

Media release

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CONSTRUCTION INDUSTRY'S CULTURAL ISSUES COST \$8 BILLION ANNUALLY

A major report into the construction industry released today demonstrates urgent change is needed to address cultural issues that are costing the economy nearly \$8 billion annually due to workplace injuries, mental illness, suicide, long work hours and a lack of diversity.

The Cost of Doing Nothing report outlines the estimated economic cost of lost wellbeing from work-related fatalities, injuries and illnesses in 2018 was \$6.1 billion; the productivity cost of employees consistently working overtime was \$708 million; the cost of mental ill-health was \$643 million and the cost of higher incidence of male construction worker suicides compared to other industries was \$533 million. The report also highlighted that since 2006, construction has had the lowest female representation of any industry in Australia.

The report by BIS Oxford Economics was commissioned by the Construction Industry Culture Taskforce (CICT) which was established in late 2018 to address cultural challenges facing the industry.

Other key findings in the report:

- People working in construction are twice as likely to commit suicide than the national average.
- Nearly a quarter of people working in construction work more than 50 hours per week (23%).
- Long and inflexible work hours are a substantial contributing factor to work-family conflict and cause an imbalance between work and non-work life.
- Construction is the most male-dominated industry in the country, with women making up only 12% of the industry workforce, leading to issues of not being able to attract and retain talented women in the midst of a labour shortage which has been exacerbated by COVID-19 and international border closures.
- Low female representation is costing the industry as benefits of increasing female representation include decreasing aggressive behaviour and bullying, improved attention to detail and improved communication.

In response to the issues raised in the report, the Construction Industry Culture Taskforce – which is a unique partnership between the Australian Constructors Association, industry leaders, government and academia – has developed a draft Culture Standard to improve the productivity and performance of the industry.

Taskforce Chair Gabrielle Trainor AO said with the industry expected to deliver a national infrastructure construction pipeline worth \$150 billion by 2033, and a labour shortage, now is the time to address long-standing issues to maximise the industry's economic and social impact.

“While there has been good progress in the industry on physical safety and in isolated areas on wellbeing and improving diversity, this report shows we need urgent change to our construction culture because we continue to put people and projects at risk. It’s unsustainable to keep going the way we are,” said Ms Trainor.

“Requiring construction companies to meet this new Culture Standard will ensure they will compete in a manner that no longer compromises human wellbeing and will help make construction an employer of choice, especially to women.

“There is a positive return to the economy if we work together to make cultural change happen in the construction industry, through better productivity, economic and social outcomes – such as better quality of life for workers and their families and the broader community who benefit from new infrastructure.”



CEO of the Australian Constructors Association, Jon Davies said the Culture Standard is being pursued as a key component of a broad-ranging reform agenda for the construction industry.

“We are actively pursuing initiatives to reform the construction industry’s procurement processes, to ensure we have the right skills in our industry and to address cultural issues. This Culture Standard will play an important role in our reform agenda, which was critical before COVID, but has become even more urgent considering the recent closures and ongoing disruptions caused by the pandemic. There is no time for us to waste — these issues must be addressed now,” said Mr Davies.

Key elements of the draft Culture Standard include:

- Time for Life – ensure people working in construction have enough time to rest and pursue activities outside work through initiatives such as flexible working arrangements and project scheduling that ensures workers are only working five days per week (or no more than 55 hours per week) and wherever possible, not on Saturdays, as is presently the case.
- Diversity and Inclusion – attract and retain a diverse range of people to work in the industry by addressing pay gaps, involving women in strategic decision-making roles, providing suitable amenities and removing offensive material in the workplace.
- Wellbeing – prioritise the mental and occupational health of the workforce through programs such as resilience training, suicide prevention, establishing ‘mental health first aiders’ and incorporating worker wellbeing to establish project timelines and delivery expectations.

“The initiatives in the Culture Standard are expected improve productivity in the industry, attract new talent leading to increased diversity and retention rates, improve quality of life for employees and their families, improve mental and physical health outcomes and improve safety and quality of work as a result of less fatigue and burn out,” said Jim Betts, Secretary, NSW Department of Planning, Industry and Environment.

The construction industry currently employs 1.2 million people, which equates to nearly 10% of the Australian workforce. It is also facing a labour shortage with more than 100,000 additional workers needed by 2023 to deliver the infrastructure pipeline.

“As one of the biggest employers in the industry, the Major Transport Infrastructure Authority is committed to addressing long standing cultural issues in construction. The implementation of Cultural Standard will hopefully lead to better delivery expectations that ensure the wellbeing of the workforce while continuing to promote diversity,” said Corey Hannett, Director-General, Major Transport Infrastructure Authority.

A consultation period for the Culture Standard is now starting with industry participants and stakeholders. The Standard is expected to be finalised by the end of this year and implementation pilots due to start in NSW and Victoria in 2022 with other states and territories expected to follow soon after. It is expected that once finalised, the Culture Standard would apply to all construction companies working on government infrastructure projects.

To read the Cost of Doing Nothing Report or to view more information about the draft Culture Standard, visit www.cultureconstruction.com.au.

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