

Construction Industry Forum

Workshop Input

Monday 24 November 2008

Indigenous Participation in the Construction Industry

- Identify the ongoing real jobs. Where will each individual find/ be future employed.
- Developing community engagement in construction jobs. Role for Govt
- Procurement design to support on going employment and on going apprenticeships.
- Practical based/ real training
- Have an indigenous employment of training plan as part of tender of following on in the contract with a performance report
- Bonuses for contractors who demonstrate their commitment results to indigenous employment and training and mentoring
- Encourage early involvement – literacy, numeracy in schools
- Encourage industry to understand the benefits of employing locally
- KPI's related to indigenous participation/ penalties and bonuses
- Undertaking ongoing skills audits of communities
- Weightings in procurement towards indigenous employment
- Utilise skills leaned
- Community issues aligned with training
- TAA trainers/ mentors
- Economy's sustainable/ created micro business
- Collaboration with shires, contractors RTO's Gov.
- NT Gov – Local Gov
- Practical/ skills audit
- Capital short term projects
- Funded for work/ employed
- Contract bundling
- Period Contracting (longer terms)
- Pre-contract jobs engagement/ preparation
- Community engagement
- Job Readiness
- Role for Govt.
- Community base training
- Offering continuity of work
- Funding basis – add on IP is left to contractor to take on cost
- Suggestion incentive payment
- Continuity will build enterprises
- Project packaging a possibility
- Most projects run 2-3 months
- Super shires – develop recourse
- Certificate 1,2,3 in plant operators

- Work ethic a challenge – not there at the moment
- Huge effort to get work ready. Failure is commonplace
- DPI can offer work but it is the lead up time and cost that is difficult for DPI
- Construction training at Marrara – increase literacy and numeracy
- CDEP badly misused – paying 1 person but 4 people needed
- Move from local area is a problem – cultural etc.
- Follow up study – Rail employment tracked (Darwin – Adelaide rail)
- Have we studied impact?
- Select well to get success – build that success (training)
- Role in business development – explain tendering, give the skills – DPI could have a role
- Super shires – take over 8500km roads over next 5-10 years
- SIHIP has opportunity – capital build – revert to maintenance overtime
- Long lead in time for communities to get prepared
- Strong selection
- incentives
- aware of need for flexibility in work in communities e.g. Working hours
- Lajamanu – good model – civil construction Daily River
- LLN integrated
- Tangible skills – longevity of learning
- Community project
- Cultural sensitivity
- Utilise existing models shift in Gov funding/ procurement
- Utilising local resources/ equipment
- Local Gov. data base
- Maintenance in community
- Assistance to contractor
- Identifying job applicants
- Pre-employment
- Retention Assistance/ strategies
- Coordination of Govt-s employment and training assistance.
- Design contracts to facilitate Indigenous apprenticeships and under-Graduate cadetships
- Fundamentally education
- Literacy, Numeracy, Technical
- Recognise costs
- Target the skills and development
- Mentor
- Regional hub to sustain the work load
- Revise contract structure year bundling
- Broad balanced
- Focus incentives
- Mature age apprenticeships
- Assistance and coordination across Government
- % of contract value for indigenous employment and training. ~> Sustainable workforce development in remote/ regional areas.

- Ensure standard of indigenous trainees are not diluted. By having a re-supply mechanism.
- Identification incentives. Both employees and employers.
- Raise profile of success stories and target the right audience.
- Sell the benefits to the communities. Social, economic and control destiny.
- Security of on going work
- More training opportunities
- Diversity of role./ ownership through inclusion in all phases – design/ construction maintenance.
- Previous within contract/ tender to subsidies indigenous employment and training
- Ability to build on base qualifications i.e. articulate to higher qual. Through career and remote area. Relate to communities.
- Continuation/ ongoing training and employment post contract.
- Community employment communities
- Proximity of resources
- Community ownership and pride
- Whole life (maintenance)
- Cost savings
- Positive social outcomes
- Promotes consultation and involvement
- To meet their needs
- Challenges
 - Address develop skill levels
 - Develop long term programs in community
 - Logistic of providing regional training (remote regional)
 - Program continuity (champion)
 - Whole of community uptake
 - Understanding cultural structure
 - Social (humbug) tension
- Coordinate skill
- Social – inclusion
 - High level strategy that the industry contributes to
 - Leasing with
 - Land councils
 - Communities
 - New shires
- Indigenous participation needs project- specific not generic
- KRAs vs. prescriptive participation
- Training
 - Broaden areas (include front – end of project)
- Employment
 - Government incentives
 - Support network
 - Understanding – individual needs

Skills Shortages

- Package of works provides platform for skills training.
- Training – on live projects
- Encourage early involvement
- Impact:
 - Limited capacity to deliver projects
 - Deteriorating standard and quality
 - Limited evolution of advancement within the C.I.
 - Limited innovation
 - Inflationary trends to costs
 - Serious loss of knowledge and expertise
- Solutions:
 - Partnering with CDU – scholarships
 - Succession planning
 - Interstate recruitment
 - Pursue and encourage indigenous participation
 - Job packaging as an enticement (pay incentives)
 - Education opportunities – e.g. tech and prof.
- inflationary
- Reinstate technical colleges
- Exposure to work choices early on in schooling careers
- More help for kids to find out what they want to do/ they're good at.(early)
- More support for work experience
- Too much belief in “You can do anything”?
- Difficult to employ apprentices due to the conditions imposed by authorities
- Lack of commitment/ legacy after completion of training (guaranteed job)
- Across all technical areas e.g. professional engineers etc. plant operators
- People don't want to work in remote areas
- Salaries are inconsistent across the industry
- Conditions inconsistent e.g. mining vs. Govt
- Working hours not attractive in construction industry
- Continuity of employment sometimes an issue due to lack of suitable teachers
- Need to program suitable work experience to gain competencies
- Govt needs to develop the centre of learning
- Mentors/ trainers in short supply
- Sourcing RTOs lecturers etc
- Incentives for mentors etc
- Need to be able to source funding for skills
- Cyclical industry means under resourced for “high” times
- People who leave in “low” times don't return to industry

- Support school programs
- Support university
- Attraction of higher paid positions overseas
- Image problems?
- Professional places at universities have traditionally been too low: not enough graduates
- Residential availability is low in all regions
- Need to be
- Re-education about the value of trade versus a well-paid unskilled job
- In communities/ on – site – not relocated
- Real work situations
- Dependant on community support/ participation/ key players
- Role models to follow (in communities and in projects)
- Contracts to include training components
- Hours to work/ train (4hrs/ day wage funding)
- Lead time for community to absorb information re projects
- Contractors not set up to train
- How to retain trainee after training?
- No performance indicators in contracts (no casting, timelines, enforcement)
- No sustainability, long term employment, continuity of work
- More coordination between funding agencies – continuity
- Mentoring for community members
- Include special conditions in contracts
- Coordination of Govt. assistance – advice for private sector trainees/ cadets.
- Govt. agencies to take on role as primary or host employer of trainees
- Apprentice wages need to increase/ be supported- subsidised.
- Gov requirement 457 workers into Oz to reduce processing timelines
- Career campaigning in schools promoting our industry increased
- Need innovative measures to promote and grow the numbers of younger people engaged in trade training
- Young people today are less inclined to stay long term with one employer and are more mobile
- DET/ schools need to form apprenticeship with industry
- DPI/ industry feed needs to ed. Dept.
- Use skill set or groups of trade skills to create specialist trades people
- Contractors are not funded to be continually training people
- Indigenous workplace development
- Need real work opportunities
- Apprentice wages should link to competences achieve (not time or year based)
- Time and resource requirements to deliver training
- Housing costs – living costs need to be competitive
- Attracting skills by linking opportunities to contribute to indigenous programs (closing the GAP)
- Attracting skills by linking to career opportunities in NT. (big fish small pond)

- Attracting skills by marketing the challenge
- Attracting skills by marketing life style.
- Train to/ and retain (graduates and scholarships etc.)
- Scholarships between industry and schools
- Family and friendly roster = sustainable (bonus for staying on)
- Increase incentives and wages to match other states and industry
- Better conditions (e.g. tax benefits, cheap accom, home garaging)
- Career path
- Site management skills (risk!!)
- All of Gov approach
- Capacity to take on more work
- Apprentice/ trainee
- Awareness of funding
- Funding models
- Indigenous workforce engagement
- On the job training/ fields experience
- Better utilities existing resources through improved procurement planning by Gov.
- Training 'wet season'
- Project management
- Mentoring programs
- Labour – skills shortages
- Support for on job trainers
- Construction training levy!
- Industry benefits
- Drive prices up
- Pay rates
- TAA qual for industry – training support
- Identified skills shortage jobs in civil construction
- Tenders May- larger period for construction
- Release of projects over year
- Investment in the technical training.
- Trimming to bloom (effect trimming)
- Consider "fly-in" and "fly-out" for regions
- Government and industry rotation
- Encourage LWOP.
- Seasonal issue 'wet'
- Logistics to focus on arid region during 'wet'
- Training/ coaches/ succession planning
- Poaching
- Mature age compensation
- 457 employees
- Job swap for training outcomes
- 'work for the dole'
- Tap into indigenous and population
- Invest in innovation
- Encourage school kids to study maths/ science

- Attend career days e.g. defence visits to schools
- Value trades as a profession
- Knowledge management
- Shared roles
- Women involvement – legitimate workforce
- Govt./ industry investment in education/ training- as a rolling program
- Importing skills needs
- To provide training for next generation
- Cross industry competitiveness
- Marketing career vs. job- opportunities

Private Public Partnerships

- Identify which party best bears the risk
- Identify the pros and cons of project by PPP.
- Shortage of in-house skills for project management program and may favour PPP.
- Treasury's position? Projects don't occur don't make programme
- Population restricts traditional projects e.g. toll roads
- Capacity of local industry to fund projects initially
- Is this an issue – CD?
- Policy: national and locally
- How do we protect local industry?
- Communication on relevance to the territory
- Need to understand process better and applications to territory
- Risk- pitfalls and benefits?
- Correctional facilities?
- Disadvantages: legal implications/ involvement, maintenance issues after "handover"
- Initial setup complex
- Govt contribution – raw asset base rather than developed asset
- Success story/ example??
- Process to choose private partner
- Should be on suggestion/ proposal for private to public
- Boot (build own operate and transfer)
- NTG procurement needs to diversify
- Schools?
- Need to be big to work?
- Community public housing – urban, community?(port upgrade, Alice to Darwin rail project
- High legal fees
- High risks – risk allocation
- Good concept – shared risk etc.

- Private companies not prepared to put funding into
- Now in NT- waterfront consortium
- Not sure what difference is between alliance – PPP
- Big projects
- Expensive to bid
- Effective use of resources in bidding phase
- Relevance to NT situation
- Lower cost threshold, relative to project
- Acceptance of private ownership of public assets
- Rigorous method of determining whole of life costs
- Acceptance of decreasing role of government
- Risks : allocation:
 - Ensure private has an equal share
 - Framework about VFM and debt reduction
- Definition
 - Infrastructure delivery process where the capital constitution costs are funded partly or wholly by private equity
- Advantages
 - Govt funds amortised over an extended period (15-20 years)
 - Whole of life benefits incentive
 - Brings forward programs for benefit of community
 - Risks are allocated to the party best able to manage
- Challenges
 - Risks of long term commitment by Gov
 - Selling to industry as a viable option
 - Risk of monopolising industry sectors
 - Economic climate finding equity partners
 - Cost of establishment

Procurement for Industry

- Long term – emphasis on whole of life costs/ sustainability of asset.
- Govt. resource in planning phases needs to be adequate to cope with time frames.
- Reduce the complexity of RFT responses
- Repetitive need for information by contractors is tedious
- Thresholds (financial) are too low (not reflective of interstate)
- Inflexible for different types of services
- Lack of skilled people in Govt to manage contracts
- Work is released at the same time
- Budget cycle encourage “just in time” procurement
- Minimal client information available when future work first advertised
- Insufficient funding for some jobs and therefore needs to be redesigned
- Cost of unsuccessful submissions
- No dialogue with tenders until final announcement
- Difficulty in getting tenders for remote areas

- Social issues e.g. alcohol free. Additional cost of flying workers out on a regular basis
- Time delays – inaccurate estimates
- Inflexibility does not encourage alternative bids e.g. time
- Market demands vs. availability of services
- Balance between probity and simplicity
- Clients to prefer private to Govt contracts
- Better use of select tenders
- Balance deu ment of industry vs. delivery costs
- Early contractor involvement
- Planning/ concept stage including spec. development
- Increased/ mandatory training for procurement personnel
- Exchange arrangement secondment with private/ public org.
- Raise thresholds
- Prequalification process
- Once you have bought it – you have bought it!
- Recognition that procurement is significant
- Simplify:
 - Conditions of contract
 - VFM/ criteria
 - Duplication of documentation

- C.A.L. methodology is flawed
- Contract's awarded – are they really not based on low price?
- Pre qualification process (shot list) then main selection
- Keep the two processes separate and transparent
- Assessment timeframes should be monitored and reduces
- Estimates for project are inaccurate
- Conditions of contract are overdue for review and don't recognize current commercial constraints- insurance/ liability
- Separate the criteria for tenders
 - Non price assessment and evaluation
 - Price assessment
- Often political.
- Review of system
- Greater consistency in time taken toward contacts
- Review of how consultancies are awarded?
- Thresholds too low
- Current situation doesn't allow for innovation
- Response schedules onerous – less information and in plain English.
- Data base of accreditation information to include generic response schedule info (avoid submitting response schedules multiple times)
- Communicating weights of importance to industry
- Realistic procurement timeframes
- Improve communications on future tender opportunities.
- All projects over \$50k on net
- Decrease tender evolution time – provide indication to industry

- Tender requests not always consistent and tenders not always sure what is wanted
- Scopes can be loose – PWC structure and provide ranking
- Tender briefings not always conducted but useful when conducted
- Tender briefing post site visit would be useful
- Pay by KPI's deliverable rather than nothing
- Try registration of interest for program and major projects
- Government – industry collaboration
- Current procedures are bureaucratic and perhaps an independent review would be useful
- Communication! Open up avenues us/ them attitude
- Stream line- reduce red tape
- CAL accreditation- recognition only provide extra info
- Training in tendering
- Complex tenders include many agendas
- Significant costs for extra requirements
- Time/ cost factor
- Contractor communication via tender interviews
- Greater clarity in tender assessment criteria
 - Provide weightings
- Streamline
 - Reduced red tape
 - One-stop shop for industry
- Opportunities
 - Raise threshold levels
 - Simplify and streamline process e.g. response schedule – (feedback)
- Alternative procurement models
 - Panel c.
 - Period c.
 - Alliance (ECI)
 - PPPs
 - D&C.
- Revise methods for engaging consultants/ introduce flexibility e.g. as & when
- Revise VFM methodology
 - E.g. 2 envelopes
 - Formula
- Greater DPI training in Proc.
- Develop understanding of industry capacity
- Accurate forecasting infrastructure programs (1-5 years)
- Greater communication with industry
- Encourage growth of contractor base

Alternative Contracting

- Defence are using range of contracting
- Alternatives need pre- planning and there is accost
- Need to focus on outcomes required – including growth of local industry.
- Identifying models
- New conditions of contract
- PPP- BOOT
- ECI
- Alliance
- DTC
- Panel/ period
- Conduct: procurement option analysis for alternative models
- Why seek alternatives change?
 - High tendering costs (current system)
 - Complex administration – simplifying specs/ clauses
 - Improve perception of probity in industry of DPI processes
- Mostly traditional – many years without change “comfort zone”
- Most surety for available funding
- Risk averse to change
- Too busy to explore options
- Design construct/ alliancing still not much used
- Need to educate industry as well as Govt to consider change
- Balance development of industry vs. delivery costs
- Do procurement practices discourage alt. contracting
- Perception that alt. contracting required more resource to administrator (+ different skills sets)
- Cost sharing e.g. alliancing – final cost of contract less obvious
- Sometimes alt. contacting is ‘flavour of the month’
- Size of project discourages change
- Needs commitment by industry and Govt
- Incentives
- Developing trust
- BOOT, DBFO, PPP, ECI
- Need procurement or other framework to support alternatives
- Within Govt – we need to have people who are “up to speed” and know what to do/ advise around alternative procurement
- Lets be proactive – not re-active
- Govt got to be willing to look at alternatives
- Directions need “serious” regular review
- Separate procurement operations policy/ strategy
- More open dialogue between public and private sector on a regular basis
- Which model for which project
- Leap of faith: industry and government
- Communicating benefits
- Interchange contractors to assist with delivery – outcomes
- Network of small contractors
- Ongoing local development contribution

- Greater consultation rise and fall provisions (i.e. period contracts – factors CPI doesn't pick up)
- Early contractor involvement – relationship management risk/ price reduction
- Alliancing
- Design and construct – some issues for NT industry
- PPP- as before
- Build own operate – certain period of time
- Consider administrative implications of alternative contract types
- Gov contraction agency running their own jobs
- Panel contracting – competitive amongst the panel -
Hard for new contractors to break into panel
- Alliance contracting
- Early contractors involvement contracting
- Managing contractor contract
- Risks transfer
 - Time
 - Cost
 - Quality
- Traditional: good for small projects, sometimes in flexible
 - Design
 - Construct