



Welcome to the Monthly

Construction Advisor is pleased to welcome you to our new monthly newsletter – Industry Insights. Bringing you all of the latest industry news, project announcements and data to help you to plan and build your business. Register now to get your essential monthly news source delivered to your inbox.

COVID19 Restrictions in Victoria: Stage 4

- Developments over 3 stories in height can only have 25% of total workforce on site.
- Small developments can only have 5 workers on site.
- Trade Specialists are limited to 3 sites per week (unless work threatens life or injury).
- Land developers limited to 10 personnel per hectare.
- COVID Safe plans required for all.
- No car-pooling of staff.



this issue

The Budget & Construction **P.1**

Follow the Money: Markets **P.3**

Remember the Westgate: 50yrs **P.5**

2020/2021 Budget and Construction.

Every year as the Federal Budget is read out analysts pore over the 'winners' and 'losers' for the year. In a year that featured the big 'R' recession, it was always going to be a win for jobs and construction. But how much and which sub-sectors have benefitted the most from this year's tome?

As is the case every year there were some big numbers thrown around but it is harder to decipher how much of this will actually translate into real jobs and projects in the near term. **\$10bn has been added to the 10 year infrastructure plan** taking the total value of the plan to over \$110Bn. The government has committed \$2bn over two years to focus on small 'shovel-ready' road safety projects. Over the coming 4 years, a further **\$6.7bn has been allocated to infrastructure projects** across the states and territories.

In the energy space, **\$2bn has been committed to low-emission technologies over the coming 12 years** – well short of what will be required to meet Australia's emission targets. However **gas was the big winner** with millions allocated to developing basin management and development plans.

Road and rail as always are the big ticket items but additional spending has also been allocated to water management and security. The budget itself actually held few surprises as Deputy PM Michael McCormack had already announced the major infrastructure projects on Monday. Key projects by state include:

New South Wales:

- \$560m for the Singleton Bypass on the New England Hwy.
- \$120m for the Prospect Hwy Upgrade.
- Additional \$490m for Coffs Harbour Bypass.

Victoria:

- \$528m for the Shepparton and Warrnambool Rail Line Upgrades.
- \$292m for Barwon Heads Rd Upgrade.
- \$85m for Hall Rd in Cranbourne
- Stage 2/3 of Geelong-Waurn Ponds Rail Project brought forward.

Queensland:

- \$750m for Stage 1 of the Coomera Connector (Coomera to Nerang).

Residential Apartment Buildings Act 2020 (NSW)

On September 1st 2020 the new Residential Apartment Building Act came into effect. The Act is the weapon of the newly installed NSW Building Commissioner David Chandler.

Drafted and enacted in the wake of the significant structural issues identified in apartment buildings in Sydney in 2018-2020, the Act is designed to protect buyers and owners of apartment properties where developers or builders may be operating or conducting work that fails to meet acceptable development standards. Penalties and fines can be severe based on the nature of the breaches.

Key powers granted under the act include:

- The ability to prevent occupation certificates from being issued.
- Enter and inspect sites without a warrant and seize information related to the development.
- Issue Stop-Work orders.

Get the latest fact sheet from [Morrissey Law + Advisory](#) to ensure you understand your rights.



- \$112m Centenary Bridge Upgrade.
- \$76m Stage 2 Riverway Drv in Townsville.
- \$42m Mt Lindsey Hwy Upgrade Jimboomba.

South Australia:

- \$200m for the Hahndorf Township Improvement and Access Upgrade.
- \$136m Stage 2 Main South Rd Duplication.
- \$100m Strzelecki Track upgrade.

Western Australia:

- Further funding for Metronet.
- \$88m for the Reid Hwy Interchange.

ACT:

- \$88m for the Molonglo River Bridge.
- \$50m South West Corridor Upgrade.

Tasmania:

- \$150m for the Midway Point Causeway and Sorell Causeway Projects.
- \$65m Tasman Bridge Upgrade.

Politics and squabbles aside, this is a budget spend that appears to be relatively evenly spread across the States and Territories. Some may argue that Victoria has been disproportionately impacted by the Covid lockdown but we cannot disregard that States' infrastructure pipeline was already strong leading into this pandemic.

In broader terms, this budget is heavy on trying to support an economy that is waivering and stimulate new activity. JobKeeper has been extended (subject to review), new tax incentives are being offered through instant asset write-offs and tax relief is on the table for many SME organisations.

As we discussed last month, probably the biggest missed opportunity is the chance to invest in broader social services such as social housing,

education infrastructure, healthcare assets and green-energy transmission. No-one would envy a government (State or Federal) that has had to rule through an unprecedented crisis such as this pandemic but as a whole, this budget is best described as luke-warm. By virtue of the local and global economy, it is of course reactionary and it would have taken an extraordinary level of bravery to step into the visionary/expansionist realm for this budget.

So does this budget actually translate to a boom in construction activity? Actually no. It does shore-up the pipeline in civil infrastructure, it does confirm a number of projects that were already 90% over the line but it delivers little substantial new activity that wasn't already on the way.

At the end of the day, the budget is only as good and indicative as the economy it is reliant on and big questions remain. Will Victoria make it out of its second wave? If it does, when will it make it out and when will construction activity be allowed to return to normal? Will NSW avoid a second wave given its recent community transmission cases? Will the Chinese economy continue to devour iron ore at these incredible levels?

Australia loves to consider itself an island, geographically, politically and economically, but in reality global conditions have big impacts locally. Will Trump triumph in the upcoming election? Will Brexit turn sour?

Under COVID-19, how are you coping right now?

During COVID-19, most people will have their normal coping abilities challenged.

Whether you've:

- lost your job
- are isolated due to remote working
- dealing with home-schooling
- working even harder because others have been retrenched ...

it's natural to feel annoyed, frustrated, anxious, sad, confused or depressed.

But these normal reactions don't mean you've got a mental health disorder. They just mean you might benefit from having a chat to Someone* (by video) about what's happening and how you're dealing with it – to get some ideas you might not have yet tried and which might make a positive difference to your morale and motivation in the short term.



"Someone who knows construction and its challenges, who is qualified in psychology and who has a long track record in coaching to help people grow their potential."

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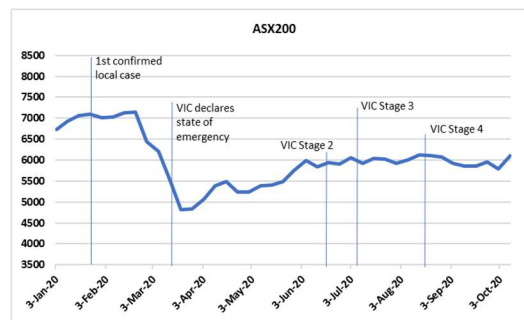
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The money usually tells us what's next but not always – just look at the GFC, but it is a good indicator of sentiment and where big business believes the future lies. In this article we take a look at how some of the listed companies share prices have responded to the year that has been 2020 so far.

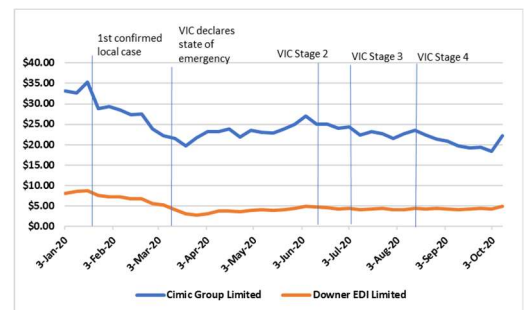
***Please note that this article is a general observation of financial performance and is not, and should not be, construed as financial advice.*



Firstly, let's look at the ASX200 – the general barometer of market performance. From its peak in late February, the index has recovered to sit around 14-15% down around the 6000 mark. This relative stability is quite incredible given the harsh lockdowns and restrictions being imposed in Melbourne. However, let's put this into context – this has been an environment that is heavily boosted by government stimulus and financial aid. With the ASX200 largely driven by the big four banks and mining stocks these industries have a big impact on the overall trend. Mining stocks have of course been buoyant on the back of surging Chinese demand coupled with reduced Brazilian supply. Banks have so far been shielded from the worst of the economic downturn.

Follow the money: What do the markets tell us?

Money can be wrong but what does it tell us about the state of the construction industry?



So what about the construction companies? If we look at CIMIC Group and Downer, they are also remarkably stable. This can largely be attributed to the fact that these companies' operations cover geographies that have been less impacted by the pandemic as well as the Victorian Government permitting major infrastructure works to continue as an essential industry. It is fair to say that the CIMIC shareprice has reflected some of the Victorian restrictions with its price falling in line with each stage imposed however the recent 'infrastructure' budget has given it a big boost.

All-in-all the markets appear to have largely shrugged off the pandemic's impact on the Tier 1 Constructors. An increased pipeline of major projects coupled with a strong mining industry have allowed this sector to weather the economic headwinds very well. With expectations of stagnant wage growth and a ready workforce due to high unemployment, the future is looking bright indeed for major constructors.

So if the constructors are looking strong, what about the industries that support them?

Construction Mentoring

"The greatest good you can do for another is not just to share your riches, but to reveal to him his own."
Benjamin Disraeli

Construction Advisor is now offering an innovative online Mentoring Program which provides access to competent guidance and an independent sounding board to enhance current performance and increase promotability.

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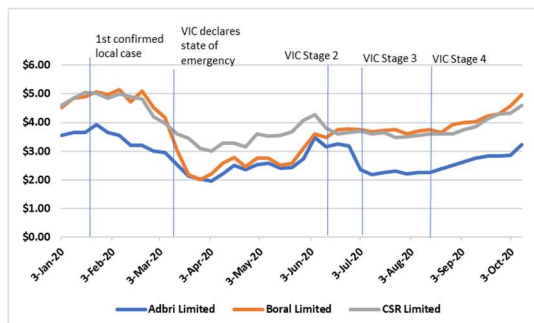
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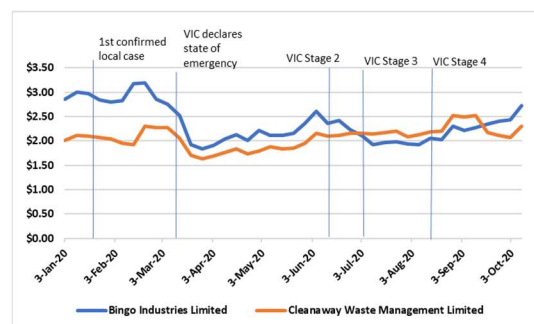


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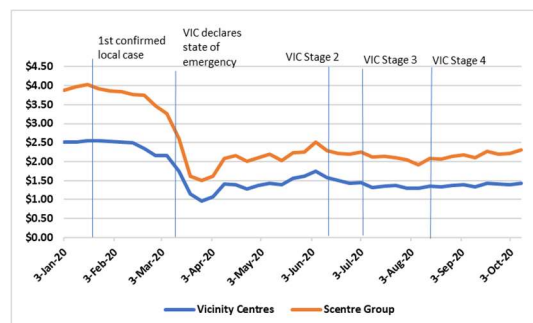


Materials suppliers Adelaide Brighton, Boral and CSR are looking strong – particularly Boral and CSR where the share prices have now almost returned to pre-pandemic levels. This confidence is not unfounded with support and stimulus flowing across the construction sector including infrastructure, housing and commercial. Indeed a further vote of confidence has been placed in Boral by none other than Kerry Stokes as Seven Group take a majority holding in the company.



Other industry suppliers too have weathered the pandemic well with environmental/waste suppliers Bingo Industries and Cleanaway Waste Management both showing resilience. It does appear that Bingo was impacted by the Melbourne restrictions from June to September but is now on a steady rise in anticipation of a return to normal trading.

A similar trend can also be seen in equipment supplier Boom Logistics (not graphed) with its initial falls now recovered. The construction equipment rental space has also seen some interesting moves in recent months with Onsite Rental Group going to market for new debt whilst Orange Hire has flagged its interest in finding a buyer. Both of these announcements can be interpreted as a sign of confidence in the coming market conditions.



Coming now to the state of retail we can look at two of the largest shopping centre owners in Vicinity Centres and Scentre Group. This is interesting as it can be interpreted as something of a vote of confidence in the future of retailing and whether the shift to online purchasing is likely to be structural or just a temporary change. Based on the relative share prices, it would appear to be the former. Both companies suffered sharp falls back in March as the severity of the situation became more apparent, where the construction sector has largely now bounced back, this sector continues to trade at almost half of its pre-pandemic levels.

So is this the end of retail and the shopping centre? Well, no. There is an inevitable swing towards online transactions but there will always be a place for the 'community market'. Another factor that will be weighing on the performance of these companies is that throughout the pandemic there has been an almighty battle around the fairness and structure of commercial rents in these centres.

What then does the money tell us about the state of the industry then? In short, we're getting back to business. Virus numbers have mostly been under control which translates to less restrictions and a return to a 'covid-normal' economy. There is a strong expectation that the limitations applied to construction in Victoria will be lifted in October and a strong pipeline of projects will support the industry into the coming years.

Remember the Westgate: 50 years on.

2020 marks the 50 year anniversary of the worst industrial accident in Australian history

Construction in 1970's Australia was a very different industry to what it is today. Long before anyone heard of acronyms like HSE, OH&S or PPE, construction was a dirty and dangerous occupation. On 15th October 1970 all of that was about to change in an incident that cost 35 lives.

The tragedy occurred just before lunchtime. A 'pinging' noise followed by a screech of steel was the only warning before 2000 tons of metal and concrete (along with 50 workers) came crashing to the ground as the bridge section collapsed. In all 35 workers lost their lives, some on the bridge, some on the ground and some taking lunch in site-huts under the structure.

Just like the construction industry, emergency services too were very different in those times. There were no 'major incident response' teams leaving many of the workers on site to desperately try to free and treat their workmates who had been injured or killed.

As well, these were days before grief

counselling or workers compensation. Following the incident, the workforce was dismissed within days and work to finish the bridge would take a further 8 years.

The shocking event prompted then Premier Henry Bolte to launch a Royal Commission (1970-71) and was followed by a coronial inquest in 1973.

"In memory of the workers of all lands who are killed in industrial accidents"

The results of the Royal Commission pointed to a range of factors and responsible parties. The structural design by Freeman Fox & Partners and unusual construction practices by World Services Construction (the major contractor on the project). The legacy of the incident and subsequent investigations would change health and safety on workplaces for ever more.

Today, those victims are remembered and honored in a memorial park under the bridge in Spotswood.

50 years on, ironically as we tunnel

underneath the bridge as part of the Westgate Tunnel Project, it is important to take the time to reflect on the lives that were lost, the lives that were changed forever and the lessons that must be learned to ensure that such a tragedy doesn't occur again.

To learn more about the bridge and the collapse you can visit an online exhibit from Public Records Office Victoria. There is also a memorial website available at westgatebridge.org that holds further detail of the incident, tributes and the findings of the Royal Commission.

***The memorial committee hosts an annual remembrance service at the the memorial park in Spotswood on 15th October each year. Due to the situation with Covid-19 please be aware that the memorial service has been postponed this year and will be held in 2021.



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Don't Fall for the IT Speak – AI is just 1 + 1

If there is a current 'buzz-word' it is "AI" (Artificial Intelligence). It sounds very futuristic and advanced but when we actually boil down what it is (currently) it isn't all that complicated...

The concept of AI isn't new... I can remember episodes of Star-trek back in the 80's, and then Bishop in Alien as well as, of course, the Terminator.

The concept of artificial intelligence has existed almost since the dawn of computing – the idea that computers can make decisions for us and make decisions for themselves.

Don't let me take anything away from very intelligent computer programmers and designers but the reality is far more simple. Current "AI" is no different to the same algorithms that have been written for the past 20 years. At their essence, it is always an 'if this, then do that'... the only change now is that there are thousands of these 'choices' and now the algorithm adds new ones based on the responses.

There you go – that is 'AI' in the current world – practitioners will tell you a whole lot more about 'intelligence' and 'automation' but that

is pretty much it.

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"Intelligent Business Through Business Intelligence"™

Industry Interview: Howard Humffray – Project Delivery & Bid Management

What I've learned in this industry?

Construction is 90% about people; build a culture that will support one another like a successful football team – culture is much more than "the way we do things around here" and in fact includes in excess of 30 separate factors.

If team members are struggling, encourage them to ask for help. Foster an environment where "I don't know", "I need help" and "I've made a mistake" is never seen as a weakness. Typically, if the problem is identified early enough, it can be addressed and mitigated. Problems should not be driven underground due to "management by fear".

Listen to the client early and try to clearly understand their drivers, needs and contract requirements. It will avoid assumptions; going down the wrong rabbit hole, & help to build a healthy, long-term relationship because you will be building what they intended.



Find out more about Howard at constructionadvisor.com.au

EYE ON IT

Current Industry Trends: CRM

CRM tools are abundant and there is no doubt who the leader is (Salesforce). But there are a number of worthy competitors (and usually more fairly priced).

The rule is, don't jump in – evaluate, understand and scope before you choose a CRM. The implementation is more important than the platform.

Developing positive relationships at work and at home

Almost all kinds of relationships, become strained when either or both parties are subject to the challenges we now face under Covid-19, and current statistics bear this out (1 out of 2 breakdown).

Access to information which helps us understand, diagnose and improve relationship behaviours is critical if we are to create a positive environment, both in the workplace and at home.

Whether with clients, colleagues, a boss, a partner or children, the quality of these relationships will have a profound impact on both your business performance and personal wellbeing.



The Construction Advisor Relationship webinars contain 12 key principles designed to increase your relational competence to help you understand and implement helpful behaviours, and minimise destructive ones.

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Major Announcements This Month:

- \$350m Innovation Quarter Breaks Ground
- Hickory Appointed for \$300m HOME Development
- Shortlist for Sydney Airport Announced
- Work Commences on Howard Smith Redevelopment
- Tenders open on \$121m Spoilbank Marina
- \$300m Hotel Development to Proceed
- Tenders open for \$150m Walkerston Bypass
- Decmil turns first sod at Albany
- \$1bn Olive Downs Gets the Green Light
- BMD wins \$163m piece of the Bruce Hwy
- Seymour Whyte wins Package C on the Pacific.

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