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IR REFORMS: 2005-2008

- *Workplace Relations Amendment (Work Choices) Act 2005*
- *BCII Act* - Establishment of the ABCC
- Streamlined agreement making
- Workplace agreements must not contain “prohibited content”, including
 - Trade union training leave or paid leave to attend union meetings
 - Greater right of entry provisions than those in the legislation
 - Restrictions on engaging independent contractors or labour hire
 - Remedies for unfair dismissal more generous than the legislation
 - Terms that do not relate to the employment relationship
 - Bans on pattern bargaining
- Broad unfair dismissal laws, exempting employers with less than 100 employees
- Increased restrictions on industrial action and mandated secret ballots for action





IR REFORMS: 2005-2008

- Increased penalties for unlawful conduct, including breaches of:
 - Freedom of Association
 - Right of Entry
 - Unlawful industrial action
- And increased penalties for coercing employers to:
 - Engage certain contractors or employees
 - Make, vary or terminate an EBA
 - Discriminate based on the having or not having a type of EBA
 - Pay into a selected Superannuation fund
- The ABCC can exercise compliance powers to compel people to provide information, produce documents, and/or attend and answer questions at an examination
- National Code and Guidelines





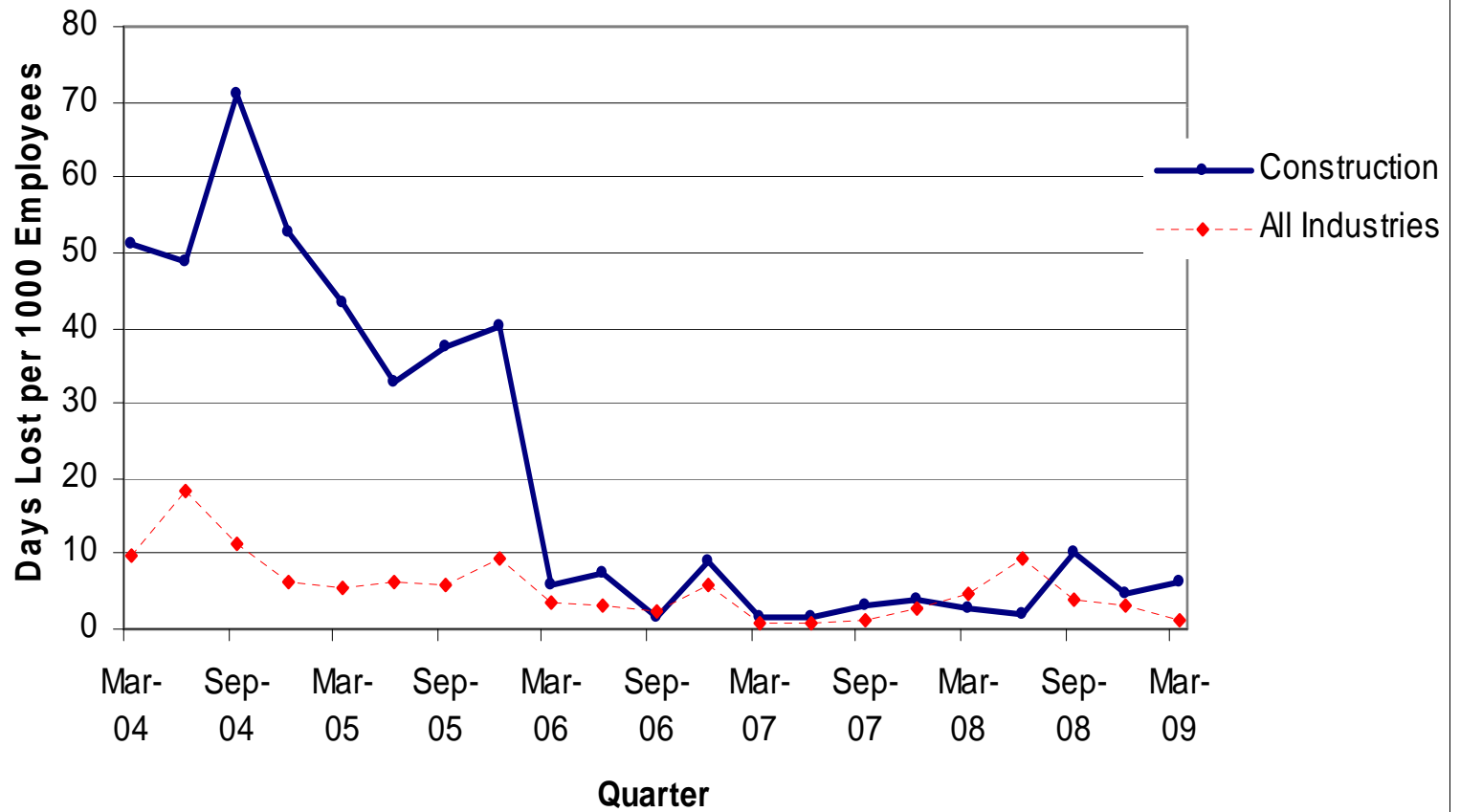
ECONOMIC IMPACT OF THE IR REFORMS

- *KPMG Econtech: Economic analysis of building and construction industry productivity – 2007 Report*
- Economic impacts due to the ABCC's activities and industrial relations reforms:
 - 16% improvement in productivity - Commercial
 - GDP is 1.5% higher than it otherwise would be.
 - CPI is 1.2% lower than it otherwise would be.
 - Improved consumer living standards are reflected in an annual economic welfare gain of \$5.5 billion
 - Lowest levels of strikes in living memory





Working Days Lost per Thousand Employees, Construction and All Industries, March Qtr 2004 - March Qtr 2009





“TWO SPEED” BUILDING SECTOR

- Government sector - Building Education Revolution
- \$1.6 Billion - 1500 Schools (libraries and halls)
- Level 3 Design and Construct (\$350M)
- Level 4 - 8 Major contractors (\$800M) Construction Management with level 1 and 2 PQC
- Non- Govt Sector is dead
- Loss of 75,000 to 80,000 construction workers in Aust
- 12- 16000 lost in QLD
- Non-residential construction – Education, health and aged care are only sectors growing
- Both sectors are forecast to increase by around 5% each over 2008-09
- Public sector will not be enough to support falls in private sector spending and activity.





FAIR WORK ACT 2009

- Winding back of *WorkChoices* provisions:
 - Prohibited content provisions removed
 - Good faith bargaining
 - Unions as preferred bargaining representatives
 - Unfair dismissal exemption from 100 employees to 15
 - New National employment standards
- ABCC transferred to Specialist Division of FWA
 - Reduced powers
 - Lesser focus on unlawful conduct
 - Less intervention on National code and guidelines
 - Lesser role in agreement making (eg. prohibited content)
 - Lesser role in investigation and dispute management





Latest Union Bargaining round

- MBA policy to create non-union agreements to break down union monopoly wages
- The current market rates for a casual carpenter range from \$32-\$45ph
- Charge out rates range from \$40-\$65ph
- Flexibility in working hours (RDO campaign)
- Increased competition has already occurred
- Subcontractors and consultants down 10%
- Risk of Business failures are increasing



Cole royal commission “Principles governing cultural change

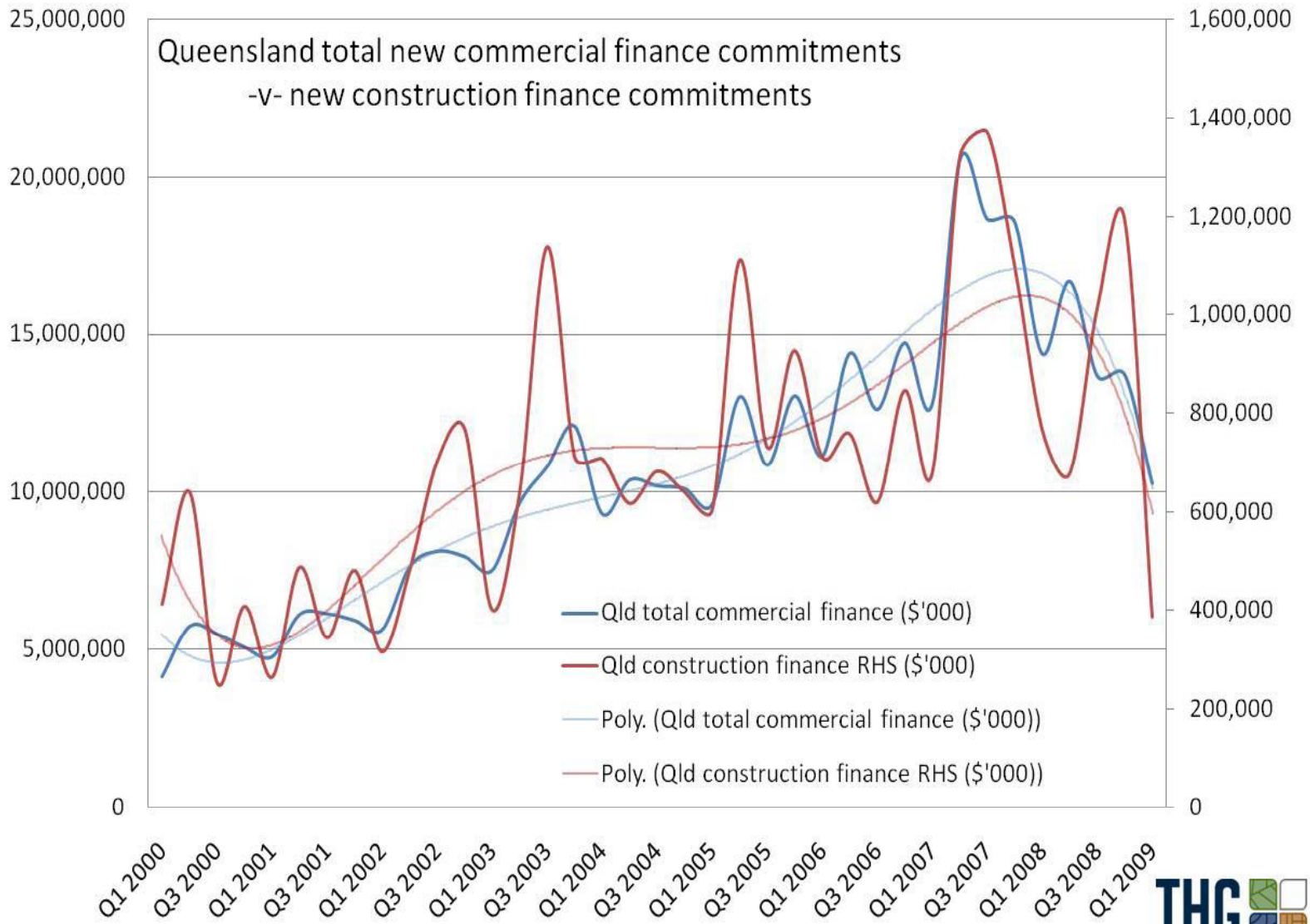
34. First, there should be as clear a definition as possible of that industrial activity which is permitted, and that which is not.
35. Second, the rule of law should be re-established so that conduct which is not permitted attracts serious consequences. Penalties for breaches must be increased substantially.
36. Third, those who engage in unlawful conduct or practices should bear the loss suffered by other participants in the industry. A quick, cheap and effective method of establishing and imposing liability for that loss must be established.
37. Fourth, it should become widely known and accepted within the industry that there is an independent body, not subject to the pressures applicable to participants in the industry, which will, with vigour, uphold the law and prosecute any participant in the industry who breaches it”





CONSTRUCTION FINANCE, continued

- Construction finance is the lifeblood of the industry
- The UDIA Report - \$1 million turnover = 2.8 direct jobs and 4.5 indirect jobs
- Using this multiplier it is clear that thousands of jobs are at risk.
- Taking \$984 million of construction finance out of the industry will result in the loss of over 11000 jobs from its peak in 2007 (projected figures).





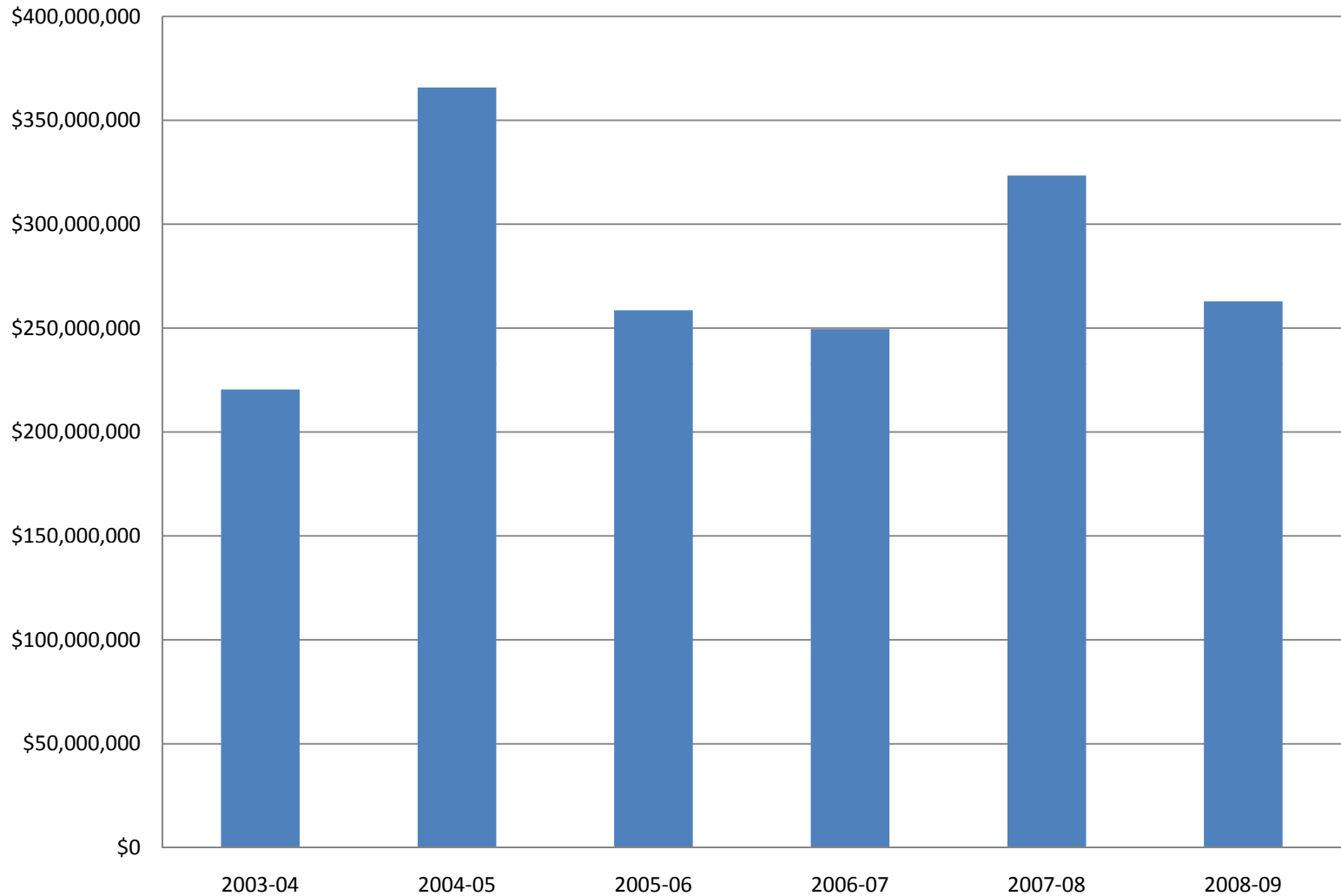
CONSTRUCTION FINANCE, continued

- Over the last 3 quarters the ABS shows that 16,000 people have already lost their jobs.
- The downturn continues to worsen.
- The labour market clearly lags behind the major indicators of building approvals and finance by 15 months. This means that 2010 may well be even more difficult than this year.
- The likelihood of more companies collapsing and increasing pressure to survive appears self evident.





Total value of Commercial Building Approvals - Gold Coast History

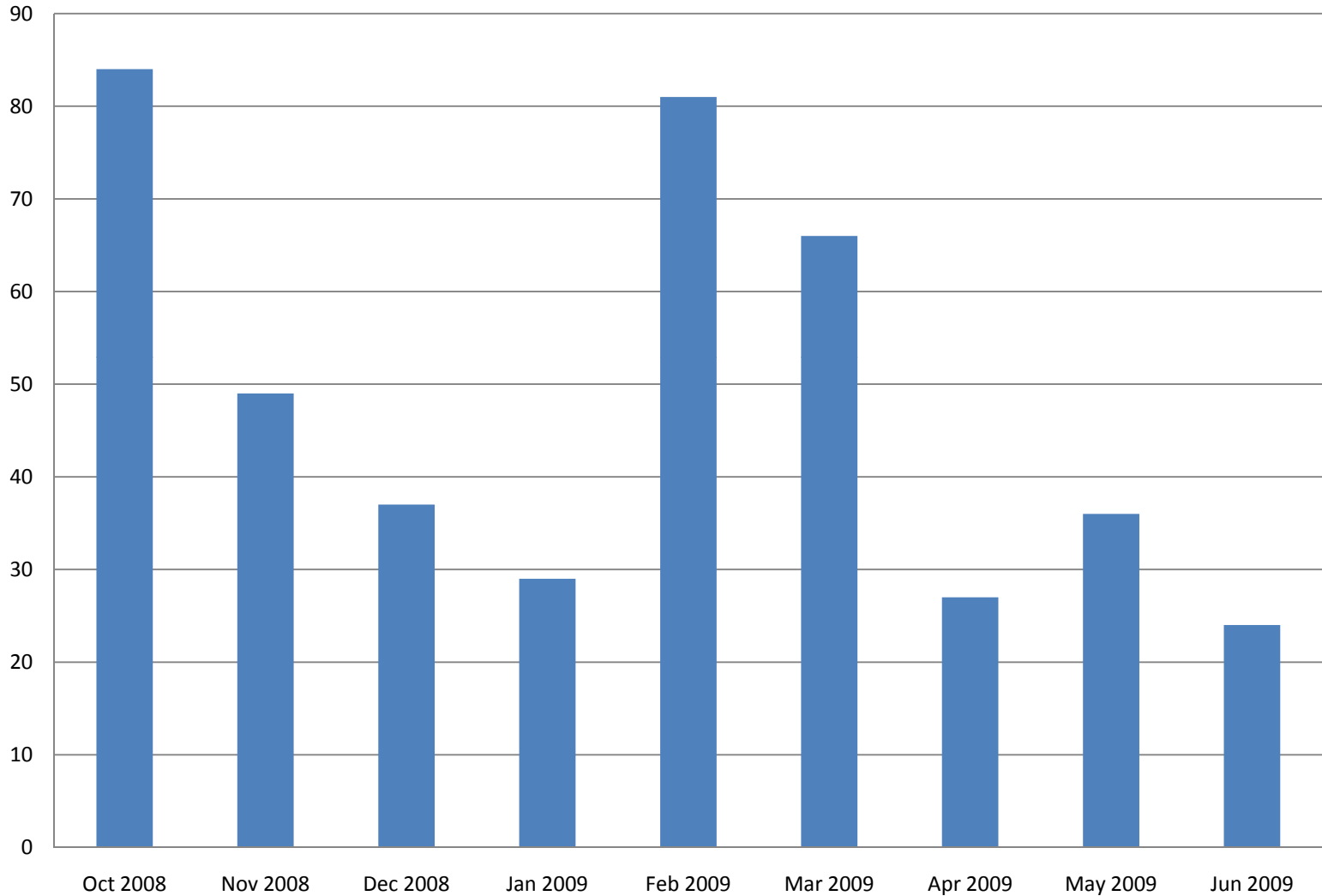


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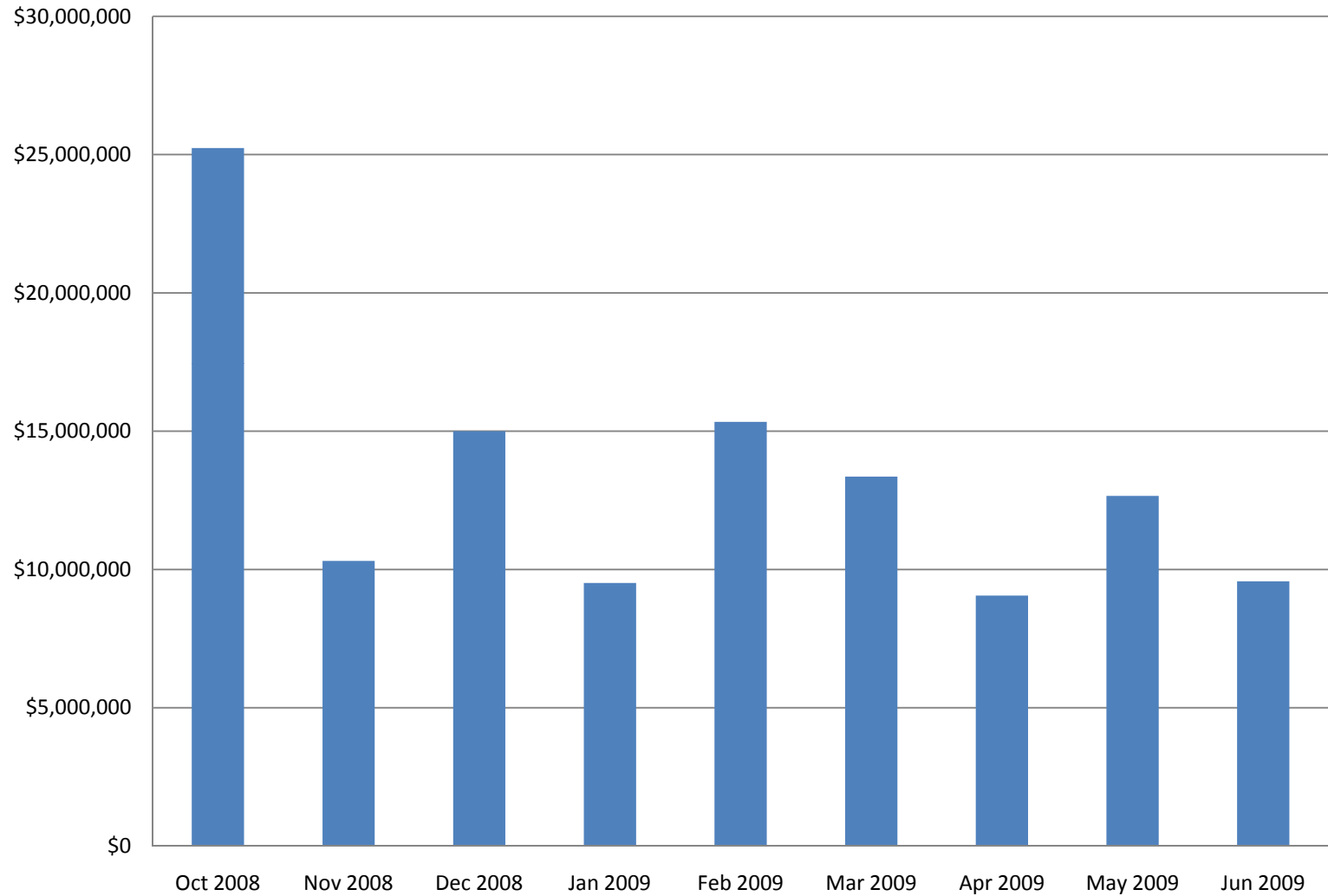


Number of Commercial Building Approvals - Gold Coast Region 2008-09





Total value of Commercial Building Approvals - Gold Coast 2008-09



CONCLUSION

- Stimulus package is an effective tool to generate jobs
- Margins will be tight for the next 12 -18 months
- Housing sector is showing genuine signs of recovery
- Population growth creates underlying demand
- We are a resilient industry
- We are used to business cycles
- Recovery in financial markets is paramount

