunity to increase the industry's perceived value to the community.

Proposition 18 - Environmental best practice

Industry participants must be a benchmark in environmental achievements in areas such as waste management, energy efficiency, environmental auditing, etc.

Proposition 19 - Mainstreaming environmental management

Environmental management must be a mainstreamed business management function of all industry organisations.

Benefits

- Protection of the natural environment.
- Excellence in the built environment.
- Environmental considerations factored in the design and planning processes.
- Environmental impacts are minimised throughout the delivery and construction processes.
- Enterprises mainstream environmental aspects in their management systems.
- Improvements in air quality, energy, water, land use.
- Less waste in construction and attainment of the NSW Government target of sixty percent reduction in waste going to landfill.
- Enhanced value of an individual organisation's reputation and standing in the market thus enhanced opportunities to secure business.
- The industry will be regarded as a good, environmentally aware, corporate citizen.
- Clients will rate service providers and their work for environmental responsibility or deficiencies.

Key Issues

- What education and training will be available to individuals so that environmental considerations are factored into all phases of planning and all levels of construction activities?
- What are the opportunities to be developed through focusing on environmental protection?
- What steps will the industry take to address issues such as these with the view to minimising the harmful impacts of development?
- Who can offer intelligent solutions that can preserve and conserve the environment, landscape and climate?
- Where are the ideas from innovate manager, engineers and scientists with an involvement in the industry?

5. NATIONAL STRATEGIES TO SUPPORT INDUSTRY DEVELOPMENT

"Construct Australia" represents the vision for the future with the challenge faced by the building and construction industry. To achieve the vision will require a significant commitment on behalf of all stakeholders. This commitment needs to be recognised and rewarded.

Governments for their part have agreed to use leadership and their consolidated role as the major clients of the industry to support industry development. They will continue to drive the development agenda in conjunction with industry through effective consultation on current and emerging issues.

The initiatives can be broadly categorised as:

- Strategic Information.
- Policy Framework.
- Education for Continuous Improvement.

- Rewards and Incentives.

Strategic Information for Decision Making

Industry prospects

One of the major challenges for the industry lies in its ability to respond to changes in demand. Changes in industry have historically lagged behind changes in the market and have rarely matched demand, frequently being too great at times of downturn and insufficient in a rising market.

Part of the reason for this is the concentration by the industry on today's project rather than adopting a more strategic perspective.

National Strategy 1:

To assist industry's forward planning the Australian Procurement and Construction Council ("APCC") will provide relevant information on a national basis covering such things as trends in industry activity and growth prospects.

Key indicators

Successful implementation of the strategies in Construct Australia will require the development of measures of progress in each of the key program areas and indicators of how the health and structure of the industry is changing in response to key initiatives. Benchmarks will also be required to establish the baseline against which the change will be measured.

National Strategy 2:

APCC will work with industry to establish a set of national Key Performance Indicators ("KPIs") for each of the attributes in Construct Australia.

The KPIs will be drawn from the substantial work already done across the country and expanded to reflect additional industry attributes identified through recent industry consultation both nationally and within individual jurisdictions.

An industry profile will also be developed to provide a national picture of the industry in terms of its present characteristics, structure and performance to provide the baseline data for monitoring change as measured by the KPIs within the construction industry and also for comparison with other sectors of the economy. These key indicators of the industry's contribution to national output should assist stakeholders to improve planning across all business activities at an enterprise level.

National Strategy 3:

APCC will report to Ministers responsible for construction procurement policy on progress against the KPIs as a standing agenda item for the National Construction Ministers' Meetings.

Policy Framework

Code of Practice

The National Code of Practice for the Construction Industry expresses the principles which Commonwealth, State and Territory Governments believe should underpin the future development of the construction industry in Australia.

National Strategy 4:

Individual jurisdictions will monitor existing codes or develop codes, within the context of the National Code, to suit the priorities and circumstances relevant to particular jurisdictions.

Extending the Code to the Private Sector

Sound business practices are fundamental to all stakeholders' confidence that their objectives will be achieved. These business practices must be under-pinned by standards of behaviour similar to those reflected in the National Code, i.e. the Code standards should be seen as the benchmarks for all participants in the industry in all their dealings, whether with public or private sector clients.

National Strategy 5:

To facilitate the wider adoption of the Code(s) the following actions will be taken:

- APCC will promote the code to all national stakeholder groups.
- Jurisdictions will encourage the finance and investment sectors to adopt the relevant Code(s) as a condition of project funding.
- Jurisdictions will explore opportunities to consider performance on non-government projects when selecting service providers.

Consistent policy settings

A nationally consistent approach on key policy issues and initiatives will significantly enhance Construct Australia's key strategies.

Much work has already been done in this area such as the development of:

- strategic asset management principles;
- guidelines for delivering infrastructure through private resourcing;
- procedures aimed at securing payment due to contractors; and most recently
- the National Code of Practice for the Construction Industry.

Until now, policies aimed at addressing these issues were developed primarily as individual initiatives rather than as part of an integrated strategy. The Construct Australia approach will now provide the context to identify priority areas for further development of national policy positions consistent with the achievement of the core objectives.

National Strategy 6:

Jurisdictions through APCC will progressively extend the national approach in setting consistent policies in priority areas identified through consultation with industry stakeholders and others. The first issue to be dealt with in this way will be Ecologically Sustainable

Development ("ESD").

Education for Continuous Improvement

Industry

In delivering services to clients the industry must use innovative, integrated design and construction processes. It means using today's and tomorrow's technology and engaging in continuous improvement of the industry's considerable knowledge base.

Changes to work organisation, advanced technologies and the needs of clients are having and will continue to dramatically impact on expertise required by both clients and the industry itself. Overall a higher level and broader range of competencies are needed to ensure quality, flexibility and innovation objectives can be met.

National Strategy 7:

The APCC will facilitate a National Forum involving key industry stakeholders, educators, trainers and other development professionals, to commence the process of mapping future employee training and management development requirements, including information technology, for industry participants.

Clients

The development of a strong and viable construction industry cannot be achieved without consideration of the client role in the industry and the way in which clients and industry need to work together to achieve common objectives, including the particular skills and competencies needed so as to develop better informed clients of the construction industry.

National Strategy 8:

APCC will seek to define client best practice skills and competencies. This will include linkages with the attribute DPIs so that client performance can be benchmarked and inclusion as part of a standing agenda item for the National Construction Ministers' Meetings.

Encouraging better performance

It is recognised that the best practice challenge embodied in the attributes will require a commitment to continuous improvement by individual organisations.

National Strategy 9:

To encourage the required investment all jurisdictions have agreed to reward better performers by:

- Greater opportunities to gain Government business

  Various mechanisms exist ranging from performance limited opportunity to tender, best practice pre-qualification through to long-term contracting.

  To ensure Small to Medium Enterprise ("SME") industry participants benefit from this approach all mechanisms will need to incorporate effective supply chain management procedures.

- Improved terms of trade

  Better terms of trade may include the use of less risk averse contracts being used for good performers, such as the C21 contract used by NSW Public Works and Services.

- Compatible incentives regime

APCC will coordinate the development of options framework to allow individual jurisdictions to implement a compatible incentives regime.

Recognition

National Strategy 10:

National recognition of excellence, i.e. exceptional performance based on attributes linked to the KPI will assist in maintaining the focus. The APCC will investigate the scope for client-driven recognition including joint sponsorship/ownership by other client and industry stakeholder groups.