

Wednesday, 25/05/2016

EBA WAGE AGREEMENT COSTS VICTORIAN TAXPAYERS HUNDREDS OF MILLIONS

“Today’s adoption by the CFMEU of an annual 5 per cent wage increase for the next three years, and other stipulations that increase costs of commercial and engineering infrastructure projects, is a very disappointing result for the building and construction industry and the Victorian community,” Master Builders Association of Victoria CEO Radley de Silva said.

“For example, the combined impact of continued 5 per cent wage increases means an increased cost of \$806 million to deliver government infrastructure over the next four years – this is a lost opportunity to Victorians of ten schools and three hospitals,” Mr de Silva said, referring to newly-updated research compiled by Deloitte Access Economics.

“Crucial infrastructure projects may never materialize because EBA wages are already so high, and will now soar out of reach except for a small handful of construction companies who are able to yield to the union’s demands,” Mr de Silva said.

“Without major productivity improvements to offset the considerable added cost of doing business with the union, our state faces an unsustainable waste of money that it can ill afford, especially when Victoria is in such dire need of infrastructure projects such as schools, aged care facilities and major transportation works,” Mr de Silva said.

“The population of Victoria is growing faster than that of any other state in the country. Providing for the needs of our residents, both old and new, runs the risk of becoming a fantasy instead of a reality,” he said.

“There are no winners associated with this proposed agreement, with the construction sector and Victorian taxpayers, having to foot the enormous bill.

“We need to recognise that construction industry EBA employees are already very well paid, especially compared to those in other industries across the economy – therefore wage rises above inflation rates should only occur where there are offsetting productivity improvements to justify those increases,” Mr de Silva said.

“The starting point of any industry EBA agreement should be sustainable wage increases – and this means that increases above inflation should be justified by offsetting productivity improvements.”

The full Deloitte Access Economics report can be found [here](#).

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