



Submission by the  
Commonwealth Ombudsman

**Inquiry into the provisions of the Building  
and Construction Industry (Improving  
Productivity) Bill 2013 and the Building and  
Construction Industry (Consequential and  
Transitional Provisions) Bill 2013**

Submission by the Commonwealth Ombudsman, Colin Neave  
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## 1 Introduction

On 14 November 2013 the Senate referred the Building and Construction Industry (Improving Productivity) Bill 2013 (the Bill) and the Building and Construction Industry (Consequential and Transitional Provisions) Bill 2013 to the Senate Committee on Education and Employment (the Committee) for inquiry and report. The Bill proposes to regulate certain conduct of building industry participants who perform building work; and it would replace the Office of the Fair Work Building Industry Inspectorate (also known as Fair Work Building and Construction) and re-establish the Australian Building and Construction Commission (ABCC).

The Bill proposes that the Commonwealth Ombudsman review and report on the exercise of coercive powers to gather information by the Australian Building and Construction Commissioner (the Commissioner). We currently review and report on the exercise of similar powers by the Director of Fair Work Building and Construction under the *Fair Work (Building Industry) Act 2012* (the FWBI Act).

This submission outlines the reviews by the Commonwealth Ombudsman under the FWBI Act, and then discusses the possible expansion of the scope of our oversight activities if the Bill was passed.

## 2 Oversight by the Commonwealth Ombudsman

The FWBI Act commenced on 1 June 2012. Under the FWBI Act, the Director of Fair Work Building and Construction can investigate any act or practice by building industry participants that may contravene particular legislative and industry requirements. As part of an investigation, the Director may apply to a nominated presidential member of the Administrative Appeals Tribunal (AAT) for an examination notice under s 45 of the FWBI Act. The use of an examination notice is a coercive information-gathering power which requires the recipient of the notice to:

- give information to the Director; or
- produce documents to the Director; or
- attend before the Director to answer questions relevant to an investigation.

Under s 54A(3) of the FWBI Act, the Commonwealth Ombudsman is required to review the exercise of these coercive powers by the Director and any person assisting the Director. Section 54A(4) provides that the Ombudsman's powers under the *Ombudsman Act 1976* extend to reviews under the FWBI Act. Our reviews not only look at legislative compliance, but also assess whether relevant best practice principles set out by the Administrative Review Council have been met and whether internal policies have been adhered to. Section 54A(6) requires the Commonwealth Ombudsman to report to Parliament as soon as practicable after the end of each financial year about the examinations conducted by the Director and the results of our reviews.

As we are required to report after each financial year, and because the FWBI Act commenced on 1 June 2012, we have made two reports to Parliament on the results of our reviews – one covering the period 1 to 30 June 2012, and the other covering the period 1 July 2012 to 30 June 2013. The reports discussed the results of our review of one examination conducted by the Director. We found that the examination was conducted in accordance with the requirements of the FWBI Act and all aspects of the examination complied with relevant best practice principles and Fair Work Building and Construction's internal guidelines.



Since 30 June 2013, we have reviewed two further examination notices and the associated examinations; the results of which will be discussed in our next report.

We welcome the retention of the Commonwealth Ombudsman's oversight function, together with the requisite powers for the Ombudsman to effectively conduct the function. The proposed coercive information-gathering powers of the Commissioner remain intrusive in nature, and appropriate safeguards should continue to apply so as to provide assurance to Parliament and the public that the powers are being exercised in compliance with legislative requirements and best practices.

### 3 A possible expansion of our current role

We note that, in relation to the exercise of the Director's examination powers under the FWBI Act, the Bill retains a number of safeguards (including Commonwealth Ombudsman oversight) and removes others (most notably the requirement for the AAT to issue examination notices). The following table provides an overview of the main differences.

<b>Fair Work (Building Industry) Act 2012</b>	<b>Building and Construction Industry (Improving Productivity) Bill 2013</b>
Nominated AAT presidential member issuing examination notices (s 47).	Not proposed.
Independent Assessor (Div 2, Pt 1, Ch 7).	Not proposed.
Sunset provision for the Director's application for examination notices (s 46).	No sunset clause.
Commonwealth Ombudsman oversight (s 54A).	Kept (cl 65).
Examinee may be represented by lawyer (s 51(3)).	Kept (cl 61(4)).
Examination is videotaped (s 54A(1)(b)).	Kept (cl 65(1)(b)).

Compared to the FWBI Act, the threshold to issue an examination notice appears to have been lowered in the Bill. Under the FWBI Act, the Director's application must address a number of matters before an AAT presidential member decides to issue a notice (s 45). These matters include that there are reasonable grounds to believe that the person is capable of giving information or evidence relevant to an investigation; and other methods of obtaining the information or evidence have been attempted and were unsuccessful or not appropriate. Further, under s 39 of the FWBI Act, and on application by an interested person, the Independent Assessor may determine that the Director cannot apply for examination notices for particular building projects.

In comparison, the Bill vests responsibility for Commission oversight in the Ombudsman. Clause 61 of the Bill allows the Commissioner to issue a notice based on reasonable belief that the person has information or documents relevant to an investigation or is capable of giving evidence that is relevant to an investigation. The Bill retains the FWBI Act provisions that ensure that the examinee has 14 days to respond to the notice and the Commissioner has the power to vary the time for compliance. We note that the right for the examinee to be represented by a lawyer and the requirement to videotape the examination have also been retained in the Bill.

Given these differences, and to ensure continued effective scrutiny of the use of coercive powers, we anticipate that the scope of our oversight activities would expand if the Bill was passed. We would expect to see records relating to the Commissioner's decision to issue notices to ensure that there was reasonable belief that the person has information or documents relevant to an investigation or is capable of giving evidence that is relevant to an investigation. We may also review and comment on the ABCC's internal processes to further assure ourselves that the power to issue notices and conduct examinations are exercised properly.

#### **4      Resourcing the function**

We currently have a Memorandum of Understanding (the MoU) with FWBC to resource our oversight function. As the FWBI Act contains a sunset provision (s 46), the MoU is for a limited period.

We will be engaging with the Department of Employment and FWBC / ABCC with respect to negotiating appropriate funding for the permanent role and expanded scope of our activities.