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THE BALM FOR TROUBLED TIMES IS A FAIR DEAL FOR ALL

IN MY OPINION



RADLEY DE SILVA

FACED with recent persistent publicity about industrial thuggery and lawlessness in the building and construction sector, I am sure I have not been alone in being deeply saddened and worried for the future of our industry.

We are at a crossroads in the history of our sector, where we could choose to make decisions for reform, efficiencies and the rule of law, or continue down the destructive, combative approach of the past, which is costly to our industry and the community at large.

With the current industry enterprise bargaining agreement having passed its nominal expiry date, and the next round of negotiations due to begin, there is a significant opportunity for the leaders in our industry to show the integrity and foresight to make changes and create the best

possible EBA outcome for the industry.

In a post-mining boom economy, and with declining investment in infrastructure and commercial construction in Victoria, we need to act now to boost commercial opportunities in the sector. Victoria's building and construction industry is a central economic pillar of the state, delivering more than 200,000 jobs and generating considerable taxes and output for the economy.

But most importantly, the sector produces the social infrastructure such as roads, hospitals, schools, parks and community centres that we all rely upon for our continued way of life.

Our standard of living is under threat. We already face a significant challenge in ensuring that we have the necessary roads and housing infrastructure to accommodate future generations.

A recent Infrastructure Australia report highlighted that the cost of congestion on Melbourne's major roads will amount to more than \$9 billion a year by 2031. That report showed that the costliest stretch of road in 2011 was the area where the scrapped East West Link would have been built.

Decisions in our industry can be costly and as we face the challenge of coping with a rising population, we must ensure that those decisions are made with the long-term benefit of Victoria's community in mind.

While times were good,

margins strong and jobs in abundance we could afford to weather the costs of EBA wage demands and inflexible working practices.

Times have changed. We can't sit back and simply accept the standard CFMEU industry EBA that is no longer in either the employers' or the employees' best interests.

As we prepare to enter a new round of negotiations, it is

crucial we pursue and achieve fair terms and conditions of employment through a wage structure that will attract and retain the very best people to our industry, while ensuring that compensation is kept at a sustainable level.

The continuation of the status quo of compounding wage increases at around double the rate of inflation, without productivity improvement offsets, is not sustainable. It outstrips wage rises elsewhere.

This has a serious and detrimental effect on the competitive and economic health of the industry. And with rigidities built into the EBA, such as fixed rostered days off timetables, there are further limits on the capacity for wage increases.

Add to this the plethora of costs borne by business through industrial unrest — such as lost work days, program acceleration costs and daily hire of equipment.

We look forward to the implementation of further reforms arising from the Heydon Royal Commission into Trade Union Governance and Corruption.

This is a community problem. When excessive costs hinder business operations, this has a flow-on effect in terms of lost jobs and lost infrastructure.

Employers and unions have a responsibility to ensure that Victoria's building and construction industry remains an attractive place to work, do business and invest. This can only be achieved if we are able to negotiate the strongest possible EBA outcome for all parties and realise a genuine demonstrated commitment to the rule of law on our worksites.

We have an unprecedented opportunity to make changes and reforms that will enhance the commercial viability of the industry and create investment certainty by eradicating the bad performance of the past.

Master Builders stands ready to negotiate the best possible EBA agreement for our industry and the community.

Radley de Silva is Master Builders Association of Victoria chief executive.