



ASSOCIATES ACN 083 481 298

**REVIEW OF THE EXECUTIVE STRUCTURE**

**FOR**

**FAIR WORK BUILDING AND CONSTRUCTION**

December 2015

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## EXECUTIVE SUMMARY

### INTRODUCTION

This report presents the findings of a review of the Executive Structure of Fair Work Building and Construction (FWBC). The review follows from an evaluation of all Senior Executive Service (SES) positions in the FWBC, which was required by the Australian Public Service Commission (APSC). The evaluation of the positions was conducted by Workplace Research in 2014 (and reassessed in 2015). The review found that some SES positions were currently overclassified and a restructure was recommended to address this issue.

A preliminary meeting with Mr Nigel Hadgkiss, Director, was held on 15 October, 2014 in relation to the restructure. It was agreed that the scope of the project would include:

- Examination of the purpose, aims and functions of the agency to inform recommendations in relation to an appropriate structure for the Executive, the number of groups in the agency and their functions, the reporting lines and management arrangements within groups
- Engagement with senior staff of the agency to canvass their views in relation to the structure and function of groups throughout the agency

Although the initial consultations on a restructure were conducted in December 2014 and January 2015, the restructure was put on hold for several months pending the anticipated passage of legislation that would re-establish the Australian Building and Construction Commission (with revised and enhanced legislative powers) and the planned recruitment of a Chief Operating Officer / Chief Finance Officer and a National Manager, Building Code.

### APPROACH

[REDACTED]

[REDACTED]

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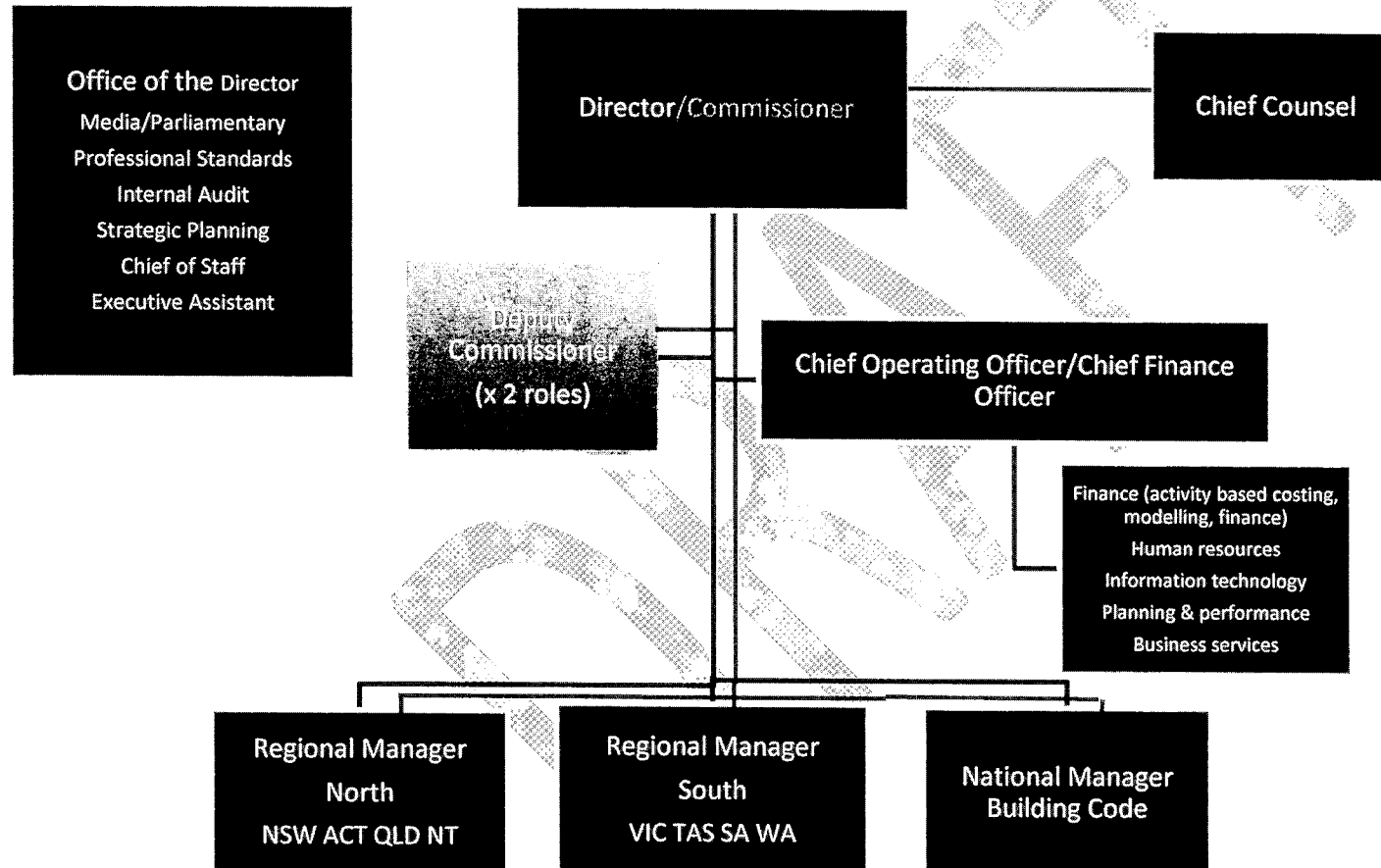
## FINDINGS OF THE REVIEW

The review took into consideration a range of issues in the preparation of options for a new Executive Structure for the agency. These issues were summarised into key themes and are presented in the body of the report. The themes were:

- Workload and broader functions
- Geographical structures
- Multidisciplinary groups:
  - Links to strategic direction
  - Provision of consistent advice and approaches to industry
- Too many management layers

**PROPOSED EXECUTIVE STRUCTURE**

The figure below outlines the proposed Executive Structure – an initial proposed structure is shown in blue and changes shown in green reflect a proposed structure for the ABCC.



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## SUMMARY OF FUNCTIONS

### DIRECTOR / COMMISSIONER

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- As per the functions in the *Fair Work (Building Industry) Act 2012* (FWBI Act) **OR**
- As per the functions in the *Building and Construction Industry (Consequential and Transitional Provisions) Bill 2013*

### DEPUTY COMMISSIONER (ABCC)

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- Exercise compulsory powers and execute statutory functions as specified in the *Building and Construction Industry (Consequential and Transitional Provisions) Bill 2013* and other functions to be determined by Government legislation

### OFFICE OF THE DIRECTOR

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- Parliamentary and Departmental liaison on behalf of the Director
- External communications, including media and publications
- Stakeholder engagement
- Internal audit
- Professional standards
- Governance and strategy, including corporate planning, public affairs, reporting, and overall strategic risk planning frameworks
- Support for the Director including draft speeches, draft discussion papers, briefings and research
- Secretariat functions
- Executive Assistant to the Director including:
  - Diary management for the Director
  - Travel bookings and co-ordination for the Director
  - Credit card reconciliation for the Director
  - Administrative support for the Chief of Staff

### CHIEF COUNSEL

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- Management of:
  - Assessment and litigation of alleged or suspected breaches of building and construction industry workplace laws
  - Briefs for external counsel to seek advice on civil penalty proceedings
  - Conduct of agency proceedings, submissions and interventions
  - Freedom of Information requests
- Internal legal advice to FWBC's Director and the Executive Board

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## **CHIEF OPERATING OFFICER / CHIEF FINANCE OFFICER**

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- Human Resources, Workplace Health and Safety compliance, return to work case management, recruitment and induction, procurement and provision of learning and development activities and performance management
- Financial services, financial compliance and risk, activity-based costing, financial modelling
- ICT services, including technology compliance and risk
- Data reporting and analysis for agency planning
- FWBC's case management system and reports on cases and agency performance
- Business analysis and strategic reporting on operational and legal activities
- FWBC website and FWBC App
- Business services, records management, accommodation, fleet management and security

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## **REGIONAL MANAGER**

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- All State operations to promote the Rule of Law on building and construction sites
- Assistance and advice to industry participants regarding their rights and responsibilities under the FW Act and the Building Code
- Investigate suspected breaches of the legislation and prepare briefs of evidence for review by FWBC's Legal staff
- Operations support functions
- Assessment and litigation of alleged or suspected breaches of building and construction industry workplace laws
- Briefs for external Counsel to seek advice on civil penalty proceedings
- Conduct of agency proceedings, submissions and interventions
- Freedom of Information requests

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## **NATIONAL MANAGER BUILDING CODE**

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- Compliance with the Building Code and driver of behavioural change on construction projects
- Specialist operations, legal and education officers supporting and training FWBC Investigators
- Proactive educational and stakeholder engagement for compliance with the Building Code.

## **CONCLUSION**

We present the findings of the review and the proposed structure and functions of the Executive structure for the consideration of FWBC.

## INTRODUCTION

This report presents the findings of a review of the Executive Structure of Fair Work Building and Construction (FWBC).

### BACKGROUND TO THE REVIEW

In 2014, Workplace Research undertook evaluations of all Senior Executive Service (SES) positions in FWBC and recommended that the number of roles be reviewed. This evaluation was in response to a requirement by the Australian Public Service Commission (APSC) for all agencies to review their SES positions. As a result of this work, the Director, Mr Hadgkiss, requested that the Executive Structure be re-examined so that the SES evaluations could be finalised. Mr Hadgkiss was also cognisant of impending legislation before Parliament that, if passed, would see the restoration of the Australian Building and Construction Commission (ABCC). The ABCC would assume a number of functions undertaken by the FWBC and would have additional legislative powers and responsibilities. Of further relevance to a possible restructure is the introduction of the National Building Code which, to be fully implemented and supported, is likely to require some changes to the current structure.

In response to the circumstances outlined above and following from discussions with Mr Hadgkiss, the FWBC requested the following:

- Examination of the purpose, aims and functions of the agency to inform recommendations in relation to an appropriate structure for the Executive, the number of groups in the agency and their functions, the reporting lines and management arrangements within groups
- Engagement with senior staff of the agency to canvass their views in relation to the structure and function of groups throughout the agency.

Although the initial consultations on a restructure were conducted in December 2014 and January 2015, the restructure was put on hold for several months pending the anticipated passage of legislation that would re-establish the ABCC and the planned recruitment of a Chief Operating Officer / Chief Finance Officer and a National Manager, Building Code.

Also of relevance to the review is the recent agreement (July 2015) by the Secretaries Board to a Framework for establishing optimal management structures in APS agencies<sup>2</sup>. The Framework is based on design principles that reduce the number of organisational layers and increase the number of direct reports for managers.

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<sup>2</sup> <http://www.apsc.gov.au/publications-and-media/current-publications/optimal-management-structures>



The Framework was developed by the Deputy Secretaries Efficiency Working Group. Their work has taken into account of the findings of the National Commission of Audit Report <sup>3</sup> that APS staffing structures were 'top heavy' and that there was an opportunity for agencies to improve productivity through improved structures and systems.

To implement the Framework, the Secretaries Board has agreed that all agencies will:

- Conduct a self-assessment of their existing management structures against the Framework's principles and benchmarks
- Develop a plan to achieve improved management structures over a 3 year period from 2015 to 2018.

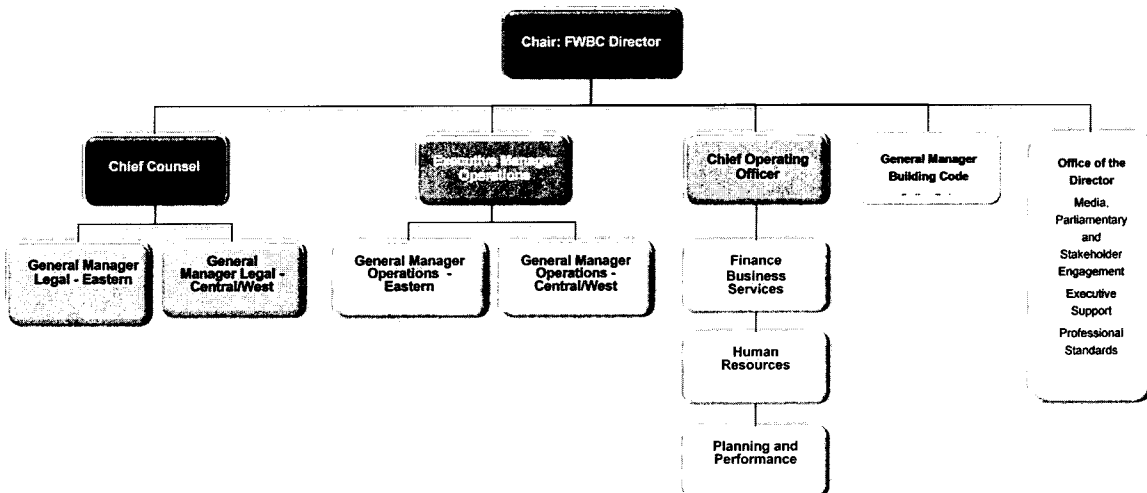
The APSC will require a report on progress towards improved structures from each agency and will compile a summary report annually on progress across the APS.

This review has taken account of the design principles and recommended benchmarks for organisational layers and direct reports in an agency.

**CURRENT STRUCTURE**

The current structure of the FWBC is shown below:

**FWBC Organisational Chart**



<sup>3</sup> Towards Responsible Government- Report of the National Commission of Audit: Phase Two, March 2014

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The current structure has been widely criticised in the last two consecutive staff surveys as having too many management layers and reinforcing a ‘siloed’ approach both in terms of its operations and legal split and its somewhat regionalised approach (as opposed to a nationally consistent approach) to its activities. Further, the evaluation of all SES positions in 2014 and 2015 indicated that a number of the roles were overclassified – the number of management layers was a contributing factor to the ‘dilution’ of the work value of these positions.

## **APPROACH**

[Redacted text]

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[Redacted text]

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<sup>4</sup> Note [Redacted] role had previously been reviewed in January / February 2014 and had not changed in the intervening period.

PHASE ONE

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## KEY FINDINGS OF THE REVIEW

In this section, we present the key findings of the review. Issues raised during consultations are summarised and were used to inform the development of the proposed Executive Structure.

### KEY FINDINGS

The review identified a number of issues that were taken into consideration in developing structural options. In this section, we present the key findings of the review as a series of themes. The themes were:

- Workload and broader functions
- Geographical structures
- Multidisciplinary groups:
  - Links to strategic direction
  - Provision of consistent advice and approaches to industry
- Too many management layers

#### Workload and Broader Functions

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[REDACTED]

[REDACTED]

[REDACTED]

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**Geographical Structures**

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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**Multi-disciplinary Groups**

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

*Links to Strategic Direction*

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*Provision of Consistent Advice and Approaches to Industry*

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*Too Many Management Layers*

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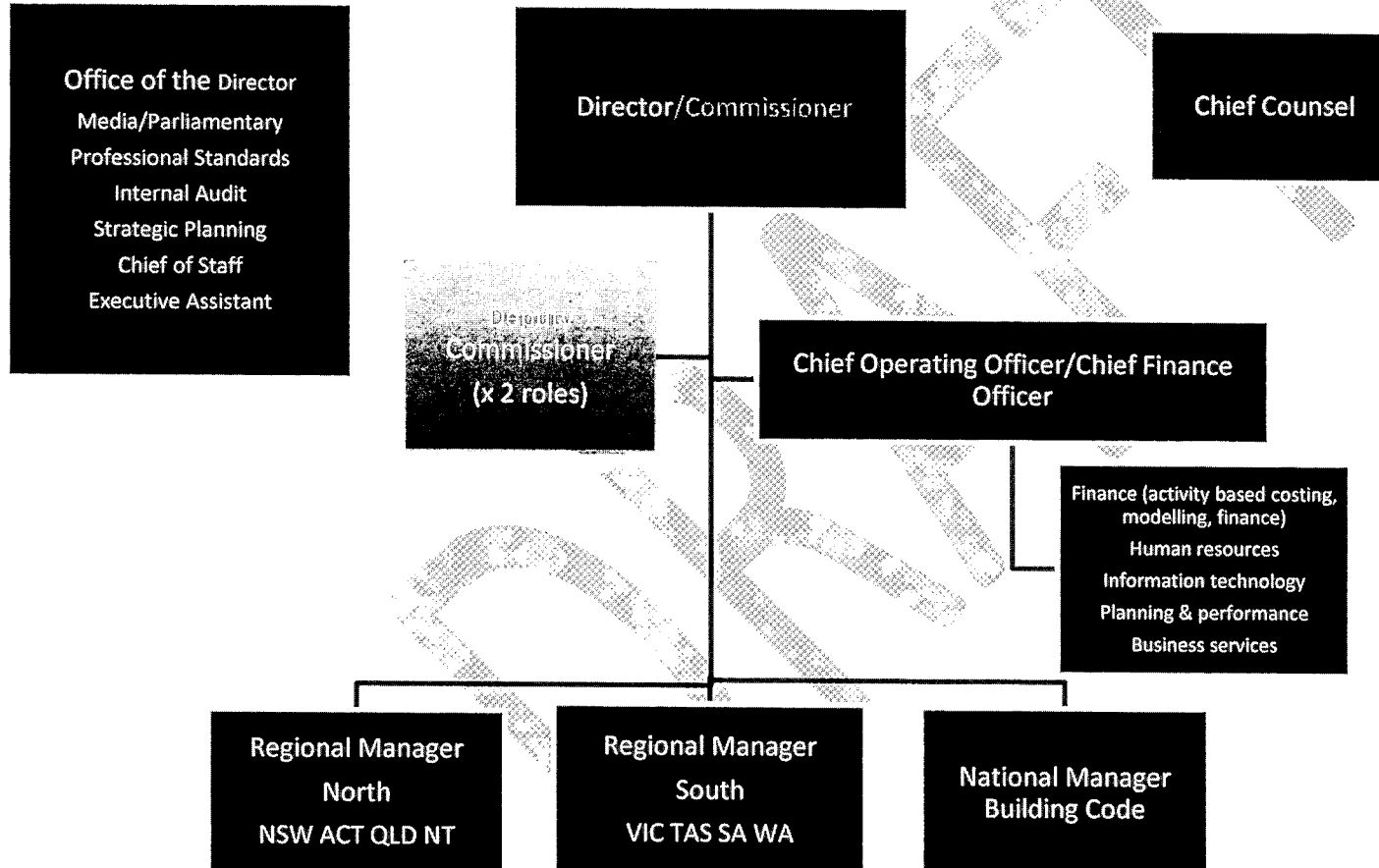
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## **NATIONAL MANAGER BUILDING CODE**

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- Compliance with the Building Code and driver of behavioural change on construction projects
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## BENEFITS OF THE PROPOSED STRUCTURE

The proposed structure affords the FWBC / ABCC a number of benefits. In summary, it:

- Complies with the Secretaries Board requirement for all agencies to conduct a self-assessment of their existing management structures against the principles and benchmarks of the Optimal Management Structures Framework – in particular, it introduces fewer management / reporting layers
- Responds to continual dissatisfaction, expressed in the last two consecutive staff surveys and in the course of consultations for this review, with the current ‘top heavy’ structure of the FWBC, the need for greater national consistency and a refocus on the strategic direction of the agency
- Offers an integrated and adaptable structure that will facilitate cross-skilling and the provision of a ‘surge’ capacity as needed – there is an emphasis on breaking down existing silos
- Provides the opportunity for increased empowerment for senior and middle level managers through working in a flatter structure
- Offers the opportunity for enhanced staff engagement through the flatter management structure and the provision of increased empowerment where it is warranted
- Provides the opportunity for managerial roles to align with ‘true work value’ – this is another requirement of the Optimal Management Structures Framework
- Offers the opportunity for enhanced communication across the agency
- Provides future flexibility in relation to the determination of the geographical groupings because these are not seen as fixed, rather they are dynamic and should be periodically reviewed and revised as needed
- Provides the opportunity for enhanced performance by the agency and a consequent increase in regulatory compliance and reputational standing.

## CONSULTATION STRATEGY

In presenting the review to the FWBC, it is important to consider an appropriate consultation process to ensure that staff understand the rationale for the initiative, the findings of the review and their implications for restructuring, and have further involvement in the final structure and its implementation. To this end, we suggest the following:

- Stage 1: Individual feedback to each SES staff member on the outcomes of the role evaluations to be provided jointly by Mr Hadgkiss and [REDACTED]

Following these feedback sessions, a meeting with all SES staff to provide a briefing on the proposed structure and to receive initial feedback. It is recommended that, following the briefing, senior staff also be given a fixed period (say, one week) for consideration and provision of feedback to the Director.

Visits by the Director and the Chief Operating Officer to all State Offices to brief staff on the review and proposed structure. Following these sessions, staff will be able to provide feedback to the Chief Operating Officer who will collate views and present them to the Director for further consideration.

- Stage 2: Consideration of the feedback by the Director and finalisation of the new structure and an implementation plan
- Stage 3: Announcement to all staff and commencement of implementation of the new structure

## SUMMARY

This report presents the findings of a review of the Executive Structure of Fair Work Building and Construction. The review was undertaken to:

- Examine the purpose, aims and functions of the agency to inform recommendations in relation to an appropriate structure for the Executive, the number of groups in the agency and their functions, the reporting lines and management arrangements within groups
- Engage with senior staff of the agency to canvass their views in relation to the structure and function of groups within their responsibility

The review was conducted in the context of the previous evaluation of all SES positions in 2014 / 2015 and the Secretaries Board requirement for all agencies to review their management structures against the recently endorsed Optimal Management Structures Framework.

Key findings of the review were summarised and a proposed structure for the FWBC, and for possible transition to the ABCC, outlined. The report has also addressed the expected benefits of the new structure and suggested a 'next steps' consultation approach.

We present the findings of the review and the proposed structure for the consideration of FWBC.

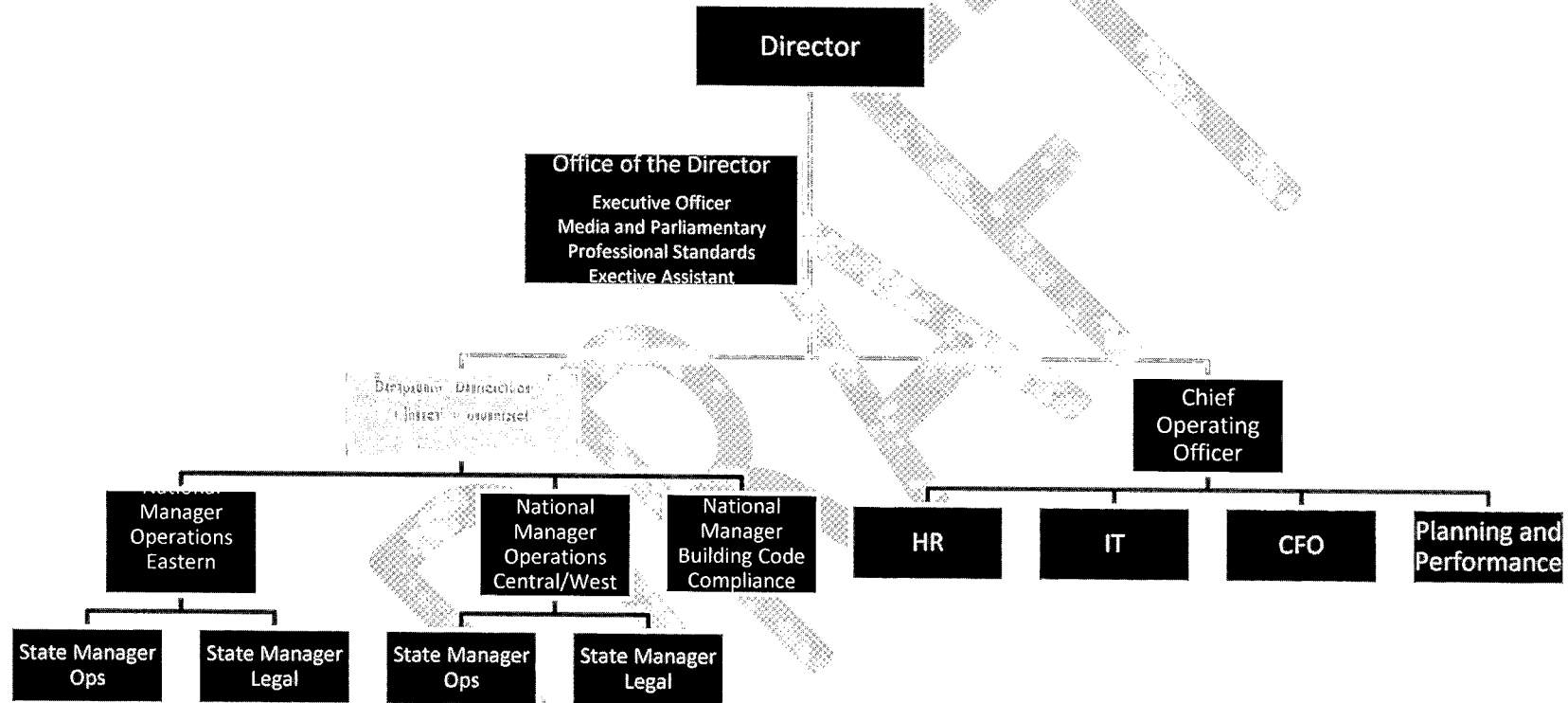
**ATTACHMENT A: LIST OF INTERVIEWEES**

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**APPENDIX A: INITIAL STRUCTURAL OPTIONS**

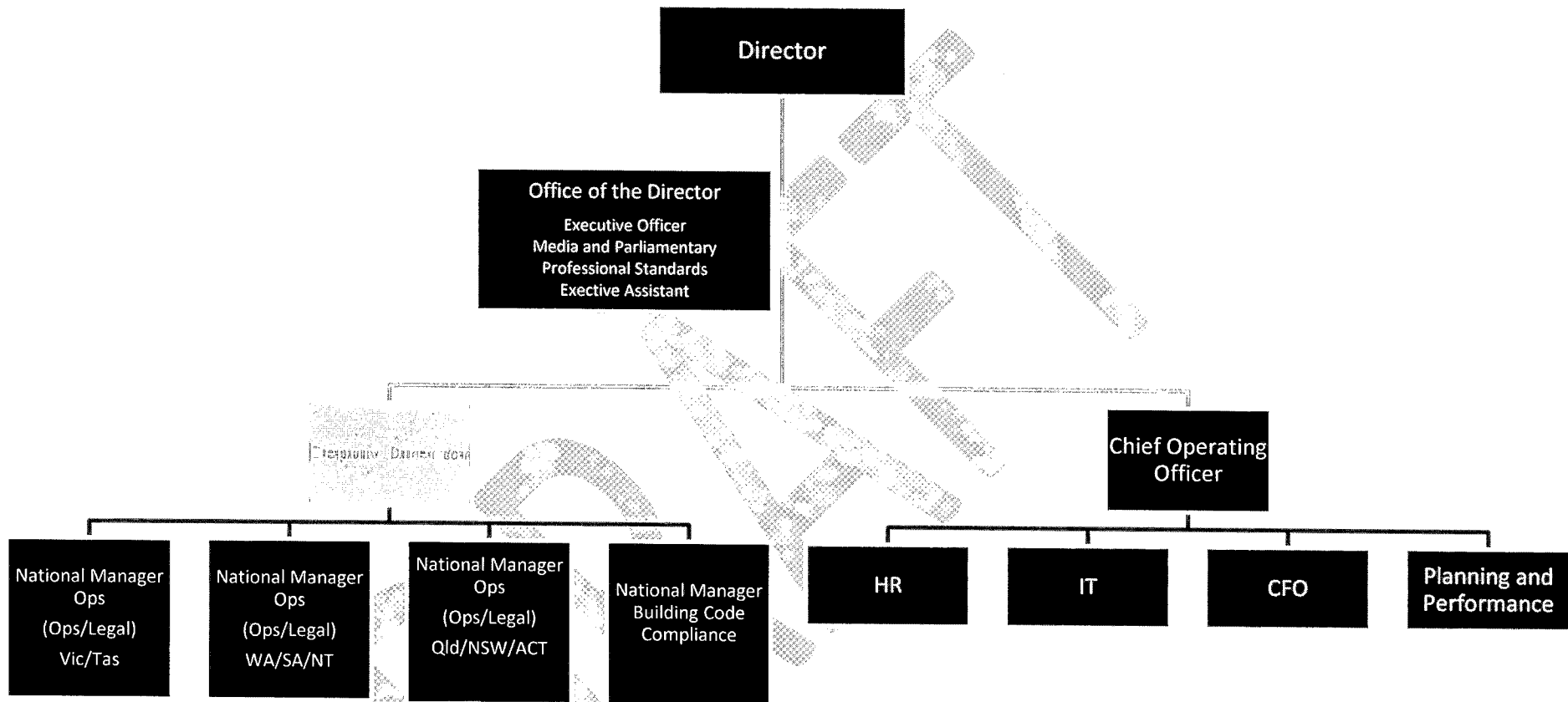
**Option 1**



Option 2

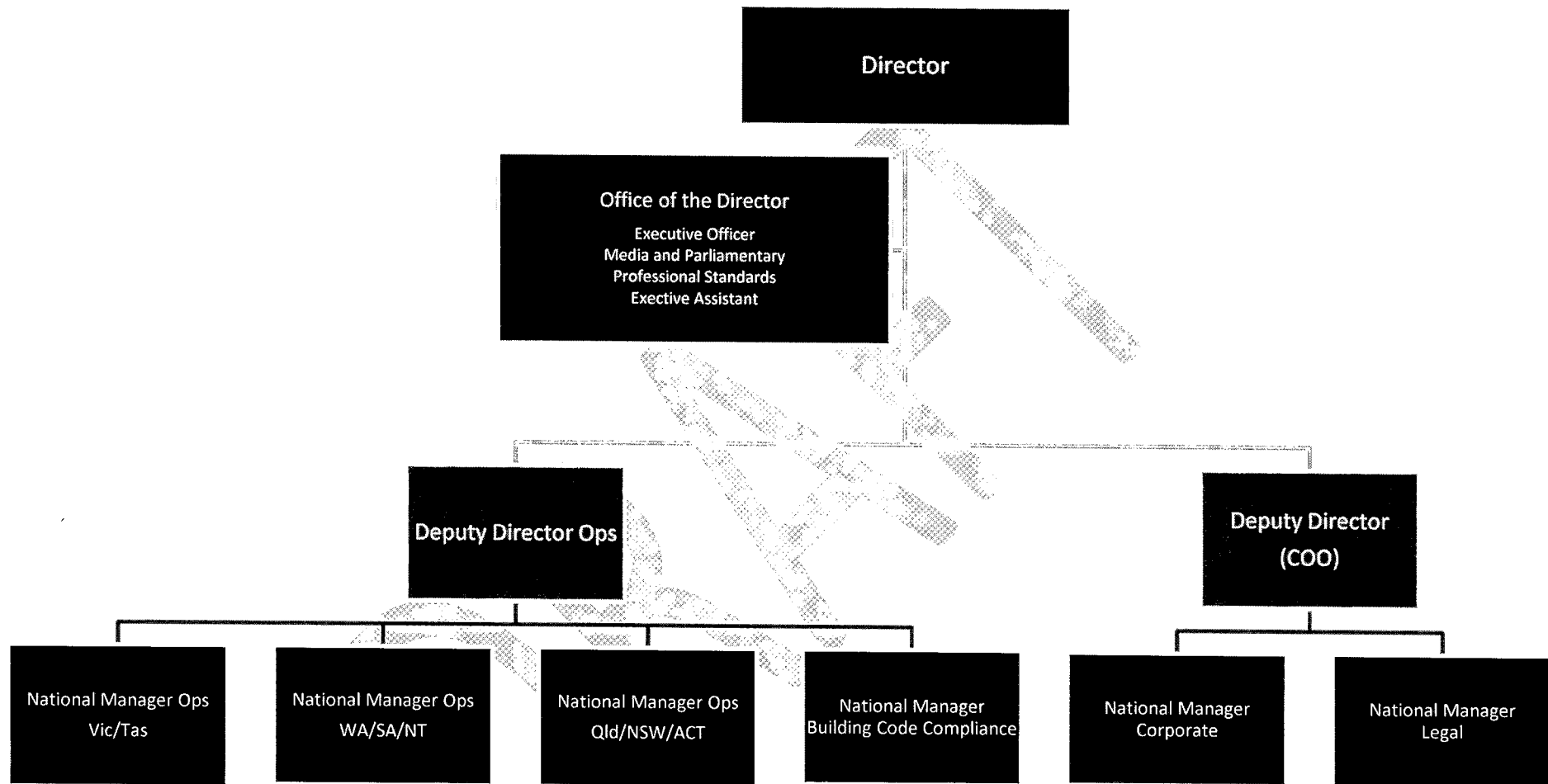
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Option 3

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Option 4

