



PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney 2000

Election Costing Request Form

Details of request	
Party:	Australian Labor Party (NSW Branch)
Name of Policy:	Building Skills, Growing Jobs
Date of request:	13 March 2015

Description of policy	
Summary of policy (please attach copies of relevant policy documents):	Require all NSW Government agencies to ensure no less than fifteen per cent of total estimated labour hours on specified major contracts are undertaken by apprentices and target groups (see Attachment 1).
What is the purpose or intention of the policy?	Skills training for target groups.
Has the policy been publicly released yet?	

Your estimated costing of the policy ¹						
	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	Other years ² \$'000	Total \$'000
Impact on General Government Sector (GGS) net operating result ³						
Impact on GGS capital expenditure ⁴						
If different from above, impact on total State Sector net financial liabilities ⁵						

¹ Amounts should be expressed in nominal dollars. GGS - General Government Sector.

² Please provide information on other years if spending occurs outside the forward estimate years and will be required to cost the policy.

³ Negative for a saving that reduces expenditure

⁴ Negative for a reduction in capital expenditure.

⁵ Only required if proposal is outside GGS. Negative for a reduction in net financial liabilities.

Key assumptions made in the policy	
Does the policy relate to a previous announcement? If yes, which announcement?	Yes – announcement by John Robertson at the NSW Labor 2014 State Conference on 26 July 2015.
What assumptions have been made in deriving the financial impacts in your estimated costing? <i>(See checklist)</i>	Agencies should receive additional funding to support the implementation of the policy being costing. This should be allocated to agencies consistent with the best available estimate of the change in project costs as a result of implementing the policy.
Is there a range for the costing or any sensitivity analysis that you have undertaken?	No.
Are there associated savings, offsets or expenses? If yes, please provide details.	..

Administration of policy	
Intended date of implementation:	1 July 2015.
Intended duration of policy:	Over the forward estimates.
Who will administer the policy (e.g. Government entity, non-government organisation, etc.)?	Whole-of-government.
Are there any specific administrative arrangements for the policy that need to be taken into account?	No.
Are there transitional arrangements associated with policy implementation?	The policy will apply only to new contracts.

If the policy is mainly a capital costs⁶ commitment	
Type of work, size and capacity:	Rules regarding the application of the policy to capital projects would vary depending on project value (see Attachment 1).
Proposed start and completion date of work:	N/a.
Intended construction schedule/cashflow:	..
Offsetting expenditure savings:	..
Associated asset sell off (if any):	..
On-going maintenance, depreciation and operational expenses:	Consistent with best estimates and standard assumptions.
Third party funding involvement:	See Attachment 1 .

⁶ Capital costs differ from expenditure in that only depreciation will be included in the impact on operating balance. The capital cost of the asset to be acquired will however be included in net financial liabilities.

Attachment 1 - Building Skills, Growing Jobs

The policy requires all NSW Government agencies, including SOCs and contractors, to ensure that no less than fifteen per cent of total estimated labour hours on specified contracts for building and civil works are undertaken by the target groups. Within this fifteen per cent component of labour hours worked, around:

- Fifty per cent should be undertaken by trainees/apprentices/cadets;
- Thirteen per cent should be undertaken by Aboriginal and Torres Strait Islander people;
- Twelve per cent by local people with barriers to employment; and
- Twenty five per cent by those up skilling.

The policy would apply to all NSW Government building and civil construction contracts valued at over \$500,000 – based on the total contract value and duration, even where jointly funded, as follows:

- Contracts between \$500,000 and \$5 million must include a formal declaration of intent by principal contractors to voluntarily seek to achieve the goals of the policy to employ and train the target groups;
- Contracts between \$5 million and \$50 million must include a workforce participation clause mandating that the principal contractor achieve the objectives of the plan. Tenderers must show a commitment and have a demonstrated ability to plan and implement workforce participation initiatives;
- Contracts over \$50 million would, in addition to the above, require the principal contractor to nominate an employment and training coordinator;
- Building and construction work includes all organised activities concerned with demolition, building, landscaping, civil engineering, process engineering, mining and heavy engineering; and building refurbishment or fit out, installation of building security systems, fire protection systems, air conditioning systems, computer and communication cabling, building and construction of landscapes. It excludes mining operations, maintenance, routine landscaping such as lawn mowing, pruning and other horticultural activities, and cleaning buildings.

The Policy requires NSW Government agencies to monitor contractor performance against the fifteen per cent target; and assist contractors if non-compliance becomes evident. Principal contractors are required to provide information on the number of hours worked on-site by workers from the target groups at quarterly intervals throughout the contract and on completion of the contract.

To ease concerns regarding 'red tape', each government agency will establish a pathfinder function as part of the implementation of this and other jobs programmes—a dedicated information officer responsible for channelling requests from business to the responsible departmental officers, as well as tracking and following up on requests for information. A report on the activities of each pathfinder will be included in each agencies annual report. This function should be delivered out of existing agency resources.