

# INDUSTRY COMMENT

## Why You Need to Innovate



By Professor  
Keith Hampson  
CEO, CRC for  
Construction  
Innovation

Innovation is about trying something new, that is, implementing new technologies and new practices in order to improve productivity or other project outcomes related to safety, quality and the environment, for example.

It does not have to be world-first innovation – simply moving from a business-as-usual mode of operating to adopting best practice, or even better practice, is innovative.

While there have been significant improvements, the construction industry has one of the lowest innovation rates of any industry in Australia.

It ranks third last across all Australian industries in terms of the proportion of business expenditure on innovation and second last in terms of the proportion of income generated from innovation (ABS 8158.0, 2006).

The good news is that the situation is improving, with recent ABS statistics showing that the number of construction firms innovating rose 4% between 2002 and 2004.

This is good news because the construction sector has strong multiplier linkages with important industries in the economy, particularly transport and mining. Using macroeconomic modelling techniques, the impact on GDP of increased productivity in different sectors can be forecast. For example, if a one-off sustained 10% improvement in productivity is assumed in each service sector in the Australian economy, and the impact on GDP is compared, the construction sector will have the biggest average annual impact, at 3% over 20 years (2000-2020).

Taking a 'sector' view, to include the cluster of companies representing the construction sector such as architects, consultants and materials/components suppliers and facilities management, the industry's contribution to GDP is up to 20%. That is, one in every five dollars generated in the Australian economy is generated by the construction sector.

Construction Innovation research activities have played a key role in contributing to these rising innovation rates.

See more information at:  
[construction-innovation.info/index.php?id=1010](http://construction-innovation.info/index.php?id=1010)