



CCI Submission to Senate Education, Employment and Workplace Relations Committee



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Produced by the Chamber of Commerce and Industry of Western Australia

29 February 2008

Inquiry into Workplace Relations Amendment (Transition to Forward with Fairness) Bill 2008

Introduction

1. This submission is made on behalf of the Chamber of Commerce & Industry of WA (Inc) (CCI). CCI is Western Australia's largest business organisation with more than 5,000 employer members operating across all industries throughout the State.
2. Originally established in 1890 as the Employers Federation of Western Australia Inc., CCI as it is today was formed in 1992 by an amalgamation of the Western Australian Chamber of Commerce and Industry and the State's then largest employer organisation, the Confederation of Western Australian Industry.
3. CCI is a non-profit organisation with membership open to businesses of any size.
4. CCI's members operate in all industries including mining, building, health, hospitality, services, manufacturing, engineering, wholesale and retail.
5. CCI has extensive involvement on behalf of its members in workplace relations matters across all of these industries.
6. CCI is the direct employer of over 900 apprentices across the State as part of a Group Training Scheme operated by Apprenticeships Western Australia Pty Ltd, a wholly owned subsidiary of CCI. These apprentices range from traditional trade apprentices in the resource sector, building and construction, metal and engineering fabrication through to trainees operating in the aged care sector.

CCI Policy

7. CCI's workplace relations policy promotes a system characterised by decentralism and voluntarism where primacy is given to the interests of the employer and employee parties to the employment relationship.
8. The central planks of our policy are that employers and employees should be able to make Agreements that suit them, free from the interference of third parties. There should be capacity for choice of both individual and collective agreements. Agreements should involve Unions where the employees freely choose to do so.

Executive Summary

CCIWA endorses the submission made by the Australian Chamber of Commerce and Industry.

There are specific elements of the *Workplace Relations Amendment (Transition to Forward with Fairness) Bill 2008* (“the Transition Bill”) which will have a significant impact in Western Australia if not altered.

AWAs have been strongly and responsibly used by business in WA. Their use has assisted improve levels of productivity. As many businesses rely on AWAs and have used either AWAs or their predecessor in WA, State Workplace Agreements, since 1993 the transition away from this system needs to be managed to minimise detrimental impact on business.

Previous employees

The Transition Bill as currently worded would not permit an Individual Transitional Employment Agreement (ITEA) in cases where an employee has been rehired. This is contrary to the policy set out in the Forward with Fairness Implementation Plan (“the FWF Plan”).

The impact of not being able to offer ITEAs to previous employees in companies that operated under AWAs will be that one group of employees, either existing employees on AWAs or new employees, can be employed on ITEAs. A second group, also new employees but who had been previously employed, cannot be employed on ITEAs.

Casual employees

The Transition Bill creates potential for the making of ITEAs for casuals when in an ongoing employment relationship. However, the Transition Bill also precludes ITEAs for employees who were previously employed. As casual employment contracts are each separate contracts, a casual employee could be a “previous employee” and hence not subject to ITEAs.

It is unclear as to whether ITEAs can apply to casual employment. This requires clarification.

The AFPC Standard

The Transition Bill should explicitly include the AFPC Standard in the hierarchy of instruments against which an ITEA is assessed.

Agreement approval process

The approval process for all agreements should be simple to guarantee certainty and efficiency and avoid lost productivity.

Critical Issues contained in *Workplace Relations Amendment (Transition to Forward with Fairness) Bill 2008*

CCIWA endorses the submission made by the Australian Chamber of Commerce and Industry.

There are, however, specific elements of the Transition Bill which will have a significant impact on productivity and may create potential for increased industrial disputation in Western Australia if not altered.

The Transition Bill must be truly transitional

1. After 11 years, the AWA system has been successful.
2. Over 1.3 million AWAs have been made since the commencement of the *Workplace Relations Act 1996* Australia wide.¹ Currently about 850,000 AWAs are in operation representing approximately 9.3% of employed persons in Australia.² In Western Australia, 357,725 have been registered since 1996. This accounts for 25 per cent of the 1.3 million AWAs that have been made nationally.
3. Growth has been especially strong in mining, retail and hospitality but is prevalent in all sectors.
4. The retail trade sector was the largest industry sector to register AWAs nationally. From 27th March 2006 to the September quarter 2007 approximately 17% of all AWAs registered were for employees in the retail sector.³ Similarly, in Western Australia, the retail trade sector represented 18% of all AWAs registered to the September quarter 2007. Further, in Western Australia the construction industry represented 10% of all AWAs registered to the September quarter 2007.⁴
5. Growth in AWAs since *WorkChoices* was introduced has been especially strong in Western Australia where 125,412 have been registered from March 2006 to the end of the September quarter 2007.⁵ Current estimates by the Workplace Authority suggest that 20% of workers in WA are currently covered by AWAs.⁶
6. Many employers in WA have relied on the individual bargaining system since 1993 following the introduction of the *Workplace Agreement Act 1993 (WA)*. This means that many hundreds of employees will have not been employed on a collective agreement or the award for more than 15 years. Employers would in those cases have become unfamiliar with using the award system and how the award interacts with their AWAs.

¹ Workplace Authority, *Workplace Agreements Data – Western Australia*, 27 March 2006 – 30 September 2007

² Workplace Authority, *Workplace Agreements Data*, October 2007

³ Workplace Authority, *Workplace Agreements Data*, September Quarter 2007

⁴ Workplace Authority, *Workplace Agreements Data – Western Australia*, 27 March 2006 – 30 September 2007

⁵ Workplace Authority, *Workplace Agreements Data – Western Australia*, 27 March 2006 – 30 September 2007

⁶ Information provided by the Workplace Infoline – estimated live count of AWAs in Western Australia (18/01/08) and Labour Force Data, Australia, September 2007 – cat: 6202.0

7. Given the significant proportion of the workforce currently covered by AWAs it is critically important that employers can plan with certainty for the transition out of the AWA system.
8. The Explanatory Memorandum (“the EM”) to the *Workplace Relations Amendment (Transition to Forward with Fairness) Bill 2008* (“the Transition Bill”) highlights the transitional nature of the Bill:

“The above mentioned arrangements for the transition period recognise that Australian employers and employees need certainty and that it would create concern and confusion if AWAs were suddenly terminated.

Enabling AWAs made prior to the implementation date of the proposed legislation to remain in force recognises that businesses have factored their labour costs on this basis and it would not be appropriate to interfere with accrued rights entered into under these agreements.”⁷

9. This sentiment reflects the philosophy of the *Forward with Fairness – Policy Implementation Plan* (“the FWF Plan”) “Employers will have up to five years to make suitable workplace arrangements for the five per cent of the Australian workforce on AWAs. Labor’s plan also provides employers and employees time to work through their transition to Labor’s new industrial relations system.”⁸
10. However, a number of features of the Transition Bill appear to work against its transitional purpose. CCI is concerned about some specific examples:
 - (a) previous employees; and
 - (b) casual employees
11. In addition, CCI has concerns about certain mechanical issues raised by or not adequately dealt with by the Transition Bill:
 - (c) AFPC inclusion in reference instruments list for purposes of the no disadvantage test; and
 - (d) Administrative process for approval of agreements.

Previous employees should not be excluded from ITEAs

12. Section 1 of the Transition Bill repeals section 326 of the *Workplace Relations Act 1996* (“the Act”) that provides for the making of an AWA and when the AWA may be made. The replacement provision enabling the making of an Individual

⁷ Explanatory Memorandum, *Workplace Relations Amendment (Transition to Forward with Fairness) Bill 2008*, House of Representatives, The Parliament of the Commonwealth of Australia, page 7

⁸ Forward with Fairness – Policy Implementation Plan, Australian Labor, August 2007, page 4

Transitional Employment Agreement (ITEA) excludes the potential for offering an ITEA to a previous employee.

13. The relevant provisions are:

326 Individual transitional employment agreements

(1) *An employer may make an agreement (an **individual transitional employment agreement** or **ITEA**) in writing with a person whose employment will be subject to the agreement.*

(2) *The agreement is not an ITEA unless:*

(a) *as at 1 December 2007 the employer employed at least one person whose employment with that employer was regulated by an agreement of a kind specified in subsection (3); and*

(b) *the person whose employment is to be subject to the ITEA:*

(i) *did not commence that employment more than 14 days before the day on which the ITEA was made, **and had not previously been employed by the employer**; (emphasis added) or*

.....

14. The provisions of section 326 (2)(b) (i) would mean that an ITEA cannot be made in cases where an employee has been rehired even if the employee had been employed on an AWA on 1 December 2007.

15. The Government's policy articulated in the FWF Plan provides:

"Individual Transitional Employment Agreements (ITEAs) may be made:

- *during the 2 year period of award simplification;*
- *between:*
 - *An employer who has any employee engaged on an Australian Workplace Agreement as at 1 December 2007; and*
 - *A new employee or an existing employee whose terms and conditions are governed by an Australian Workplace Agreement;*
- *with a nominal expiry date of no later than 31 December 2009, provided;*
- *the ITEA does not disadvantage the employee against a collective agreement applying to the work the employee will perform at the workplace or, where there is no collective agreement, the applicable award and the Fair Pay and Conditions Standard.*"⁹

16. This policy set out in the FWF Plan is not reflected in the Transition Bill.

⁹ Forward with Fairness – Policy Implementation Plan, Australian Labor, August 2007, page 6

17. This feature of the Transition Bill not allowing ITEAs for previous employees does not take into account the itinerant nature of work in industries such as construction, retail, hospitality and the home and community care sectors that have relied heavily on AWAs and have anticipated, given Labor's well publicised policy referred to above, continuing with individual agreements while preparations are made to transition into the new system by January 2010.

Construction industry

18. The construction industry is characterised by a series of employment relationships determined by project. Typically contracts are of short duration. This could be as short as 6 weeks but ranges from 6 weeks, 3 months, 6 months and 2-3 years.
19. Construction as a key industry encompasses the full range of service and product delivery including traditional functions such as engineering and construction but also service delivery areas such as catering and cleaning. Employment arrangements for all classes of professional, technical, clerical and support staff involving employees employed in categories such as tradespersons, labourers, cleaners and catering staff will be employed for the duration of a project.
20. Generally an employee's contract of employment is terminated at the conclusion of a project and the employee is paid out all entitlements (contract 1). The employee may then find employment on a new project (again likely to be for a short duration) with a different employer (contract 2), have entitlements paid out at the conclusion and return to the first employer for another project (contract 3). The time frame between contract 1 and 3 could be as little as 6 weeks.
21. Employees choose the projects that suit them and in many cases want to return to the same company for new projects. Employers will have a tendency to re-employ those they know possess the necessary skills and experience from previous employment.
22. The likelihood of re-employment is strengthened by the skills shortage in the current WA labour market. CCI finds that key trades in demand in WA in recent times have been related to the construction and mining industries both of which have been expanding rapidly.¹⁰ (see Attachment 1)
23. The Australian Bureau of Statistics finds that construction employment in WA has recorded an annual average increase of 5.3 per cent per annum, with a new 57,600 jobs created. The construction share of the state workforce has grown from 7.7 per cent in 1991-92 to 10 per cent in 2006-07 or around 108,800 Western Australians employed in the industry¹¹. (see Attachment 2)
24. In the North-West and in the Northern Territory where there is typically a very heavy work schedule over a short period concentrated around the dry season, employees are typically terminated over the wet season and re-engaged on projects commencing at the beginning of the dry season.

¹⁰ "Building Human Capital – A Discussion Paper", Chamber of Commerce and Industry of WA, November 2007

¹¹ Australian Bureau of Statistics, 2006, Australian and New Zealand Standard Industrial Classification

25. The short term nature of projects and contracts is reflected in the award provisions. For example, the *Building Trades (Construction) Industry Award 1987* provides a follow-the-job loading and a travel allowance because the employee regularly goes from one job to the other – epitomising the changing nature of the jobs they work on. There is already legislative recognition of the casual nature of the industry in the *Construction Industry Portable Paid Long Service Leave Act 1985*.
26. If the provision is not altered to encompass previous employment in these circumstances, the construction industry will be largely unable to access the transitional arrangements. There are many companies that have used AWAs and, in WA, the previously available State Workplace Agreements since 1993.¹² In these cases there may be no collective framework to revert to for the work with that employer, and the award may be completely inappropriate for the hours of work and AWA based shift cycle in the remote workplace.
27. The transitional system that provides for ITEAs as a transitional step out of AWAs as publicised in the FWF Plan has been relied upon in the construction industry in tendering for new projects. Without the option of offering ITEAs for previous employees arrangements for hiring employees and associated costs may differ significantly. Whereas employers could have relied on a stable system of individual statutory agreements until December 2009 they will without that option be forced to recalculate their cost structures based on award or collective agreement provisions.
28. In cases where employers were relying on the transitional system remaining available until December 2009, the technical work of comparing precise provisions contained in the award/collective agreement against AWA provisions will not have been undertaken. Varying contracts of employment across hundreds of employees to take account of the differences will take time.
29. The FWF Plan recognised this concern; “*Some employers have never employed people in any other way than on AWAs and based on Labor’s consultations these employers may not even be aware of the applicable industrial award*”.¹³
30. We do not understand the rationale for excluding previous employees from the ITEA system. Is the reason for exclusion of such importance that it overrides the significant impact on an industry such as construction which traditionally hires and fires employees as demanded by the project? The Transition Bill is effectively nullified as a “transitional” arrangement if it becomes law without amendment to enable offering of ITEAs to previous employees in the circumstances described above.

¹² In WA the *Workplace Agreements Act 1993* created individual statutory agreements known as State Workplace Agreements.

¹³ Forward with Fairness – Policy Implementation Plan, Australian Labor, August 2007, page 5

Home care, hospitality and retail industries

31. The home care, hospitality and retail industries have a large number of transient employees and casual employees, many of whom are students seeking variable hours and who are available for work at carefully circumscribed times.
32. The tight labour market has given employees confidence to stop and start employment contracts at will regularly moving from one employer to another and back. Employers seeking to attract workers will often engage workers they have previously employed when they seek to return to their previous employer. In many cases there will be no choice in selecting employees but where the opportunity arises employers will try to re-engage skilled employees who have been trained in the employer's policies and procedures.
33. There are sectors within the industry where both permanent and casual employees are employed under AWAs. In many cases employers, fulfilling the requirements in the FWF Plan are preparing to offer ITEAs to both new employees and re-employed employees in transition to the new system.
34. The impact of not being able to offer ITEAs to previous employees and casuals, in companies that operated under AWAs will be similar to the construction and other industries. One group of employees, either existing employees on AWAs or new employees, can be employed on ITEAs. A second group of employees, also new employees but who had been previously employed or who are casuals, cannot be employed on ITEAs.
35. The likely result if the legislation is not altered is that few ITEAs will be created. Employers will be forced into making permanent new arrangements more quickly than they had planned contrary to the commitments they had been given.

Casual Employees should not be excluded from ITEAs

36. The Transition Bill does not make it clear that ITEAs can be offered to casual employees.
37. Section 326 sets out the detail:
 - (1) *An employer may make an agreement (an **individual transitional employment agreement** or **ITEA**) in writing with a person whose employment will be subject to the agreement.*
 - (2) *The agreement is not an ITEA unless:*
 - (a) *as at 1 December 2007 the employer employed at least one person whose employment with that employer was regulated by an agreement of a kind specified in subsection (3); and*

- (b) *the person whose employment is to be subject to the ITEA:*
 - (i) *did not commence that employment more than 14 days before the day on which the ITEA was made, **and had not previously been employed by the employer**; (emphasis added) or*
 - (ii) *is in an employment relationship with the employer and that employment relationship is regulated by an ITEA or an agreement of a kind specified in subsection (3).*

.....

- (4) *The fact that a period of work performed by a casual employee has ended does not of itself bring an end to the employee's employment relationship with the employer for the purposes of subparagraph 2(b)(ii)*

- 38. Section 326 (4) appears to refer to the possibility of an employment relationship being capable of being ongoing between an employer and a casual employee and in such circumstances the casual employee can be employed under an ITEA (s326 (2)(b)(ii)). However, s326 (2)(b)(i) makes it clear that, as described above, an ITEA cannot be entered into between an employer and an employee who had been previously employed. As casual employment contracts are each separate contracts, a casual employee could be regarded as a "previous employee" for the purposes of this section and accordingly not be subject to ITEAs.
- 39. It is unclear as to whether ITEAs can apply to casual employment. This requires clarification.
- 40. The FWF Plan did not exclude casuals from the transition process.
- 41. The EM does not exclude casuals from the transition process. On the contrary, it recognises casuals and the employment relationship applying to the casual:

*"Subsection 326(4) would make clear that, for the purposes of subparagraph 326 (2)(b)(ii), a casual employee can be in an employment relationship with an employer, notwithstanding the end of a shift or other period of work."*¹⁴
- 42. If reference to "previous employee" as discussed in the previous section is deleted the issue as to whether ITEAs can apply to casuals or not is removed.

¹⁴ ¹⁴ Explanatory Memorandum, *Workplace Relations Amendment (Transition to Forward with Fairness) Bill 2008*, House of Representatives, The Parliament of the Commonwealth of Australia, page 10

Australian Fair Pay and Conditions Standard should be included as a reference instrument (s346E)

43. The FWF Plan makes it clear that the hierarchy of reference instruments for the purposes of the no disadvantage test against which an ITEA will be measured includes the Australian Fair Pay and Commissions Standard (“the Standard”). It provides:
“Individual Transitional Employment Agreements (ITEAs) may be made:

.....provided;

*The ITEA does not disadvantage the employee against a collective agreement applying to the work the employee will perform at the workplace or, where there is no collective agreement, the applicable award and the Fair Pay and Conditions Standard.”*¹⁵
44. The Transition Bill, however, does not include the Standard in the hierarchy of instruments in relation to which an employee whose employment will be subject to an ITEA is to be assessed.
45. Notwithstanding the provisions of Division A (section 172) of the pre-transition Act and the note included after section 346D (7), to remove all doubt and to avoid lost time in argument CCI submits that the standard should be explicitly included as the final reference instrument under 346E(1)(a).

Administration process must be made simple

46. The Workplace Authority has battled with the processing of agreements within a reasonable time frame. Our members are reporting agreements in some cases pending approval for over 12 months.
47. At the recent Senate Estimates Hearing held on 21 February 2008 Ms Barbara Bennett commented that as at 31 January 2008 there were 278,275 agreements that had been lodged and of that number 129,912 agreements had been finalised by the Workplace Authority. It appears that approximately 140,000 agreements are pending processing as at 31 January 2008.
48. On those trends the current backlog is not likely to be finalised before September 2008. The proposed amendments delaying the commencement of agreements for existing employees until 7 days after the date of approval in the context of the current backlog of agreements awaiting processing highlights the need for a simple and efficient review and approval process. It includes provisions of appropriate resources to the Workplace Authority.

¹⁵ Forward with Fairness – Policy Implementation Plan, Australian Labor, August 2007, page 6

49. CCI submits that to achieve efficiency:
- (a) agreements should operate on lodgement (or a later date specified in the agreement); and
 - (b) the Government must ensure that agreements are processed within a period of 30 days following lodgement.
50. Peak employer bodies could be utilised to assist, inform and fast-track the process.

Terms of Reference for Senate Committee

That, upon its introduction into the House of Representatives, the provisions of the *Workplace Relations Amendment (Transition to Forward with Fairness) Bill 2008* be referred to the Education, Employment and Workplace Relations Committee for inquiry and report by 17 March 2008, with particular reference to:

- a. economic and social impacts from the abolition of individual statutory agreements;
- b. impact on employment;
- c. potential for a wages breakout and increased inflationary pressures;
- d. potential for increased industrial disputation;
- e. impact on sectors heavily reliant on individual statutory agreements; and
- f. impact on productivity.

Attachment 1

Construction

The construction industry in WA has been one of the primary beneficiaries of an economy that has been fuelled by strong levels of resource sector investment and housing activity.

The construction sector plays a major role in increasing the productive capacity of sectors such as mining, manufacturing and service related industries.

According to the ABS, the construction sector is broadly defined to include the construction of buildings and structures, additions, alterations, and installation. The maintenance and repair of buildings or structures is also classified as construction activity.ⁱ

Central to the thriving construction sector has been the favourable investment environment. The construction industry in WA has benefited from the state's economic boom, with residential, non-residential and engineering construction experiencing marked growth in recent years.

Over the past 15 years, the construction sector has grown on average by 9.7 per cent per annum, to be worth \$10 billion in 2006-07 (Table 7). This strong growth has ensured that the construction industry's share of the state's total output has grown from 6.8 per cent in 1991-92, to 7.7 per cent in 2006-07 (Chart 18).

Employment in the construction sector has also grown strongly. Over the past 15 years, construction employment has recorded an annual average increase of 5.3 per cent per annum, with a net 57,600 jobs created. This has seen construction's share of the state workforce rise from 7.7 per cent in 1991-92, to 10 per cent in 2006-07. By 2006-07, around 108,800 Western Australians were employed in the construction sector.

The construction industry is also a major source of business activity in WA. At the end of 2006-07, there were almost 38,000 businesses operating in the construction sector in WA, accounting for around 18 per cent of the state's business count. This compares to 2003-04, when 30,940 construction were operating in WA.

The strong growth in the construction sector in WA has primarily been driven by engineering construction. Over the past 15 years, engineering construction has soared, with the value of work done growing on average by 20.8 per cent per annum. In 2006-07, a record \$16.3 billion worth of construction activity was undertaken. Such strong growth has occurred on the back of investment in the resources sector, as miners undertake huge capital expansion to cash in on the global boom in minerals and energy markets.

The rapid growth in mining investment is reflected in the value of engineering construction work done in the heavy industry sector (which includes the oil and gas and mineral extraction industries). In 2006-07, the value of work done in the heavy industry sector

Attachment 1

totalled \$9.2 billion, compared to \$592 million 15 years ago. On average, the value of construction work done on heavy industry projects has surged by almost 30 per cent per annum over this period (Chart 19).

While there are a vast number of mining operations in the state, some of the key projects currently under construction include the North West Shelf Consortium's \$2.4 billion fifth LNG train and \$1.6 billion Angel Gas Field Development, BHP Billiton's \$2.9 billion Ravensthorpe Nickel Mine and \$2.1 billion Rapid Growth 3 Project, Newmont and AngloGold's \$2 billion Boddington Gold Mine expansion.ⁱⁱ

The surge in engineering construction work was also bolstered by infrastructure-related projects. On average, the value of work done on infrastructure projects has increased by almost 47 per cent per annum over this period, and more than doubled in the past year alone. In particular, there was \$2.3 billion worth of construction undertaken on electricity generation, transmission, distribution and pipelines in 2006-07, compared to \$120 million in 1991-92.

Similarly, construction work related to bridges, railways and harbours totalled \$2 billion in 2006-07. Engineering construction work done on these types of projects has increased on average by 35.8 per cent per annum over the past 15 years.

Meanwhile, engineering construction work done on roads, highways and subdivisions has increased on average by 12.2 per cent per annum over the past 15 years, to reach \$1.6 billion in 2006-07. This work was undertaken by almost 285 businesses operating in road and bridge construction in WA at the end of 2006-07.

Despite its valuable contribution to the economy, engineering construction has not been the sole driver of the construction sector. The residential construction sector has also been boosted in recent times by the favourable economic conditions in WA, as rising wages, low unemployment, increased wealth and population growth have facilitated strong demand for dwellings.

One of the distinguishing features of the WA economy recently has been the continued strength in housing investment - defying a national downturn evident since 2003. Over the past 15 years, residential construction grew by 12.4 per cent per annum on average, with a record \$6.1 billion worth of activity undertaken in 2006-07 (Chart 20).

Overall, growth in residential construction was underpinned by work done on new houses. In 2006-07, some \$4.5 billion was spent on the construction of new houses, an increase of 18.5 per cent from the previous year. Meanwhile, work done on other dwellings surged by 40.3 per cent to \$1.1 billion in 2006-07. Construction related to additions and alterations also picked up by 22.4 per cent, to \$527 billion in 2006-07.

The residential construction industry is also a major source of business activity. In 2006-07, around 2,870 businesses in WA were operating in housing construction, while an additional

Attachment 1

1,220 were operating in other residential building construction. Collectively, residential construction businesses accounted for around 5.4 per cent of all construction businesses operating in the state.

Non-residential construction has also been strong, although growth has trailed the other construction sectors. Over the past 15 years, the value of non-residential construction has increased on average by 10.9 per cent per annum, to be worth over \$2.7 billion in 2006-07.

The rise in non-residential construction work in WA reflects high levels of demand over an extended period, which has stimulated investment to expand productive capacity.

Retail related projects were a major source of non-residential building activity in WA. The value of work done on retail related projects totalled \$523 million in 2006-07, compared to \$65 million in 1991-92. This increase is not surprising given the strong growth in household consumption experienced in WA. Generally speaking, investment in this sector tends to track consumer spending patterns.

Office buildings were another major source of non-residential construction in 2006-07, valued at \$371 million. This is higher than the \$211 million worth of office construction 15 years ago.

Non-residential construction accounts for only a relatively small proportion of business activity. At the end of 2006-07, around 1,060 businesses were operating in non-residential construction in WA, representing only 2.8 per cent of total construction businesses in the state.

There are also a range of construction businesses that operate across all three construction sub-sectors. In particular, there were almost 4,200 businesses in WA providing carpentry services at the end of 2006-07, accounting for 11.3 per cent of total construction businesses in the state. There are also around 2,900 businesses providing bricklaying services (accounting for 7.8 per cent of total construction businesses), 2,380 businesses providing plumbing services (accounting for 7.1 per cent of total construction businesses) and 2,574 businesses providing electrical services (accounting for around 7.7 per cent of construction services).

Overall, the current investment boom has created high demand for all construction services for a number of years, and with expectations that the WA economy will continue to grow strongly going forward, this will ensure that the sector remains buoyant for some time to come.

The rate of survival for construction businesses between 2003-04 and 2006-07 has been relatively high, averaging 56 per cent. Almost 57 per cent of general construction businesses survived during this period, while the rate of survival for construction trade services stood at 55 per cent.

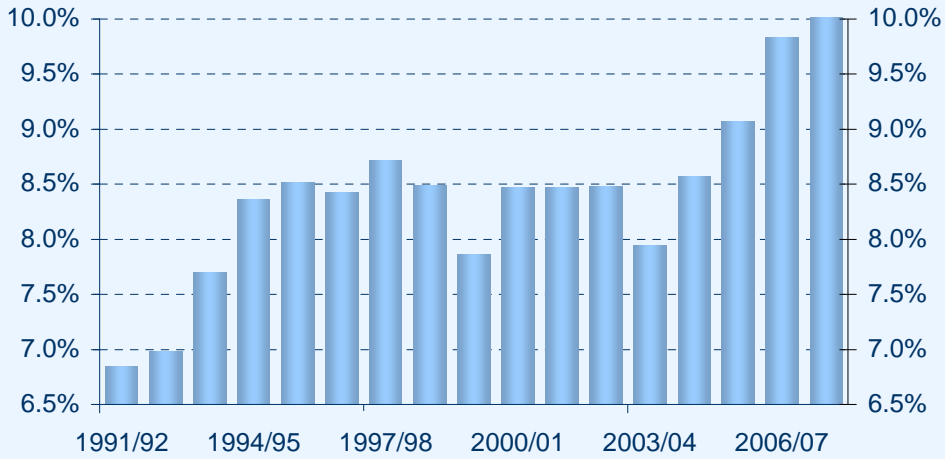
Attachment 1

ⁱ Australian Bureau of Statistics, 2006, Australian and New Zealand Standard Industrial Classification.

ⁱⁱ Access Economics, *Investment Monitor*, March Quarter 2007.

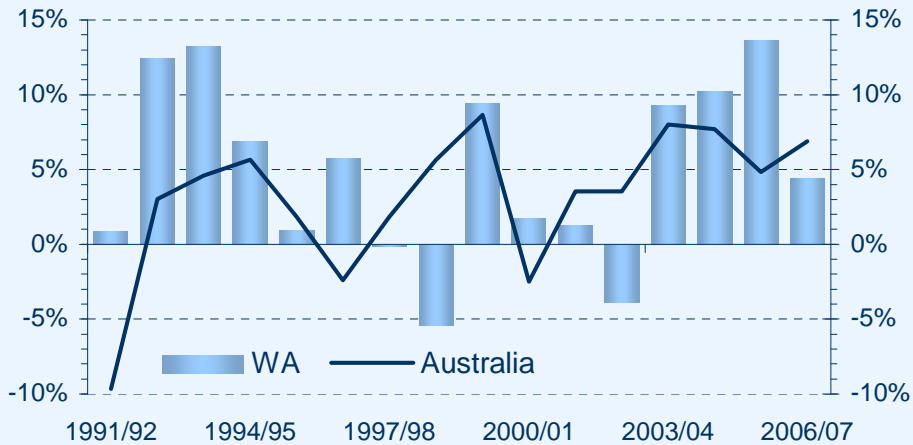
Extract from *Profile of WA Business*
Draft prepared by the Chamber of Commerce and Industry WA
March 2008

Chart #
Construction Employment WA
 As a % of Total Employment



Source: ABS Cat. 6203.0

Chart #
Construction Sector Employment
 Annual % Change, WA vs Australia

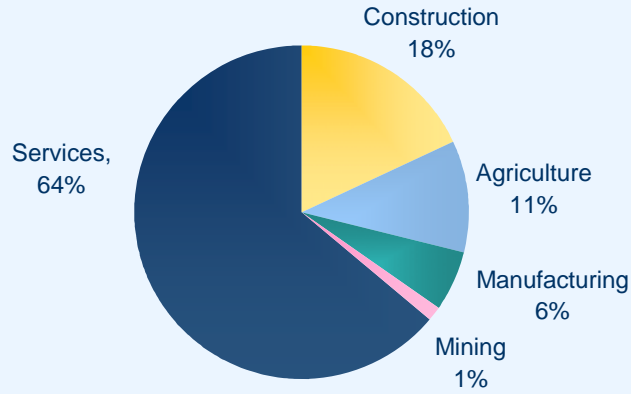


Source: ABS Cat. 6203.0



Chart 5
Business Activity in WA, 2006-07

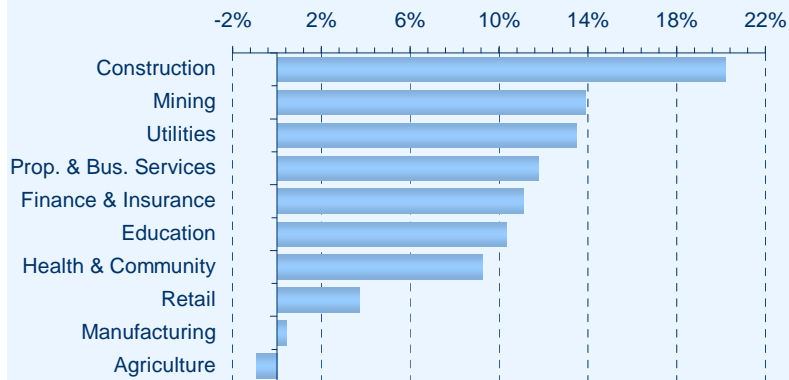
By Industry, % of Total



Source: ABS Cat. 8165.0

Chart 6
No. of Businesses 2003-04 to 2006-07

WA, Selected Industries, % Change



Source: ABS Cat. 8165.0



