

AMCA VIEWS

September 2008

Setting Emission Targets

Professor Garnaut has released his second report on the potential impact of climate change of Australia and advice to the government on targets that should be set.

The Garnaut Climate Change Review's Supplementary Draft Report entitled Targets and Trajectories was released on Friday 5 September 2008. The report represents an important contribution to the emissions trading debate, in the lead up to the Australian Government nominating a 2020 emissions target later this year.

Many Australian businesses view the nomination of a range of targets for 2020 and the related impact on GDP of each option as a useful contribution to the community debate that will take place. Emissions reductions of the order contemplated in the Garnaut report will have a significant impact on Australia.

It is pleasing the report recognises that Australian industry is operating in an international marketplace, and therefore Australia will face a much higher cost if we alone reduce emissions. But this latest report forms only one part of a process and industry looks forward to the results of Treasury modelling which is scheduled to be released in late October. This modelling should examine the full distributional impact of climate change measures, on sectors such as trade exposed, smaller enterprises and the household sector.

Until this process is completed and assessed, the community will not fully understand the economic implications of different targets in 2020 for industries, costs and employment.

Equally important is the ongoing development and response to the Government's July Green Paper which will be used to clarify critical design aspects of the Carbon Pollution Reduction Scheme. There is no doubt that the implementation of the CPRS and the flow on economic implications will have a profound effect on business and households and this needs to be fully examined by government, industry and the wider community before any decisions are made.



Introduction of Safe Work Australia

A Bill has been introduced into the Commonwealth Parliament to establish Safe Work Australia as an agency of the Commonwealth government. Once the legislation is passed it is expected that Safe Work Australia will be fully functional in late 2008.

Safe Work Australia has the following key functions:

- Develop a national policy in respect to OHS and workers compensation.
- Prepare model OHS legislation and model OHS codes of practice.
- Develop a national compliance and enforcement policy.
- Develop proposals to harmonise workers compensation arrangements.
- Build expertise across OHS laws and workers compensation schemes.
- Undertake data collection and research and publish findings.

Safe Work Australia will be governed by a board that will comprise:

- Chair.
- One member representing the Commonwealth.
- Eight representatives representing each of the states and territories.
- Two members representing the interests of workers.
- Two members representing the interests of employers.
- The CEO of safe work Australia.

Decisions taken by the board of Work Safe Australia will be decided by a two thirds majority of those voting with the exception of the CEO. The CEO will be appointed by the Minister.

There are a number of changes in this model from the former National Occupational Health and Safety Commission. The organisations providing the employee and employer representatives are not specified in the draft legislation and will be selected by the Minister of the day.

How effective this structure will be compared to its predecessor is a matter that only time will tell.

NSWNEWS

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My Say:

Norm Argent

AMCA NSW STAFF

Changes in NSW structure this year saw office manager Zoe Hori leave in January 2008 and new office manager Emma Fay commence. Learning and Development Manager Lucie Booker left and new Learning and Development Manager Martin Dennison started in June 2008. Executive Director Geoff Sheldon left on the 28th August 2008 and Norm Argent took over as acting Executive Director until a new Executive Director is appointed.

Norm Argent will continue on two days a week after the new Executive Director starts for a 12 month period concentrating on fire and lifts.

NSW GOVERNMENT

The NSW Labour government had a major shake up in early September 2008. We lost the Premier, Deputy Premier, Treasurer and other ministers in one day. The new Premier Nathan Rees advised that NSW was broke and in debt to the tune of \$1 billion dollars. The only way NSW can now go is up. We have major problems with all infrastructure works – hospitals, roads, rail system, water and electricity are all totally run down and require urgent upgrading. It would appear this can only come from PPP proposals and implementation.

CEPU PLUMBING DIVISION NSW INTERNAL ISSUES

Internal issues between the Newcastle office, Steve McCarney, the Sydney office Alan Duff and the national office, Earl Setches are bubbling to the surface distracting them from their duties as the industry EBA negotiations continue.

FEDERAL GOVERNMENT – AWARD MODERNISATION

This award modernisation process under the AIRC is well established and will be completed in stages with final completion due in December 2009. The likely outcome for AMCA NSW members are:

1. National plumbing award incorporating fire with the CEPU; OR
2. National services award covering electrical/plumbing and fire with the CEPU electrical/plumbing divisions; OR
3. National construction industry award with the CFMEU and plumbing/fire as one sub-division with the CEPU. This means the CFMEU will be the principle union in this award.

These three outcomes are likely to cause AMCA NSW to rethink on how to avoid major demarcation issues with unions.

What an interesting period we are currently experiencing at the moment.

Watch this space.....

CHARTING A NEW COURSE



A few new courses have been slipping in to our timetable as we look for relevant short courses to be run for our members.

The Security of Payment Act for the Service Industry course is proving popular with our Service Managers. As a result, we are also presenting a similar course with General Contractors in mind.

A few other things are on the boil, such as implementing new ideas into our OH&S training, and increasing both the number of course topics and course sessions available in 2009.

A survey has been released to measure the relevance of our current courses, with the opportunity to introduce new ones.

It is hoped that some of the short courses introduced in NSW over the next few years can have national recognition that can contribute towards a recognised certificate, diploma or degree.

To have your say, complete a survey by contacting Martin Dennison at martin.dennison@amcansw.com.au

What's on in NSW?

Date	Event	Contact
24 Sept 08	NEBB Technical Seminar - Jerry Bauers	Martin Dennison
29 Sept 08	Understanding Project Estimating 2.1	Martin Dennison
14 Oct 08	Security of Payment Act for Service Industry	Martin Dennison
16 Oct 08	NSW Council Meeting	Norm Argent
20 Oct 08	Understanding Project Estimate 2.2	Martin Dennison
21 Oct 08	Security of Payment Act for General Contractors	Martin Dennison
23 Oct 08	Members Briefing - Silverwater	Norm Argent
27 Oct 08	OHS & Profitable Projects - Essentials	Martin Dennison

My Say: David Eynon

WORK-LIFE BALANCE

The Building Industry Consultative Council (BICC) is working closely with the Building Commission and Industrial Relations Victoria to promote an appropriate work-life balance in the construction industry. Academic research presented to the BICC tells us that:

- Work problems and issues impact on family life more than family life effects work;
- "Burnout" is the major issue in construction;
- The building and construction industry in Australia performs more poorly than many other industries on the work-life balance score, even more poorly than the defence industry.

The research presented does not distinguish between on-site and office staff.

There is little doubt that as an industry we expect far too much from the people who work in the office situation when compared to the on-site staff. They simply do not have access to anywhere near the time off the job through RDOs and we ask them to work much longer hours each day.

Addressing the concerns and problems of the on-site staff is complex.

Managers are bound by industrial agreements and on-site practices that give employers very little opportunity to vary the statutory arrangements with the agreement of employees.

More flexible arrangements that suit both employees and the company is a legitimate area for discussion and agreement at the company or site level.

CARBON POLLUTION REDUCTION SCHEME TO INCREASE PRICE OF REFRIGERANTS

There is acknowledgement the government will proceed to introduce a Carbon Pollution Reduction Scheme (CPRS). As it is rolled out some industries will be at the forefront of consideration e.g. power generation. Others are proposing to the government there should be a longer phasing period and Australia should not proceed any quicker than our major trading partners, e.g. manufacturing industry. The argument goes - if Australia moves too quickly local industry will be disadvantaged in the world marketplace and they will either close down, or go off shore.

Based on the Green Paper released last month that is open for discussion and comment, the refrigeration and air-conditioning industries will be hit early in respect to the major changes. Refrigerant gas will be subject to the carbon tax. The price per tonne the government sets will determine the exact impact. The short answer is you can expect large increases in the price of refrigerant gas quickly -- not 5 or 10%, but increases of several hundred percent.

Steve Anderson from Refrigerants Australia outlined details of possible scenarios when he briefed a number of AMCA members recently. These issues were raised with government officials at a briefing in Sydney on Wednesday last. The officials noted the concerns raised by the industry representatives, but did not give any indication they think these are serious industry concerns.

As we all know only too well, increases in the price of refrigerant gas will not lead to reduced emissions or the use of substitute refrigerants -- there are none.

BOVIS SWIPE CARD

Unions have again taken industrial action regarding the introduction of a swipe card on Bovis Lend Lease sites. This is very disappointing as there is an Australian Industrial Relations Commission interim order banning industrial action until the Senior Deputy President has heard all the submissions from the parties and ruled that the industrial action is unlawful.

CHANGES IN TAFE FUNDING



The Minister for Skills, the Hon. Jacinta Allen (pictured), has released a major statement about future funding arrangements for TAFE.

The statement commits the government to inject \$316M over the next four years which will provide for 172,000 training places.

A training guarantee is made which is an entitlement to a government subsidised training place in recognised training that can be accessed at any time and will continue to be available for training at successively higher levels. While a person keeps moving up the qualification scale, the Victorian training guarantee will continue to subsidise their training.

Under the proposals industry training advisory boards will be strengthened. The government will rely on them to provide advice on where training places are required.

Student fees at TAFE will increase from 2009. For the next two years there will be minimal increase in TAFE fees for apprentices. A copy of the ministerial statement can be downloaded from the following web address <http://www.skills.vic.gov.au/corporate/directions/skillsreform>

LADDER BRACKETS

The Worksafe website recently carried an article on a number of new ladder brackets. There are a variety of these that include a bracket to fit over normal eave gutters but more importantly, a new bracket to secure a ladder at the head for access to factory parapets, pipe works or purlins. The other innovative concept is the brackets are all designed to attach to the required rung of the ladder and clamped before being placed in position. This effectively eliminates the problem of the ladder not being secured at the top before climbing. There is also a rung lock that ensures that once a ladder has been extended to the required working position it cannot disengage. The products are distributed by Borsel Enterprises who can be contacted on 0407 091640 or email borsel@bigpond.com. The actual products may be viewed at the company's web site which at www.borsel.com.au.



The Borsel SLE 800, for access to existing factory parapets, pipe works, steel portals

What's on in VIC?

Date

16 Sept 08
22 Sept 08

Event

Vic Executive Board meeting
NEBB Technical Seminar - Jerry Bauers

Contact

David Eynon
Lyn Dyason

My Say:

Graham MacKrell

HIGH SCHOOL CURRICULUM MODEL FOR CONSTRUCTION

There is intense competition to attract new entrants into jobs where skilled shortages are being experienced.

Our recent involvement in a 'Careers in Construction Expo' at the Gold Coast emphasised the competitive strategies being applied to get young people from Primary School upwards to get a "hands-on" feel for various trades and construction based qualifications.

The various State campaigns to market trades into schools has produced a positive outcome, our challenge continues to be to do what we can to raise the profile of our career paths and to compete with other sectors such as carpentry, brick-laying etc, where the hand-skill components can be demonstrated at an Expo.

To see approximately 1600 students having a go at various trades at an expo has set the bar for us in the construction sector. The most popular question asked by students who visited our stand was about the availability of school-based apprenticeships.

We are actively engaged with Construction Skills Queensland (CSQ) to work with seven targeted schools, where the curriculum model has been altered to allow students to stream subjects from years 8 and 9 into Trade and Para Professional outcomes. The core streaming includes English, Maths and Graphics in Year 10 and then a selection in years 11 and 12 of programs such as Engineering Technology.

Curriculum modification is a very interesting development that has the prospect of delivering students to industry with qualifications appropriate for Trade and Para Professional outcomes. The Australian Technical College model appears to be a good school-based apprenticeships solution.

POPULATION PROJECTIONS FOR QUEENSLAND

A recent Queensland Treasury report indicates the following;

- If Queensland's population experiences growth similar to the medium series projections, it will increase from 4.1 million people in 2006 to 5.9 million people in 20 years and reach 8.0 million in 50 years (2056).
- Higher growth (1.8 million people) is projected for the next 20 years than was recorded in the past 20 years (1.5 million).
- Highest levels of absolute growth are expected in the short term, with average increases of nearly 95,000 people each year to 2016.
- Growth rates between 2.2% and 2.3% each year to 2011 are predicted to ease as the size of the population increases.
- Queensland will continue to grow substantially from both interstate and overseas migration.
- Ageing of the population will cause the median age of Queenslanders to rise from 36.0 years in 2006 to 44.6 years in 2056.
- The majority of growth is projected for the older age groups with the number of people aged 65 years or more increasing more than fourfold by 2056.
- By 2031, South East Queensland will have a population approximately the same size as Queensland's current total (just over 4 million people).

MATERIAL PRICE ESCALATIONS IN A SLOWING ECONOMY

There are obvious signs that we currently have a two speed economy where States rich in mineral resources are enjoying growth rates above the national average. The substantial impact of a slowing economy will have an effect on tender prices in particular for large projects that are currently in the pipe-line over the next 24 months.

The hottest issue among the construction industry participants surveyed recently was significant material price escalation.

The most significant material escalations has been steel, with steel products associated with construction projects increasing on average by 60 per cent during the past 12 months.

The price of plastic has increased by 72 per cent during 2008 due to the compound effect of higher oil prices and diminished supply. The price of copper doubled over a six month period from January 2006 and has remained volatile since, which has sustained higher prices particularly for electrical trades but also in equipment incorporated in mechanical services. According to Davis Langdon the considerable risk involved in the market is forcing sub-contractors in some key trades to factor cost escalations into their pricing, with a subsequent flow-on effect to the main contractors and tenders generally. Environmental sustainability, wage pressures and skills shortages are contributing to price escalation.

What's on in QLD?

Date

25 Sept 08

16 Oct 08

Event

NEBB - Green Buildings Seminar

- Jerry Bauers

AMCA -QLD Council meeting

Contact

Graham MacKrell

Graham MacKrell

My Say: Alan Layton

Employment and Workplace Relations Minister, Julia Gillard, will 'have to hold her nerve' if she is to resist the mounting opposition in Labor ranks to maintaining the powers, in whatever form, of the Australian Building and Construction Commission (ABCC).

Union 'heavies', headed by the CFMEU, are engaged in a vigorous campaign to convince Labor MPs to scrap the ABCC. According to media reports, Labor MPs across the factional divide are calling for the government to reverse its pre-election commitment and fast-track the abolition of the Commission.

Unions in all likelihood are taking 'some heart' from recent comments by Murray Wilcox QC, the former judge engaged by Julia Gillard to inquire into the transfer of the ABCC into the new department to be established, Fair Work Australia. In a lengthy interview last month with The Australian Financial Review he expressed concerns over the powers the ABCC currently has to compel witnesses to give evidence. He was reported as saying: "If you're going to have a body with strong powers such as the ability to compel witnesses, you need very tight monitoring of the exercise of those powers. The ABCC does not have an effective monitor of its exercise of powers at the moment."

My guess is that the ABCC, as the industry currently knows it, is likely to disappear when it is subsumed into the bureaucracy of Fair Work Australia at the beginning of 2010. It will no longer exist in name and, judging by the public comments of Murray Wilcox, its current powers will to some extent be curtailed.

Already building industry associations are starting to show concern the way things are progressing with the Wilcox review. Michael McLean of the Master Builders Association in WA recently issued a media release stating that: "The Building unions are really trying to intimidate people to change the current arrangement and by lobbying politicians to bring forward the abolition of the ABCC. That would not be in the interests of the building industry.

It would only favour a handful of building union officials and we question their real motives."

What's making Labor MPs nervous is the potential to jail union officials. At the time of penning this article, CFMEU official Noel Washington could be jailed for six months for refusing to give evidence to the ABCC. Clearly, Labor MPs don't want to be seen to support the jailing of a union official. On the other hand, in the eyes of Prime Minister Kevin Rudd, they will be expected to support the policies that brought the Labor Party to office late last year. Somewhere in the mix of these 'competing loyalties' the future of the ABCC will be decided. Whatever happens I doubt if the 'cop on the beat', as Julia Gillard describes the ABCC, will be pounding the beat with such an effective truncheon come 2010.

'OH&S CRIMES SHOULD BE PROSECUTED', SAYS LAWRENCE

In an opinion piece in The Australian Financial Review the Secretary of the ACTU, Jeff Lawrence, in the course of commenting on the current review of the nation's OH&S laws, stated that: "The trade union movement has one simple objective from the review: to achieve the highest standards of protection for workers...OH&S crimes should be prosecuted in the most effective way to keep the focus on workers' health and safety...substantial jail sentences for directors and executives responsible are the only way to end the corporate complacency."

Making reference to OH&S law in NSW Jeff Lawrence said that all union prosecutions in that State had been successful and have brought about improvements in safety, sometimes industry-wide.

'NO NASTY SURPRISES', SAYS GILLARD

In an address to a national industrial relations summit in Sydney, the Minister for Employment and Workplace Relations, Julia Gillard said that: "There are no nasty surprises in store for anyone in the (workplace) reforms that we're making."

She reiterated that the reforms will have the following component parts:

- A fair and simple safety net comprising national employment standards and modern awards;

- Collective, enterprise-level bargaining underpinned by good faith bargaining obligations;
- A simpler unfair dismissal system;
- Protections for freedom of association;
- An independent umpire – Fair Work Australia;
- Strong compliance measures; and
- Secondary boycotts regulated by the Trade Practices Act.

The Commonwealth government intends to introduce its amendments to current workplace legislation into parliament in the spring session, which commenced on 26th August.

WILCOX CRITICISES ABCC POWERS

Murray Wilcox QC, who is conducting the current inquiry into the Australian Building and Construction Commission (ABCC), has criticised the lack of scrutiny of the Commission's compliance powers and is likely to recommend to government that stronger external oversight is introduced. In an interview with The Australian Financial Review he also expressed concerns that the current requirements for builders to comply with the ABCC are anti-competitive and locking some builders out of government tenders.

The former Federal Court judge rejected union views to abolish the ABCC as well as allegations made by some Coalition MPs and industry figures that he is 'pro-union'. Reflecting the views of Employment and Workplace Relations Minister, Julia Gillard, he said: "I think a tough cop on the beat has to be one that enforces the law for both employees and employers. Illegality in the building and construction industry is unacceptable."

KEY ISSUES FACING THE ASSOCIATION AND THE INDUSTRY

In response to a request from AMCA's National Executive Director, David Eynon, AMCA WA members identified the following issues as the most important ones facing the Association and the industry at this time:

Association:

1. Promoting AMCA members, as opposed to non-members;
2. Informing AMCA members of industry related matters; and
3. Legal advice.

Industry:

1. Cost volatility;
2. ABGR / Greens / NABERS; and
3. Skill shortages.

These and other State issues will be discussed at the upcoming National Council meeting to be held at the end of September.

What's on in WA?

Date	Event	Contact
17 Sept 08	AMCA General Meeting	Alan Layton
29 Oct 08	AMCA / AIRAH Awards Night	Jane Dennis

My Say: Chris Rankin

THE GREENS AND UNIONS - PUSH TO REPEAL ABCC ACT

On Thursday 28 August, the Greens in the Senate introduced a private members bill to repeal the Building Construction Act and axe the ABCC.

This bill coincides with the commencement of a media campaign by the building unions to pressure the Federal Government to wind up the operation of the Australian Building Codes Commission.

The publicity campaign seeks to build public support for the abolition of the ABCC before the recently appointed Justice Murray Cox Independent Inquiry into the future of the ABCC, has even begun to hear evidence on this matter.

While I was not around the industry at the time, my understanding is that between 2001 and 2003 the Cole Inquiry into the Building and Construction industry uncovered a whole range of corrupt practices, breaches of industrial law and inefficiencies that resulted in higher costs.

The resulting legislation and the establishment of the ABCC were instituted as a response to the Cole Inquiry findings. My understanding is that the ABCC ensures that standards of behaviour are maintained, that it prescribes good work practices and defends freedom of association.

In the coming months the findings of the Cox Inquiry will determine if there needs to be a change to the functions and independence of the ABCC.

Have a good month.

STRATEGIC PLANNING DAY FOR AMCA SA

On 8th August, the Executive Committee took part in a strategic planning day. Moderated by Jane Jeffreys Consulting, the intensive day resulted in the identification of a range of key areas that members of the AMCA SA expect to see progress on.

Particular issues identified included:

- Growing membership;
- Improving induction processes;
- Revising OH&S manuals and training;
- Providing legal advice on tender and contractual matters;
- Improving forecasting data; and
- Improving communications to members.

There will be a follow up session to prioritise the issues identified and to ensure there are sufficient resources and staffing to achieve outcomes to the issues identified above.

MANAGING METAL PRICES

Since last month the AMCA SA has been involved with government and other members of the Construction Industry Forum in developing a model that would manage the cost recovery on steel product cost escalation over the period of a contract.

The model will involve an index that reflects state based price escalation data over a period.

The proposal will be worked on over the coming weeks and a draft will be developed for approval and application.

CARRYING GAS CYLINDERS IN VEHICLES

A member has recently reported that a MAPP gas cylinder unit ignited in the rear of a service vehicle.



What the important message from this event was:

- not only the need to secure any gas bottles ; and

- ensure that impact cannot result in ignition / escape of gas; but
- staff must be continually reminded that in the event of such an occurrence, they automatically follow a standard operating procedure (SOP). Adherence to SOP's in an emergency is essential.

EXECUTIVE COMMITTEE UPDATE: AUGUST

At the August meeting the following key issues were included in discussions:

- Building Information Modelling (BIM): This system of integrated project delivery, linking all levels of the parties to a construction process, is a system that is likely to impact on all of us over the next two years. AMCA will be working with a range of other associations to ensure that the evolution of this world wide trend is introduced into our industry effectively.
- Risk Management: AMCA is currently working on a number of commonly used clauses in construction contracts that exposes our members to risk. Over the coming weeks we will be delivering a presentation on these issues at AMCA.
- The Executive Committee has approved a select committee to begin the process of negotiating a new employment collective agreement, which will be subsequently discussed with the CEPU.
- OH&S Reference Committee: The Executive has approved the formation of a reference group. Members are encouraged to nominate their representative. Recommendations from this group will assist in the upgrading of our existing manual and contribute to training.
- Technical Committee: With the ever increasing complexity of our industry AMCA is seeking to form an ad-hoc group to deal with emerging technical issues, such as the recently published BCA Part J5 document.

Date	Event	Contact
29 Sept 08	LDO10	
21 Oct 08	Executive and General Meeting	Chris / Maureen