

Fact Sheet 7

Investors get the facts on Victoria's nationally competitive construction sector

Sound investment decisions are based on credible, factual data. The Building Industry Comparative Index has been developed to provide the investment community with an accurate and up to date assessment of the performance of the Victorian construction sector.

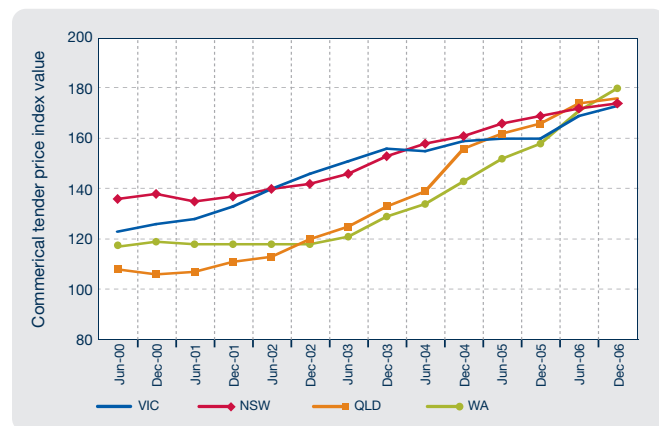
The Index is based on robust, independent data sources such as the Australian Bureau of Statistics, State and Federal governments and private sector organisations such as Westpac, Davis Langdon and Rider Hunt. The Victorian Government's Building Commission developed the Index and it has been independently verified by leading economic consulting, modelling and forecasting specialists Econtech.

Calculated over 16 variables agreed by investors and building industry leaders as significant indicators of cost and risk in the sector, the Index confirms that Victoria is now a competitive place to build. Over the last four years its performance has improved and it is on par with Queensland.

The Index demonstrates that average tender costs are lower in Victoria than in New South Wales or Western Australia. Rider Hunt's latest Tender Price Relativity index shows average tender prices in Victoria are 6 per cent lower than those in New South Wales, and 2 per cent lower than tender prices in Queensland.

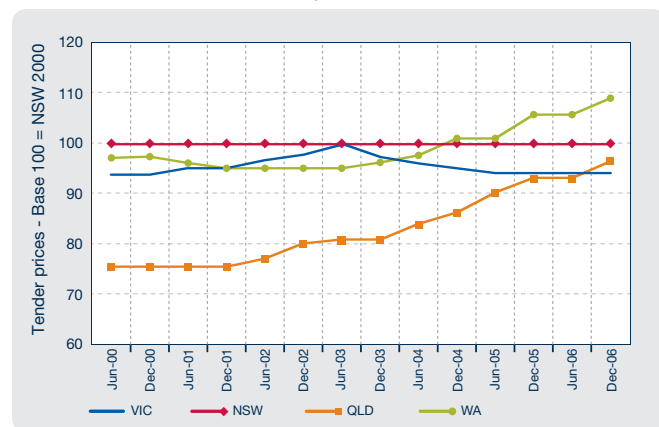
Davis Langdon's Commercial Tender Price index shows that tender prices in Victoria have on average increased by 3.5 per cent per year since December 2003. In the same time commercial tender prices have increased by 4.5 per cent in New South Wales, 10 per cent in Queensland and 12 per cent in Western Australia.

Commercial Tender Prices



Source: Davis Langdon

Tender Price Relativity



Source: Rider Hunt

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On almost every measure, the Victorian construction sector is in good shape. As well as tender costs that are less than or comparable to eastern seaboard states, it has the nation's safest work sites, historically low levels of industrial disputation, and has increasingly flexible work practices.

The Building Industry Comparative Index confirms that:

- > Victoria construction sites are among the nation's safest, with 21.3 injury claims per thousand employees, up to ten less than comparable eastern seaboard states
- > Days lost to industrial disputes in the construction sector have dropped from 343 days per 1000 employees in the June quarter 2000 to 31 days per thousand now, according to ABS data. This is now among the lowest in Australia and reflects factors including the new industrial relations climate.

Victoria's construction industry is nationally competitive, innovative and united. Employers, trade unions and government are working together to ensure that Victoria's productivity improvements continue.

The Index is a project of the Building Industry Consultative Council, an advisory group comprising employers, peak bodies, trade unions and the State Government, established in 2002.

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