

Final Report and Report on the BLF Assets - October 1994

CHAIRMAN'S INTRODUCTION

This is the sixth and final report of the Economic Development Committee. This report addresses the issue of the Builders Labourers Federation (BLF) assets currently held by the custodian Dr Ian Sharp AO, who was appointed pursuant to the *BLF (De-Recognition) Act 1985 (Vic)* to administer the funds.

The Committee recommended in its third report that these assets be released for the benefit of the Victorian building and construction industry.

The Construction Forestry Mining Energy Union (CFMEU) has lodged a claim for the assets which is currently the subject of proceedings in the Industrial Relations Court in Sydney. It is anticipated by the Committee that these proceedings will continue for some time - possibly years - and therefore the Committee has resolved not to pursue the matter further or indeed make any recommendations on the disbursement of the funds.

The Committee has thus far tabled five reports in response to its terms of reference.

The first report into "Corruption of the Tendering Process" revealed widespread collusion and other forms of corruption in the tendering practices for Victorian government works and services. The second report titled "Evidentiary Powers of Parliamentary Committees" identified the problems encountered by this Committee in exercising its powers to obtain evidence, and made recommendations to alleviate the difficulties faced by Parliamentary Committees in conducting inquiries.

The third report on "Productivity" examined issues such as those relating to restrictive work practices and poor management practices, which adversely affect productivity and retard the development of the VBCI.

In its fourth report titled "Code of Tendering" the Committee addressed some of the problems identified in its first report and introduced initiatives to reduce the incidence of collusive tendering practices and improve State public sector tendering outcomes. The Committee also identified the need to examine the purchasing practices of all State government departments and agencies in the procurement of non-building and construction goods and services. This issue has subsequently been addressed by the Auditor-General and Minister for Finance.

In this regard, the Auditor-General in his Special Report No. 31 "Purchasing Practices" (May 1994) identified serious deficiencies in State public sector purchasing and recommended the creation of a Government Purchasing Board to correct these deficiencies. The Auditor-General has also held discussions with the Public Accounts and Estimates Committee about the need to further review all aspects of government purchasing. This review has already been initiated by the Department of Finance which has taken into consideration some of the findings of the Economic Development Committee's Report into tendering practices. The findings of this review are now being implemented.

The Committee's fifth report into "Security of Payments" reviewed the case for secure, long-term, guaranteed arrangements for payment for work performed by participants in the building and construction industry.

As this is the final report of the Committee's inquiry into the Victorian Building and Construction Industry it is worth noting that the Committee received 89 formal submissions, held 10 public hearings, met formally on 48 occasions and held 34 subcommittee meetings. In addition committee members met informally on a significant number of occasions.

The work load associated with the conduct of this reference has been high and the issues at times difficult to identify and resolve. It is therefore incumbent on me to thank all the research staff and the committee members for their contributions in bringing the reference to a close.

The outcome and implementation of our reports and recommendations to the Parliament now rest with the Government of Victoria.

The Honourable Gerald Ashman, MLC
Chairman
Economic Development Committee