JULY 2022

NATIONAL OFFICE MONTHLY REPORT

FROM THE CEO

The establishment of the Federal Government Advocacy Priorities Roadmap by the organisations has provided us with a clear direction for our engagement with the new Government. Inflation and interest rates and their impact on an already fragile industry have provided us with an opportunity to stress the importance of getting the policy settings right at both a macro and micro level.

The debate on ABCC escalated in the first week of Parliament with the move to abolish the Building Code. Master Builders was able to generate broad media interest in the issue, and it was also the subject of debate in Question Time. Our opinion piece in the AFR is replicated below.

Significant work continues to assist Member Associations in the transition, and we continue our advocating in the lead-up to the introduction of the Act to abolish the ABCC in the Spring sittings.

Scrapping watchdog unleashes union bullies on building sites

ABCC abolition

The Albanese government is departing from the policies of the Hawke, Rudd and Gillard governments. which stood up to militant construction unions.



Denita Wawn

The federal government's decision to fasttrack the dismantling of the construction track the dismantling of the construction industry watchdog, the Australian Building and Construction Commission, is an inauspicious industrial relations turning point. It is an abandonment of two decades of bipartisan recognition that the

on bipartisani recognition that tree construction sector requires industry-specific regulation and oversight. It is a decision that exempts construction unions from complying with community standards of behaviour, and it will drive up costs and undermine productivity in the \$220 billion construction industry, which is worsening inflationary pressures. The Albanese government is poised to

make a major departure from the policies of the Hawke, Rudd and Gillard Labor governments, which stood up to militant

construction unions.
In 2008, then-industrial relations minister
Julia Gillard commissioned Murray Wilcox, OC, to conduct an inquiry into the need for a specialist construction industry regulator and its powers. In his report, Wilcox concluded that the "work of the ABCC is not yet done" and recommended that an industry watchdog be maintained.

Today, the need for a specialist watchdog is reflected in the cases the ABCC has brought to court. Overwhelmingly, these have focused on instances where construction unions and their officials have targeted contractors, subcontractors and workers with unlawful industrial tactics to bully, coerce and intimidate them into signing up to union deals.

It is disingenuous in the extreme for people who know better to assert that the primary focus of the ABCC has been to stop construction unions flying their flags from the top of cranes. Since it was re-established in 2016, the ABCC has brought more than 100 cases to court, and only one involved the display of construction union motifs

display of construction union motis. Earlier this year, the High Court found that the Construction, Forestry, Maritime, Mining and Energy Union had implemented an "industrial strategy pursued without regard for the law" in a

Abolishing the industry watchdog will have substantial negative flow-on effects.

case where the CFMEU had prevented an

apprentice from working unless they became a member of the union. In another recent example, a Federal Court judge said "the time when enough our judges and me line wine relations with the law by this union, its immediate predecessor and ... others in history and its officials, has well and truly passed.

The critics of the ABCC cannot simply the critics of the ABCC cannot simply the control of the

ignore the continuous succession of court

judgments documenting this reality.
Overall, the courts have found more 2500 breaches of the law by construction unions,

which resulted in more than \$16.5 million in fines. The courts have found there was:

- Unlawful industrial action | More than 1400 breaches resulting from more than 20 cases, leading to \$3.6 million in fines.

 ■ Coercion | More than 470 breaches
- resulting from more than 32 cases, leading to \$5.9 million in fines.
- Right of entry| More than 300 breaches resulting from 40 cases, leading to \$4.2 million in fines.

 Freedom of association| More than 120
- breaches resulting from 15 cases, leading to \$900,000 in fines
- Unlawful picketing| More than 20 breaches resulting from four cases, leading to \$1.03 million in fines.
- Misrepresentation | Almost 30 breaches resulting from six cases, leading to \$380,000

in fines.
Federal Court judgments have repeatedly found that the unlawful behaviour that led to these penalties is reflective of a toxic culture. This culture prevails only in the

construction unions.
Abolishing the ABCC cannot be separated from the economy and economic management. Changing the industrial relations system is one of the strongest economic levers that any government has at its disposal, and abolishing the construction industry watchdog will have substantial negative flow-on effects.

Economic modelling from EY. commissioned by Master Builders, has found that scrapping a specialist construction regulator will have major economic costs and risks. It will drive up inflation just when the Reserve Bank is ng interest rates to tackle it, and will result in a \$47.5 billion reduction in economic activity by 2030. This is likely to adversely affect manufacturing and service businesses, given the deep linkages these industries have with construction

EY also found that abolishing the ABCC will result in cost blowouts for the construction of the substantial pipeline of taxpayer-funded infrastructure. The modelling found it would cost taxpavers in the order of \$9.5 billion by 2029, and result in an estimated reduction in investment in infrastructure of \$45.6 billion by 2030.

Other findings included that output in the

construction industry could fall by about \$35.4 billion by 2030, with higher construction costs making fewer projects possible as capital is reallocated. The government is under enormous

pressure from the union movement to exempt construction unions from any accountability for their unlawful tactics, but fighting inflation, protecting growth and boosting productivity must be its priority.

Leaving the construction sector without a specialist regulator will undermine the and recovery from the pandemic, and subject the people working in our industry to unacceptable bullying and harassment from construction unions

Denita Wawn is chief executive of Master



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NATIONAL ECONOMIC DATA SNAPSHOT

NON-RESIDENTIAL BUILDING

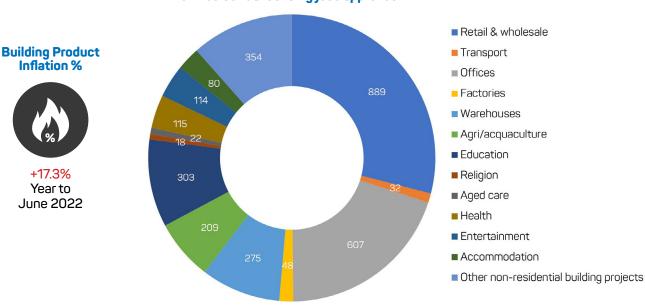
June 2022

3,066 non-residential building jobs valued at \$5,282.2 million were approved nationally.

\$1,722,831 average value of non-residential building jobs approved.

35.5% public sector share of non-residential building jobs approved.

Non-residential building jobs approved



CIVIL CONSTRUCTION

Civil construction work, March 2022 quarter (\$m)



Civil works by activity, March 2022 quarter (\$m)

	Started	Done	To be done
Bridges, railways and harbours	\$3,562.2	\$3,353.2	\$16,943.1
Roads, highways and subdivisions	\$9,503.7	\$5,770.3	\$23,775.5
Water storage and supply, sewerage and drainage	\$2,251.5	\$1,530.2	\$7,421.2
Electricity generation, transmission and distribution incl pipelines	\$4,133.9	\$3,704.3	\$10,791.4
Telecommunications	\$1,597.2	\$1,598.8	\$123.5
Heavy industry	\$9,150.7	\$5,575.7	\$26,500.0
Recreation & other	\$1,483.7	\$1,509.9	\$1,436.0
TOTAL	\$31,683.0	\$23,042.3	\$86,990.5

RESIDENTIAL BUILDING

House prices: year to July 2022



Unit prices: year to July 2022



+16.1%

Capital city

Regional markets

Rental price changes in Australia

+0.7% During June 2022 quarter



+1.6% Over year to June 2022 quarter

Building approvals: June 2022





16,461

Total new home building approvals

-17.2% change on June 2022 9,910
Detached houses
-22.1%
change on
June 2022





6,552

Units/apartments

-8.4% change on June 2022 \$1,116.1 million

Home renovations

+4.5% change on June 2022

Residential building work during March 2022 quarter

COMMENCED NEW HOMES

227,294 All dwellings

143,480

Detached houses

82,898

Apartments/units

COMPLETED NEW HOMES

177.774

All dwellings

114,775

Detached houses

62.999

Apartments/units

New homes still under construction on 31 March 2022



240,065 All dwellings

102,584 Detached houses

137,481Apartments/units

New homes approved but not yet commenced as at 31 March 2022



30,122 All dwellings

13,043 Detached houses

17,079

Apartments/units

Lending indicators: June 2022

4,436 Loans to owner occupiers for construction of new home

-25.9% change on June 2022

2,408 Loans to investors for construction of new home

+42.9% change on June 2022

2,821 Loans to owner occupiers for residential land purchase

-19.2% change on June 2022

1,604 Loans to investors for residential land purchase

+37.1% change on June 2022



First Home Buyers share of loans

LABOUR MARKET June 2022



CONSTRUCTION WORKFORCE



1,185,053
People employed in construction in Australia

318,826 Resi/commercial builders

107,379 Civil construction builders

758,849 Resi/commercial subcontractors

8.7% Of A jobs cons

Of Australian jobs are in construction

12.9%

Account for women working in Australian construction

CONSTRUCTION BUSINESSES

410,763

Construction Businesses (at 30 June 2021)

Number of workers



232,111 0 **172,925** 1-19 **5,519** 20-199 **208** +200

Turnover



20.9% turnover >\$50,000

1.4% turnover <\$10m

CONSTRUCTION INDUSTRY APPRENTICES AND TRAINEES

111,670

Construction apprentices in-training (at 31 December 2021)



50,475

new starts (year to December 2021)

19,695

completions (year to December 2021)

7.1%

Female share of construction apprentice commencements (year to December 2021)



5,257apprentice carpenters in training



3,134 apprentice plumbers in training

PRIORITY POLICY ISSUES

POLICY AREA	KEY ACTIONS	ISSUES PROGRESSING
Building Regulation	should be made aware of seminars. Ke include: New volume structure and clause refere safety for external walls Egress provisions for early childhood Bushfire protection for Class 9 built Waterproofing Masonry	od centres and primary schools
Contracts	 Standards Australia - General Conditions of Contract The review of AS4000 continued this month with National Office attending another meeting of the technical committee tasked with its review. Despite being over 25 years old and in need of a re-vamp, the contract is still widely utilised across the building and construction industry. The committee was tasked with finalising the list of items for review, which include updating references for currency, inserting provisions that deal with GST as well as a formal instrument of agreement into the contract. We have also sought clarification around a number of definitions, as well as the duties of superintendents as well as a review of circumstances that would constitute a qualifying cause of delay. 	Despite the process being resource intensive, it is vital that the National Office continues to be actively engaged to ensure the best possible outcomes for builders who are a party to the contract.

- Unfair Contract Terms This month the Government made the announcement that it would introduce legislation in the first sitting period on its election commitment on unfair contract terms.
- The Government states that the legislation will introduce fines for use of or reliance on unfair contract terms, allowing the regulator to seek a civil penalty from the court. The small business threshold will increase to 100 employees and introduce an annual turnover threshold of less than \$10 million.
- National Contracts Advisory
 Committee The NCAC has not met
 formally in recent months, however,
 continues to deal with matters out
 of session, such as revisions to
 government procurement rules and
 by providing direct feedback in to the
 AS 4000 review process.

- Although the Bill has yet to be tabled, the ALP's pre-election policy on UCTs raised a number of concerns, given the unique commercial nature of the BCI.
- The National Office will continue to argue that Unfair Contracts Laws should be limited in scope and confined to 'standard form, take it or leave it' contracts. Any proposed changes to their scope must be evidenced based and allow parties to simply and quickly determine their application. We will also argue that Unfair Contract Laws should exclude standard from domestic building contracts.
- A face-to-face meeting of the NCAC will be scheduled for the coming months.

Economy & Productivity

- Building product price inflation hits
 47-year high Latest ABS data
 indicates that the cost of building
 products rose by 17.3 per cent over
 the year to June 2022, the most rapid
 pace of increase since June 1975. Over
 the past year, the most intensive cost
 pressures affected steel products
 (+39.1 per cent), timber, board and
 joinery products (+24.2 per cent), nonsteel metal products (+18.4 per cent)
 and ceramics (+14.7 per cent).
- Cost pressures remain relatively modest for a handful of products including concrete, cement and sand (+4.2 per cent) and installed gas/ electrical appliances (+4.2 per cent).
- Interestingly, there are some noticeable geographic variations: Melbourne (+20.0 per cent), Brisbane (+18.7 per cent) and Perth (+18.0 per cent) saw the fastest cost increases while Sydney saw the smallest rise (+12.9 per cent).
- Along with acute labour shortages, the sharp escalation in the cost of materials has contributed to a large deterioration in the cost of building output. Over the year to June 2022, house building output prices rose by 19.8 per cent across Australia.

- Economic forecasts The latest set of Master Builders Australia industry forecasts to 2026 are due for release shortly. The revised set of projections cover residential building, civil/engineering construction and non-residential building activity for all eight states and territories.
- Since our last set of forecasts at the end of 2021, the economic landscape has seen major changes. The RBA increased interest rates for the first time in over a decade against the backdrop of surging inflation and the lowest unemployment in nearly 50 years. Building and construction did well during the pandemic but is set to move into reverse gear for a time. Over our forecast horizon to 2026, engineering construction will probably fare best while residential building faces the strongest headwinds.

- Interest rates increase Australia's annual inflation rate clocked in at 6.1 per cent during June 2022, the fastest pace of price rise since 1990. This was one of the factors which prompted the RBA to increase its official cash rate by another 50 basis points at the start of August, the fourth successive month this has occurred. Since May, there have been 175 basis points of interest rate increases. This has taken the official cash rate from just 0.10 per cent at the start of May to 1.85 per cent today.
- Pricing on financial markets suggests that the final interest rate rise is likely to occur around March 2023, with the cash rate set to peak at around 3.35 per cent. This means that another 150 basis points worth of interest rate increase probably lie ahead over the next 6 months or so.
- By increasing interest rates so aggressively, the RBA is seeking to force inflation back down into its target range of 2-3 per cent. The problem is that economic growth and job creation are likely to suffer over the short term to bring this about.

- Master Builders Australia federal budget submission – In late July, federal Treasurer Jim Chalmers set out the government's latest economic projections in a keynote Ministerial Statement on the Economy. From 6.1 per cent currently, the Treasurer expects the inflation rate to start declining during 2023 and fall back below 3 per cent during 2024. In the meantime, economic growth is likely to slow as a result of higher interest rates and the unfavourable international backdrop.
- Against this backdrop, a federal budget is being prepared and is set to be announced on a date in October. The Treasurer has indicated that budget repair will be one of its main objectives, given that the government debt is close to its highest since WWII.
- Master Builders Australia is in the process of preparing a submission to government ahead of budget day. It will outline the key challenges currently facing our industry and propose potential solutions as well as policy initiatives to help Australia's building and construction industry meet our nation's needs over the coming decades.

Industrial Relations

- Building Code 2016 On Sunday 24th July the Government announced major changes to the Code of Practice for the Tendering and Performance of Building Work 2016, as part of its plan to abolish the ABCC. Although only announced by media release, the National Office circulated an advice to NIRAC the next day which provided a preparatory overview of the changes and likely impact. A meeting of NIRAC was held the same day to discuss changes and ramifications. The next day a more detailed advice was distributed, following the release of an EM to the Amendment Instrument that provided detail of the changes. The Amendment Instrument was tabled later that same day, confirming the accuracy of the earlier advice. An amended version of the Code was distributed later that evening to assist members.
- The National Office assisted in providing information and data to a wide range of parties about the changes and reasons why we need to keep the ABCC. This will be ongoing and a further NIRAC is planned for the first week of August to assess ongoing ramifications.

- Family and Domestic Violence Bill –
 The Government has introduced a Bill to create an entitlement to 10 days paid family and domestic violence leave in the National Employment Standards. Upon introduction, the National Office created an overview of the Bill for distribution to members.
- Fair Work Commission
- Commission proceedings
- One of the few outstanding matters to be settled in the 4 Yearly Review is the National Training Wage (NTW) proceeding, wherein the unions (somewhat inexplicably) are seeking to significantly limit the number of traineeships listed for employees engaged under the On-Site Award.
- The National Office filed submissions on 27th July that any awardspecific NTW Schedule should not limit, or inadequately reflect traineeship opportunities available under the various State/Territory training regimes.
- Other engagement The National Office continued its interactions with other government agencies and stakeholders on IR-related matters, including meetings held with OFSC, ABCC, COIL, NWRCC plus other key industry associations.
- National Industrial Relations
 Advisory Committee Following
 the rapidly unfolding developments
 with respect to the Building Code
 2016, NIRAC met on 25th July via
 Zoom to review and discuss the
 impact of the changes.

- The Bill will likely go before a Senate Committee before being reconsidered by Parliament, with expectations that it will pass unamended. If so, the changes will commence in February 2023 and the National Office will provide more guidance about the changes for use of Members.
- Given the worsening skills shortages currently being experienced across the industry, it was key that we emphasised to the Commission that any amendments to the Award that limit or remove any applicable training opportunities for BCI employees should be strongly resisted.

- As the government implements its agenda, it will be crucial that we maintain our close engagement with both government and relevant department representatives, as well as other like-minded industry associations.
- The significance of, and swift nature by which, the amendments to the Code were implemented cannot be understated.
 We were extremely disappointed in the Government's lack of consultation with industry and will continue to press the need for an industry-specific regulator.
- The National Office is encouraging members to provide any feedback as to the effect the Code changes are having on the ground.

Jobs & Skills

- National Jobs & Skills Committee
 - The Committee met on 5 July.
- Key areas for members included skills and labour shortages, RTO transition to new CPC quals, expansion of unaccredited training to meet immediate needs, attracting women and retaining apprentices.
- Denita joined the group, providing a brief on the federal election environment and Board endorsed policy priorities for the year ahead – Industry Clusters, workforce needs and mobility, and VET quality and funding.
- Jobs and Skills Summit The Summit, to be held in 1–2 Sept in Canberra, will bring together governments, unions, employers, and communities to address shared challenges.
- The Treasurer has the final say on the tight-lipped attendee list which should be known in August.
- The Summit is a precursor to an Employment White Paper, both of which will focus on wages, productivity, job security, skills, migration, climate jobs, the gender divide, and VET. The National office is preparing a briefing for state associations.
- ACCI Employment & Skills
 Committee The Committee met on 28 July with the meeting focusing on the Jobs and Skills Summit, priorities for the October Federal Budget, and apprentice incentives and retention.

Industry Clusters

- Clusters will advise on workforce strategy, skills needs and training products.
- Master Builders led the development of a Stage 1 industry application.
- Timeframes are delayed with the government advising Stage 1 outcomes will be announced in August.
- The Jobs and Skills Australia / Clusters relationship is to be determined.

Training Project: Silica

- This project is delayed due to Skills Ministers not supporting the awareness unit.
- The AISC is seeking info from Ministers to clarify the rationale and, hopefully, to resolve issues and get the project finished
- Silica project page.

Training Project: Waterproofing

- The project has finished QA and is with state training authorities for sign off.
- Waterproofing project page.

Training Project: Prefab Concrete Installation

- The project is in the final stages ahead of submission to the AISC for approval. No issues are anticipated.
- Precast Concrete page.

Latest Data

- MBA workforce analysis estimates 477,000 workers will be needed between May 2022 and November 2026 to meet forecast growth and replacement levels in the building and construction industry. This includes 200,000 trades, equating to nearly 350,000 apprentice commencements.
- Labour force analysis puts the construction workforce at 1.18m workers. 95% are in residential and commercial, 12.9% are female and 31% are in NSW. Construction is larger now that last quarter, last year, and pre-covid.
- Payroll jobs and wages data indicates construction jobs have increased 4.1% since the start of the pandemic and wages are up 8.7%. However, this is below the average across all industries of 6.8% for jobs and 11.1% for wages.
- Online job ads in June are up 70% on the 10 year average. Low unemployment and a 60,000 backlog of visa applications will mean difficult times for employers needing staff.

Work Health & Safety

- Safe Work Australia The National Office has continued direct engagement with SWA and its members, attending meetings as ACCI's key member representative in a number of important forums. This included a follow-up workshop on how to obtain greater consistency amongst WorkSafe Regulators with respect to their enforcement and compliance policies, as well as part of the ongoing review of incident notifications.
- Crane Working Group Following SWA's recent review of the crane licensing SWA has now determined that issues raised during the review process, including the bundling of certain crane licenses and the quality and consistency of HRW training and assessment, will now be the subject of regulatory impact process.
- Master Builders has nominated Daniel Dunne from members Paynters to sit on the Working Group tasked with reviewing submissions and scoping the review.
- Standards Australia The National Office continued its representation on a number of safety-related standards committees including those relating to pre-fabricated concrete, scaffolding and WHS management systems (SF-001).
- The meeting of SF-001 this month was largely convened to discuss the potential identical adoption of the ISO's Management of Psychosocial Risk Guidelines.

- Members will recall that SWA recently published a number of draft amendments arising from the Boland Review. These include draft regulations to deal with psychosocial hazards and risk. Despite being agreed by SWA Members, the changes have still yet to be enacted under State/Territory law.
- The National Office will continue its engagement with SWA as a key stakeholder. This is particularly important as State/ Territory governments progress their own WHS agendas. The National Office will maintain its evidence-based approach to WHS policy, while maintaining pressure on governments to focus on initiatives that deliver real safety outcomes.
- The National Office will be closely engaged with the RIS process and notes the importance of this work given crane operations attract high-risk work status under WHS laws.

- Standards representation continues to be extremely important and provides our members with the opportunity to directly feed into the standards development process, which are increasingly featuring in regulatory settings.
- As previously noted, the National Office continues to hold concerns that adopting the ISO Psych Guidelines as an Australian Standard would add further complexity to the already saturated and confused landscape in this area.

- Silica
- Model Regulations
- SWA has recently commenced a regulatory impact assessment process to consider the merits (or otherwise) of changes to the Model WHS Regulations around the regulation of processes dealing with silicacontaining materials.
- The National Office met this month with ACCI's Silica Reference Group this month to discuss the options proposed in the RIS consultation paper and determined to circulate a survey amongst members on how industry addresses silica-related hazards.
- OFSC The National Office continues its close engagement with the OFSC as a member of its Industry Reference Group engagement and WHS Accreditation Scheme Review Advisory Board.
- Psychosocial risk Governments and non-government organisations across the country continue to take differing approaches to the regulation of psychosocial risk.
- As noted above, SWA has also published draft model regulations to manage psychosocial hazards in the workplace.
- National Work Health and Safety
 Committee The NWHSC has not
 met formally in recent months,
 however, continues to deal with
 matters out of session. This includes
 providing feedback on the various
 SWA consultations and associated
 regulatory amendment processes.

- The survey will be circulated amongst members in the coming days. This is extremely important work as some of the proposed changes to the Model WHS laws are impracticable and are not based on sound evidence that they will in fact improve safety outcomes.
- The National Office will continue to work with other key stakeholders to ensure the views of collective industry is heard on this important issue during the RIS process.
- Noting the Government's announcement that the OFSC will be retained (the details of which have yet to be confirmed) we will continue to work closely with the agency with a view to improving overall safety in the industry.
- We hold concerns that by not enacting the model regulations, State/Territory governments are entertaining further changes to the regulations at the local level, despite them having been agreed around the SWA table.
- This is yet another frustrating example of why the uniform model (and SWA process more broadly) is broken and in urgent need of repair. We will continue to put pressure on the government to address these issues as they are leading to ever-increasing confusion for members and ultimately substandard safety outcomes.
- The Committee's agenda continues to grow as governments collectively roll-out significant WHS reform. The importance of advocacy at the State/Territory level is key with the ongoing diversion from the Model Laws gathering pace.

WOMEN BUILDING AUSTRALIA

BUSINESS RESILIENCE

Reporting requirements for the grant has meant that WBA submitted its mid-year report on WBA's activities over the first half of 2022. The focus has been on the national mentoring program and career expos.

- The national mentoring program continues until November with a record 80 matched mentee/ mentor pairs.
- WBA has attended 10 expos up to July, with the final 3 of 2022 happening in August.

The second half of 2022 sees WBA's focus move to the female-led business register and ramping up delivery of business resilience training.

FEMALE LED BUSINESS REGISTER

The WBA Female Led Business register highlights amazing businesses that women are running in the industry. These are businesses that women partially or wholly own, or women may be in a key leadership role such as C-level executive, key managerial position, a sole trader, or the workforce is predominantly female.

The register highlights the network of female entrepreneurs and leaders of businesses both small and large in the industry. It is a single location that helps clients and suppliers source and supports these businesses. The register is also valuable for vulnerable people who prefer to use female builders or tradespeople.

WBA has updated the register's look and feel, providing more polished marketing messaging to participating businesses. WBA will also produce a TVC and run a campaign to significantly boost the numbers of registered businesses and users of the register.

Be sure to follow us on our social media handles for timely updates on all WBA Activities at the below links:



@WomenBuildingAustralia



@womenbuildingaustralia



in @women-building-australia

KEY DATES IN AUGUST

Thurs 4 Aug National Board Monthly Meeting

Tues 9 Aug Fortnightly Executive Directors Meeting

Thurs 11 Aug National Risk Management Committee Meeting

Thurs 18 Aug National Finance Committee Meeting Tues 23 Aug Fortnightly Executive Directors Meeting