

# THE OFFICIAL AUSTRALIAN CONSTRUCTION™

M A G A Z I N E

**INDUSTRY  
LEADERS CALL  
FOR NATIONAL  
PRODUCTIVITY  
REFORMS**

**ROAD  
CONSTRUCTION  
SITES AND  
FATALITY RISKS:**

**WHY SUPERVISORS  
MUST IMPROVE SAFETY**

# Producing Progress

BY SARAH LINNEY

As productivity dominates the national conversation, the head of Australia's peak building and construction organisation is urging governments and companies to tackle the lack of productivity in the Australian construction industry.

**C**EO of Master Builders Australia (MBA) Wilhelm Harnisch is calling for widespread national productivity reforms to rectify significant problems within the Australian construction industry. He claims that the industry has recently experienced months of decline in commercial building and poor conditions in housing. *The Official Australian Construction Magazine* spoke to Wilhelm about his views on the subject and what he believes should be done.

**The OAC Magazine: Why do you think productivity reforms are so high on the industry's agenda?**

**Wilhelm:** There are two reasons: one is for the broader economy because, as the Productivity Commission and the Reserve Bank Governor have documented on numerous occasions, Australia is lagging in terms of productivity. It is important that we increase our productivity to ensure that industry and government are prepared for the potential of Australia in the Asian century. If nothing else, we need to remain internationally competitive.

The second is that, at an industry-sector level, productivity is important to maintain in the commercial building sector. Governments need to be able to deliver cost-effective and affordable public infrastructure like hospitals, police stations and aged-care facilities. With the residential building sector, productivity is also extremely important as it affects housing affordability. We have to make sure that we have an adequate supply to meet the private sector demands and, in particular, the social housing demands for those who are disadvantaged in the community. In an overall sense, productivity is important not only in terms of global competitiveness but also domestic competitiveness and the ability of the industry to contribute to Australia's economic and social infrastructure.

**The OAC Magazine: Why do you think the building and construction industry is lagging behind?**

**Wilhelm:** Compared to other nations I think we are fairly competitive. However, domestically we are still struggling. There are a number of productivity killers that are increasing costs in the construction sector. These were highlighted by Victorian Premier Ted Baillieu when he tabled that report at the Council of Australian Governments (COAG) meeting in June. MBA welcomes COAG's decision to undertake a construction-cost review to investigate the cost and productivity challenges in the Australian construction industry.

The Productivity Commission has documented a range of productivity killers for this industry in the commercial building sector. These include labour-market flexibility in terms of developer charges, efficiency and land supply, land-approval processes and the challenges in acquiring capital to invest in physical infrastructure in urban areas. Additionally, the supporting social infrastructure has to be there to ensure responsible urban development like transport, hospitals and police stations.

We also have the problems caused by green tape, which is placing burdens of delay and cost on both the commercial and residential building sectors. A variety of impediments is stopping the construction industry from reaching its potential in the economy and the community.

**The OAC Magazine: How is green tape affecting the construction industry and its productivity?**

**Wilhelm:** Many major projects are being held up by interminable delays as a number of local councils and community pressure groups call for a range of environmental approvals. In those situations you have cross-jurisdictional barriers which are often done in sequence rather than in parallel. That occurs at local government, state and commonwealth levels. It is increasingly becoming a major impediment for the construction industry,

particularly for major projects. These environmental approvals and green tape are also delaying urban consolidation, the improvement of transport modes and other essential urban infrastructure in commercial and residential building sectors.

**The OAC Magazine: You are calling for productivity reforms; what is involved in these and how will they help boost the industry?**

**Wilhelm:** Productivity reforms in this sector must be cross-jurisdictional and collaborative, and have a cooperative approach between the commonwealth, state and local government. COAG also has an important role; it needs to be revitalised to ensure that the private sector has a proper input into the whole process. At the moment, the industry is concerned that officials have minimal or no consultation from experts in the private sector.

**The OAC Magazine: How can individual construction companies tackle this problem and help boost their own productivity?**

**Wilhelm:** They should consider a number of areas. At the micro-level, productivity is impeded by the increasing burden of compliance reporting of tax, the difficulties in getting building approvals through, dealing with the banks and labour supply. The attacks by unions about the legitimacy of independent contractors are proving to be a major drag on productivity at the micro-entity level.

**The OAC Magazine: As the industry evolves, what will the future of productivity reforms entail?**

**Wilhelm:** The major productivity matters have to be driven by leadership at the commonwealth level, in cooperation with the state and local governments. We need to find a more efficient and workable mechanism. Currently, we have COAG. There is a way of working with COAG but future federal governments need to cooperate with the states and reintroduce efficiency payments to the state and local governments that agree to bring about major productivity reforms in the building and construction industry.

This industry is now the third-largest sector in the economy and the third-largest employer. Therefore, it has an important role in maintaining economic growth and job creation, particularly for young people. As a result, productivity increases in the construction industry will generate considerable gains to the broader economy, and reduce the strain on the federal and state governments. If we can decrease costs – either through greater efficiencies, labour-cost structures or completing projects in less time – it would increase labour-market flexibility and productivity. It is urgent that all three tiers of government face this problem and seriously consider major productivity reforms. >



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Managing Director of Resourced Leaders Phil Owens helps individuals, teams and organisations to unlock their unique potential and perform to the best of their ability. This consultation focuses on improving productivity, both individually and in teams. He has worked with companies and individuals in more than 30 countries and in industries including manufacturing and construction. *The Official Australian Construction Magazine* spoke to Phil about how he deals with productivity vacuums, and increases efficiency.

**The OAC Magazine: Why do you think the building and construction industry is struggling to boost productivity?**

**Phil:** The productivity required by an organisation comes from the sum of its individuals. However, in most cases individuals are never trained in things like self-awareness, emotional intelligence and productivity. The skill that workers frequently bring is dedicated to a particular craft specialisation. The development of skills like planning, goal-setting, monitoring, quality-checking and reviewing would allow them to work productively, but are often never taught to them.

There is a lot of anxiety in the construction industry at the moment. Employees and contracted individuals who are constantly bombarded with fear messages – particularly when layoffs are common, budgets for jobs are being cut and customers are squeezing budgets – are more likely to be defensive and have a me-first attitude. This often creates unhealthy competition and ‘politics’, which reduce collaboration and productivity.

Contracted employees have a clear frame for their work, and rarely do what they want or need to solve problems outside this framework. Productivity gains are often found in solving the constant problems that exist in an environment, improving efficiency and effectiveness. Short-termism and not-my-problem mindsets ensure these problems are never truly tackled.

The cultural norm for individuals is not to ask for help. The high masculinity of the Hoefstede index – think of the ‘she’ll be right, mate’ and ‘blokes don’t cry’ attitudes – can create an isolationism where people who are struggling will tough it out because they don’t want to show weakness. This is strongly evident in the construction sector.

Topics like depression, anxiety, addiction and bullying are often not dealt with. Where early intervention can lead to a proven payback, a reduction in sick leave and an increase in productivity, leaders and managers are often not trained on how to intervene effectively. Bosses don’t have to be counsellors; they just need simple structures to know what to do and when.

**The OAC Magazine: What can individual construction companies do to boost productivity?**

**Phil:** Companies should train leaders and managers in communication, managing mental health concerns, preparing for difficult conversations and developing coaching skills. Managers should communicate in a clear and open way that makes sense to all their employees. Additionally, leaders should help their employees and contractors develop a proper process around the job specification, planning, performing, reviewing and signing-off of jobs. They should also:

- reward collaboration and problem-solving behaviour
- create an environment where the company cares about its workers and provides as much certainty as possible to prevent workers from feeling defensive
- help employees with any problems they have with smoking, drinking, gambling or drugs. If they choose to use any service offered, it can be very beneficial.
- It also reduces the effect of these problems on the workplace



- ensure that workplace behaviours are properly monitored because setting and holding high standards encourages high standards across the board
- hire for both skill and purpose. Selecting staff or contractors who have strong values and a dedication to the quality of their work will pay off in the long run.

**The OAC Magazine:** You stress the importance of using the same language – how can managers and supervisors clearly communicate with workers and contractors?

**Phil:** The work of Clare Graves suggests that different groups have different cultures and languages. Often the employees will have a different language, values system and culture to that of the leaders and managers. Sometimes employees promoted to supervisor level can struggle between these two worlds. When I coach leaders, they often find this topic to be one of the most important factors in getting themselves heard and therefore being productive through others.

Some simple tips for communication would be:

- Listen, listen, listen. Develop an understanding of the language that employees use, and use it. In particular, look out for 'I/we' frames. Often in construction industries, there is an 'I' frame, as opposed to office workers who can have a stronger 'we' frame.
- Be clear, concise and courteous. State your intention in communicating. Be true to your values. If you don't swear, but the people you are communicating with do, then *don't swear*. Otherwise, it will come across as false and you will lose all trust.
- Always consider what is in it for them, and what is going on for them.
- Use appreciative enquiry; that is, find out what went well, and work to amplify that.
- Ensure people know *why* you are communicating, *what* you have said, *how* they should move ahead and *what* it will look like when it's done. ♦

