



Policy costing

Abolition of the Australian Building and Construction Commission (ABCC) and the Registered Organisations Commission (ROC)

Party: Australian Labor Party

Summary of proposal:

The proposal would abolish the Australian Building and Construction Commission and Registered Organisations Commission on 1 July 2019, returning the funds to the Commonwealth Government budget.

Costing overview

This proposal would be expected to increase the fiscal and underlying cash balances by \$151.4 million over the 2019-20 Budget forward estimates period. This entirely reflects a decrease in departmental expenses.

A breakdown of the financial implications of this proposal over the 2019-20 Budget forward estimates period is included at [Attachment A](#). The proposal would be expected to have an ongoing impact beyond the 2019-20 Budget forward estimates period.

The first year's financial implications are sensitive to the assumed number and average amount of redundancy payments.

Table 1: Financial implications (\$m)^{(a)(b)}

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Fiscal balance	30.9	39.6	40.2	40.6	151.4
Underlying cash balance	30.9	39.6	40.2	40.6	151.4

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) Figures may not sum to totals due to rounding.

Key assumptions

In costing this proposal, the Parliamentary Budget Office has made the following assumptions.

- Given that the Registered Organisations Commission sits within the Office of the Fair Work Ombudsman, the staff profile of the Registered Organisations Commission would be proportional to that of the Office of the Fair Work Ombudsman.

- The staff profile of the Australian Building and Construction Commission and the Registered Organisations Commission in 2019-20 would be the same as their staff profiles in 2017-18.
- Half of the Registered Organisation Commission's staff would be absorbed by the Office of the Fair Work Ombudsman as they have similar functions and share corporate services.
- The natural attrition rate of staff at both agencies is five per cent per annum.

Methodology

The estimated savings from abolishing the Australian Building and Construction Commission and the Registered Organisations Commission were based on the current funding profile for each agency over the 2019-20 Budget forward estimates period.

Staff redundancy payment costs were also subtracted from the savings for 2019-20 and were estimated using:

- information on the average service length of Australian Public Service staff published by the Australian Public Service Commission
- the staffing profile of the Australian Building and Construction Commission from its Annual Report
- the staffing profile of the Office of the Fair Work Ombudsman and the total number of staff of the Registered Organisations Commission
- assumed attrition rates.

All estimates have been rounded to the nearest \$100,000.

Data sources

Australian Building and Construction Commission, 2018, *Australian Building and Construction Commission Annual Report 2017-18* [Online] Available at: <https://www.abcc.gov.au/about/plans-and-reports/annual-reports/abcc-annual-report-2017-18> [Accessed 16.04.2019].

Australian Building and Construction Commission, *Australian Building and Construction Commission Enterprise Agreement 2017-2020* [Online] Available at: https://www.abcc.gov.au/sites/default/files/enterprise_agreement_0.pdf [Accessed 16.04.2019].

Australian Public Service Commission, 2017. *APS Statistical Bulletin 2016-17* [Online] Available at: <https://www.apsc.gov.au/mobility-and-tenure> [Accessed 16.04.2019].

Fair Work Ombudsman, *Enterprise Agreement 2016 – 2019*, [Online] Available at: <https://www.fairwork.gov.au/ArticleDocuments/725/fwo-enterprise-agreement-2016-2019.pdf.aspx> [Accessed 16.04.2019].

Roy Morgan, *Aussies have how much annual leave accrued?!* [Online] Available at: <http://www.roymorgan.com/findings/6266-aussies-have-how-much-annual-leave-accrued-201506020117> [Accessed 19.04.2019].

The Department of Jobs and Small Business, *2019-20 Portfolio Budget Statement* [Online] Available at: <https://docs.jobs.gov.au/documents/portfolio-budget-statements-2019-20> [Accessed 16.04.2019].

Attachment A – Abolition of the Australian Building and Construction Commission (ABCC) and the Registered Organisations Commission (ROC) – financial implications

Table A1: Abolition of the Australian Building and Construction Commission (ABCC) and the Registered Organisations Commission (ROC) – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Departmental expenses					
<i>Abolish the Australian Building and Construction Commission</i>	25.8	33.9	34.7	35.2	129.6
<i>Abolish the Registered Organisations Commission</i>	5.1	5.7	5.5	5.4	21.8
Total – expenses	30.9	39.6	40.2	40.6	151.4

- (a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

- (b) Figures may not sum to totals due to rounding.