



CEO UPDATE

MASTER BUILDERS AUSTRALIA

11 July 2014

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Workplace Relations

New Law Commences to Protect Third Parties from Strikes

A new Fair Work Regulation has been introduced by Senator Eric Abetz, Minister for Employment, which allows affected third parties to make applications under section 424 Fair Work Act (principally dealing with industrial action that causes significant harm to the Australian economy) to stop or suspend protected (lawful) industrial action. *Fair Work Amendment (Protected Industrial Action) Regulation 2014* available [here](#). This remedy is a potentially powerful weapon for affected third parties (including the State of Western Australia which the regulations specifically cover) in federal industrial disputes. On 10 July 2014 Senator Janet Rice, Australian Greens, moved in the Senate to disallow this regulation.

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Australian Workplace Productivity Agency Repeal Bill Passed

On 4 June 2014 the *Australian Workforce and Productivity Agency Repeal Bill 2014* (Bill) [here](#) which seeks to repeal the *Australian Workforce and Productivity Agency Act 2008* to abolish the Australian Workforce and Productivity Agency was introduced into the House. The Bill passed Parliament on 24 June 2014 and took effect on 30 June.

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Master Builders Makes Two Submissions to Royal Commission

Master Builders National Industrial Relations Advisory Committee met on 4 July 2014 in Sydney. The meeting work-shopped submissions on two of the Issues Papers released by the Royal Commission into Trade Union Governance and Corruption on [Duties of union officials \[PDF 174KB\]](#) and [Funding of trade union Elections \[PDF 222KB\]](#). Submissions will be lodged by Master Builders on the due date for publication, 11 July 2014, a very short time frame for response. Meanwhile on 7, 8 and 9 July 2014 the Royal Commission heard evidence in relation to the CFMEU with some explosive claims about threats and standover tactics making media headlines.

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Critical Threshold for Fair Work Act Triggers Increases

From 1 July 2014 the high income threshold under the *Fair Work Act* has increased in line with the annual indexation process. The Fair Work Ombudsman has recently confirmed that the high income threshold increases from \$129,300 to \$133,000 with effect from 1 July 2014. The threshold is important for setting the level where the ability of an award/agreement free employee to apply for an unfair dismissal remedy is able to be challenged. In addition, this is the level at which an employer must provide an employee with a guarantee of annual earnings so that a modern award has no application to that employee. More information is contained in the Master Builders' Human Resources Manuals.

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Other WR Changes from 1 July 2014

- The superannuation guarantee contribution rate has increased from 9.25% to 9.5%.
- The casual loading for award/agreement free employees has increased from 24% to 25%.
- All modern award minimum wage rates have increased by 3% (rounded to the nearest 10 cents).
- Filing fees for unfair dismissal and general protections applications have each increased to \$67.20 per application.

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Modern Award Review 2014

There are two simultaneous processes in the 4 yearly review of modern awards. One is the "Award Stage" where each modern award will be reviewed having been allocated to one of four tranches, with the On Site Award being in the last tranche. The second is the "common issues" stage where general proposals for significant variation or change across the award system are at issue. A variety of "common issues" have been foreshadowed including Master Builders' challenge to regulation of WHS via modern Awards. The first two: "annual leave" and "transitional provisions" are under way.

Annual Leave

Responses to the ACTU's annual leave claim are due 1 August 2014. The ACTU is seeking payment of annual leave loading on termination in all awards which do not currently provide this payment.

Transitional Provisions

Unions are seeking a continuation of accident pay provisions where these provisions were preserved until 31 December 2014 by the transitional provisions in the Act, inclusive of a

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change to the On Site Award. Master Builders has indicated its opposition to the application in a submission letter dated 8 July 2014 to the Commission.

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Master Builders Moves On Right of Entry Law Reform

On 25 and 26 June 2014 Master Builders presented material on the urgent need to reform Australia's laws relating to union right of entry. On 25 June Master Builders addressed the ACCI National Work Health and Safety Committee on reforming WHS right of entry laws. On 26 June 2014 Master Builders provided a [paper](#) to a national conference on industrial relations setting out Master Builders' complete reform agenda.

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Legal and Contracts

New online dispute resolution tool for small businesses released

On 24 June 2014, the Minister for Small Business, the Hon. Bruce Billson MP, launched 'Dispute Support', a new online dispute resolution information and referral tool for small businesses. The online tool aims to assist small businesses quickly and easily find the information to resolve a business dispute and identify the most appropriate low-cost dispute resolution service. Dispute Support also provides information on understanding and managing disputes and tips to help avoid disputes in the future. Dispute Support was developed by the Australian Small Business Commissioner (ASBC) in conjunction with representatives from state and territory governments, including state Small Business Commissioners.

Dispute Support is available on the ASBC's website at www.asbc.gov.au/disputesupport

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ASIC Releases New App to Assist Small Business

A free smartphone app developed by the Australian Securities and Investments Commission (ASIC) should help members undertake important checks before they enter into business transactions with other organisations. Available for smartphones and tablets, ASIC Business Checks encourages business owners to:

- Ask the right questions about the company, business and individuals they're dealing with;
- Check ASIC's registers and verify that the information they've been given is accurate;
- Seek ASIC's help if they need more information or the support of a professional business adviser; and
- Report suspected misconduct to ASIC if they believe a company, business or individual is acting unlawfully.

ASIC Business Checks is available now: visit iTunes or Google Play to download.

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ACCC to take Action Against Electrodry Alleging Fake Testimonials and Reviews

The ACCC has instituted proceedings in the Federal Court against A Whistle (1979) Pty Ltd, the franchisor of the Electrodry Carpet Cleaning business, alleging that it was involved in the posting of fake online testimonials. Electrodry is a franchised business that provides carpet, drapery, grout, upholstery and mattress cleaning services with over 100 franchises in Australia. See <http://www.accc.gov.au/media-release/accc-takes-action-against-electrodry-alleging-fake-testimonials-or-reviews> for more.

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Australian Brick & Blocklaying Training Foundation – ACCC Determination

The ACCC has decided to re-authorise the Australian Brick & Blocklaying Training Foundation, Think Brick Australia and the Concrete Masonry Association of Australia and their members to impose a levy of up to \$2 per 1,000 clay bricks and 10 cents per square metre on concrete masonry walling products, and for members of Think Brick Australia and the Concrete Masonry Association of Australia to agree to match the levy. The funds will be used for programs to address the skill shortage in bricklaying. Master Builders made submissions on the original application and on the draft determination. The ACCC has granted authorisation until 25 July 2024. See <http://registers.accc.gov.au/content/index.phtml/itemId/1170383/fromItemId/278039/display/acccDecision>

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Work Health and Safety

New Guidance Materials Replace Codes of Practice

Nine packages of revised guidance material agreed by the majority of Safe Work Australia Members were published on Friday 4 July 2014 on the Safe Work Australia website. Master Builders provided comments on the draft guidance material dealing with a number of the packages. The topics are:

- Workplace traffic management
- Managing Cash-in-transit security risks
- Industrial lift trucks
- Managing risks in forestry operations
- Amusement devices
- Safe design, manufacture, import and supply of plant
- Working in the vicinity of overhead and underground electric lines
- Formwork and falsework, and
- Scaffolds and scaffolding work.

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The material is available at: <http://www.safeworkaustralia.gov.au/sites/swa/model-whs-laws/guidance/pages/guidance-material#T>

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Drugs and Alcohol Testing in Victorian Construction

Mandatory random and 'for cause' drug and alcohol testing for the construction industry was introduced on Friday 20 June 2014. New Guidelines relating to safety drugs alcohol and site security now apply. From 1 July, construction companies where the value of the Victorian project is \$10m or more will be required to conduct random workplace drug and alcohol tests, and use best-practice security measures, to be eligible to tender for Victorian Government projects. Head contractors that are intending to tender for State Government funded projects, where the value of the project is \$10m or more, will be required to include details of their Drug and Alcohol testing policies in the Workplace Relations Management Plan (WRMP) that they submit to the Construction Code Compliance Unit (CCCU). Master Builders is monitoring this development with a view to seeking similar provisions in the national Code.

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Economics and Taxation

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Training

Minister sets agenda for VET reform

Industry Minister Ian Macfarlane gave a keynote address to the National Skills Summit on 25 June, announcing the release on new streamlined draft training provider standards with a focus on quality assessment and validation. The draft standards are open for submissions until 23 July. The Minister also announced the formation of a new skills advisory council that would be chaired by industry and have an industry majority. There was a commitment to further reduction of red tape in training, and to 'next generation' apprenticeship services through an upcoming tender, with the aim to make a material difference to apprenticeship completions.

Further details of the reform agenda are available here:

<http://www.vetreform.industry.gov.au/news/minister-industry-outlines-his-vision-vet-reform>

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Another 12 months of CAMS supporting apprentices

Master Builders has signed a contract with the Commonwealth to continue CAMS mentoring services to construction apprentices until June 2015. Although the funding amount has been reduced, most of our important outreach activities will be able to continue in a somewhat scaled back form. Over its first two years of operation, 278 experienced and trained CAMS mentors (a mix of MBA staff and industry volunteers) were matched to 880 apprentices to provide support with work, study and life issues. One-off apprenticeship advice was also

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provided to over 4000 apprentices and employers. Of the 880 apprentices that entered CAMS mentoring, less than 10% dropped out of the program or their apprenticeship.

A tender for Australian Apprenticeships Support Services will be issued later this year for mentoring and other support from July 2015 and Master Builders is considering its position in relation to this tender opportunity.

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Debate over apprentice loans continues

The Government's \$20,000 Trade Support Loans have not yet passed not through the Senate, and won't commence on 1 July as intended. This means there will be a gap between the cessation of the current \$5500 Tools for Your Trade program ending and the replacement loans starting. The Federal Opposition has said it would not block the loans scheme, but would seek amendments to 'grandfather' existing Tools for Your Trade payments, and give an option of lump sum loan payments rather than instalments. However, the current Senate ran out of time to consider the legislation, which will have to be passed in the sittings starting 7 July. Some stakeholders have been critical of the idea of putting apprentices into debt, however Master Builders believes the optional loans will be a significant benefit for many apprentices.

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Housing

Housing (Un)Affordability

Australia has some of the least affordable housing in the world, according to new figures from the International Monetary Fund (IMF). The least affordable housing market is Belgium (where house prices are more than 49 per cent above the world average), followed by Canada (33 per cent) and Australia (32 per cent). Other unaffordable nations include New Zealand (30 per cent), France (29 per cent) and Britain (27 per cent). Toward the other end of the spectrum, some of the most affordable national housing markets were Estonia (14 per cent below global average), the United States (13 per cent below) and Ireland (7 per cent below).

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Auction Clearance Rates

Auction clearance rates for residential properties appear to be strengthening. Figures from the ANZ Bank report a national auction clearance rate of 65 per cent, with above average figures recorded for Sydney (70 per cent) and Melbourne (66 per cent). By contrast, below national average clearance rates occurred in Canberra (55 per cent), Brisbane (41 per cent) and Perth (38 per cent). Auction clearance rates are sometimes seen as a leading indicator of the housing market outlook.

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Household Debt – Getting Ahead

The household mortgage buffer – the proportion of home borrowers who are ahead of schedule with their mortgage repayments – continues to increase, and now stands at 15 per cent of outstanding balances. According to the Australian Bureau of Statistics, which compiled the numbers, this is equivalent to around 24 months of total scheduled payments at current interest rates. As such, around one-in-seven households have considerable

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capacity to continue to meet their debt obligations in the event of reduced income or unemployment.

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Foreign Investment in Australian Real Estate

The Reserve Bank of Australia has echoed the views of the residential building industry that there is no need for more expansive or intensive regulation of foreign investment in Australian real estate. The central bank, in its evidence to the Parliamentary inquiry into the subject, said foreign investors were unlikely to be adding to housing unaffordability pressures. Like Master Builders, the RBA attributed such pressures to arduous planning processes and lack of available land, especially in inner ring areas of the major capital cities.

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White Paper on Federation

The Federal Government has released the Terms of Reference for its planned White Paper on Reform of the Federation. Key issues to be considered by the White Paper include: the wider use of the subsidiarity principle, under which responsibility for doing an action (e.g. service provision) lays with the lowest level of government possible; examining the trade-offs between applying consistent national approaches compared to accommodating diversity across jurisdictions and/or regions; and, improving accountability for delivery of outcomes, especially by State and Local Governments in the provision of goods and services. The next stage of the process will see a number of Issues Papers, including one on housing and homelessness, released later this year. Master Builders will prepare submissions to the various issues papers.

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Infrastructure Australia Amendment Act

The Infrastructure Australia Amendment Act has passed through the Federal Parliament, and will soon become law. The new Act is intended to strengthen the independence of Infrastructure Australia (IA) with the new entity being governed by a Board, rather than reporting to a Federal Minister as has been the case in the past. The reformed IA has also been tasked with undertaking an audit of nationally significant infrastructure and developing a 15 year ahead rolling plan on Australia's infrastructure priorities.

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International

Do you need financial support for overseas investment?

Setting yourself up for success overseas

Getting closer to your clients by establishing a presence overseas can help you to increase sales, reduce costs and improve profitability.

However, research conducted by [Efic](#) has shown that more than a third of SMEs fail in their attempts to expand overseas, with access to adequate finance being one of the biggest obstacles.

As Australia's export credit agency, Efic can provide a guarantee that allows banks to provide funding for overseas direct investments for SMEs in the building and construction industry.

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Efic funding is available if you're looking to open a sales and marketing office, build a warehouse or manufacturing facility, or buy an existing asset or business.

This guarantee recognises that businesses need to be present in overseas markets if they're to grow their international operations.

Efic's research also found that SMEs that seek professional advice are twice as likely to be successful with their overseas investment as those that don't.

Efic has helped many Australian exporters and subcontractors take advantage of new contract opportunities that may otherwise have been out of reach.

To find out how Efic could help your business establish a presence overseas, phone them on 1800 093 724, visit their [website](#) or email info@efic.gov.au



Setting yourself up for success overseas

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News Update

2013 Apprentice of the Year now an Australian Apprenticeship Ambassador



Philip De Jong says the flexibility of his employer and Australian Apprenticeship has allowed him to choose his own career path.

The 24-year-old from Kingston, Tasmania completed a Certificate IV in Carpentry with Fairbrother Pty Ltd and is now working in project management and estimating.

He says having the practical experience from working on the tools during his Australian Apprenticeship will be invaluable as he progresses into a career in project management.

"I said to my boss that project management and estimating was where I wanted to get to, and they were really good about it," Philip said.

"I tried a range of roles during my apprenticeship and I was already involved in the office while I was an Australian Apprentice.

"Part of the reason I opted to do an Australian Apprenticeship was so I had the practical skills and experience behind me."

Philip became the third Fairbrother employee in three years to win the Master Builders Australia Apprentice of the Year award in 2013 – following on from [James Gamble](#) in 2012.

"The best thing about my Australian Apprenticeship was seeing what you have achieved at the end of a day," he said.

"I definitely recommend doing an Australian Apprenticeship – I am 24, fully-qualified and have nearly finished building my own house."

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