



Abolish the ABCC	
Party:	Australian Labor Party
Summary of proposal: The proposal would abolish the Australian Building and Construction Commission (ABCC). The proposal would have effect from 1 July 2022.	

Costing overview

The proposal would be expected to increase the fiscal and underlying cash balances by around \$137 million over the 2022-23 Budget forward estimates period. This reflects a decrease in departmental expenses.

The proposal would have an impact beyond the 2022-23 Budget forward estimates period. A breakdown of the financial implications (including separate PDI tables) over the period to 2032-33 is provided at Attachment A.

The financial implications are sensitive to the assumed number and average amount of redundancy payments to ABCC employees. They are further sensitive to assumptions around the speed with which the Commissions can be abolished following 1 July 2022.

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

	2022-23	2023-24	2024-25	2025-26	Total to 2025-26
Fiscal balance	28.0	35.9	36.2	36.6	136.7
Underlying cash balance	28.0	35.9	36.2	36.6	136.7

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

(b) PDI impacts are not included in the totals.

Key assumptions

The Parliamentary Budget Office has made the following assumptions in costing this proposal.

- The ongoing staffing profile and departmental expenses of the ABCC would align with the latest available data in the 2022-23 Budget.
- The natural attrition rate of ABCC staff would be 5% per year.
- The necessary provisions are made to enable the winding down of the ABCC following 1 July 2022.

Methodology

The estimated savings from abolishing the ABCC were based on the current funding profile for the agency over the 2022-23 Budget forward estimates period.

The funding profile was projected over the medium term, taking into account the net effect of the wage cost index and the efficiency dividend as at the 2022-23 Budget.

Staff redundancy payments were estimated using information on the average service length of Australian Public Service staff published by the Australian Public Service Commission and applied to the estimated number of affected staff. Staff redundancy payments were subtracted from the savings for 2022-23.

Financial implications were rounded consistent with the PBO's rounding rules as outlined on the PBO Costings and budget information webpage.¹

Data sources

The Departments of Treasury and Finance provided indexation parameters as at the Pre-election Economic and Fiscal Outlook 2022.

Attorney General's Department, [Portfolio Budget Statements 2022-23](#). Attorney General's Department, 2022, accessed 1 April 2022.

Australian Building and Construction Commission (ABCC), [Australian Building and Construction Commission Annual Report 2020-21](#), ABCC, 2021, accessed 1 April 2022.

ABCC, [Australian Building and Construction Commission Enterprise Agreement 2017-2020](#), ABCC, 2017, accessed 1 April 2022.

Australian Public Service Commission (APSC), [APS Employment Data 31 December 2021](#), APSC, 2022, accessed 1 April 2022.

Fair Work Ombudsman (FWO), [Enterprise Agreement 2019-2022](#), FWO, 2019, accessed 1 April 2022.

Roy Morgan, [Australian workers had 151 million days of annual leave when the country entered COVID-19 shutdown](#), Roy Morgan, 2020, accessed 1 April 2022.

¹ https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Costings_and_budget_information

Attachment A – Abolish the ABCC – financial implications

Table A1: Abolish the ABCC – Fiscal and underlying cash balances (\$m)^(a)

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Departmental													
<i>Abolish the Australian Building and Construction Commission</i>	28.0	35.9	36.2	36.6	36.8	37.1	37.3	37.6	37.8	38.1	38.4	136.7	399.8
Total (excluding PDI)	28.0	35.9	36.2	36.6	36.8	37.1	37.3	37.6	37.8	38.1	38.4	136.7	399.8

(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.

Table A2: Abolish the ABCC –Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Fiscal balance	0.3	1.0	1.9	2.8	3.7	4.7	5.9	7.2	8.6	10.2	12.1	6.0	58.4
Underlying cash balance	0.3	1.0	1.8	2.7	3.6	4.6	5.8	7.0	8.4	10.0	11.9	5.8	57.1

(a) As this table is presented as a memorandum item, these figures are not reflected in the totals above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary².

(b) 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.

² [Online budget glossary – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au)