

Senate Standing Committee on Education and Employment

QUESTIONS ON NOTICE Supplementary Budget Estimates 2013-2014

Outcome 4 - Workplace Relations & Economic Strategy

Department of Employment Question No. EM0117_14

Senator Cameron asked on 21 November 2013, Hansard page 54

Question

Productivity under the ABCC

Senator CAMERON: What I am asking is whether you are claiming that the total improvement in productivity under the ABCC is all assignable to the ABCC. Is that what you are saying? Senator Abetz: It would stand to reason that there was a substantial increase in productivity. There was that \$7.45 billion economic dividend, less days lost through industrial action and it might be that the sector became more moderate or for some other reason. But I think most of us agree and accept that it was as a result of the legislation and once the ABCC legislation was pulled courtesy of you we got the ugly scenes very quickly of police forces being punched at the Myer Emporium— Senator CAMERON: I asked a simple question— CHAIR: Minister, Senator Cameron has one last question. It would be great if you could let him ask it. Senator CAMERON: The question I am putting to you is—I will let your adviser advise you—are you claiming that the total productivity increase under the term of the ABCC is all attributable to the ABCC?

Answer

The Royal Commission into the Building and Construction Industry found in 2003 that “productivity growth in the building and construction industry was less than the average of the market sector over the past five years”¹. The Royal Commission recommended the establishment of a strong workplace relations regulator to enforce industry-specific laws with higher penalties for unlawful conduct.

While the Australian Building and Construction Commission existed, the economic and industrial performance of the building and construction industry significantly improved.

A 2013 study by Independent Economics² found that, during the term of the Building Industry Taskforce and the Australian Building and Construction Commission from 2002 until 2012:

- industry productivity was estimated to have risen by at least 9.4 per cent;

¹ *Final Report of the Royal Commission into the Building and Construction Industry*, Volume 1, February 2003, p.3

² Independent Economics, *Economic Analysis of Building and Construction Industry Productivity 2013 Update*, 26 August 2013

- Australian consumers were better off by about \$7.5 billion per year; and
- there was a significant reduction in days lost through industrial action. ABS Industrial Disputes data supports this.

The Independent Economics study³ states that:

While the productivity indicators listed above are not directly comparable, they all indicate that the significant productivity outperformance in the construction industry began to appear around 2002/03 and continued to develop over several years. This supports the interpretation that it was the activities of the Taskforce (established in late 2002) and, more importantly, the ABCC (established in October 2005) that made a major difference. That is, while general industrial relations reforms provided a more productivity-friendly environment, it was the ABCC (with its enforcement powers) which made a significant impact on building and construction industry productivity.

³ Ibid, p.vi