



Update—October 2010

Volume 1, Issue 6

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from
Annual General Meeting
held 19 October 2010*

*Please note: copies of the
Monthly Employer Up-
dates are also available
on the TasBuild webpage
at www.tasbuild.com.au*

Entitlement Statistics for October 2010:

- Total entitlements paid: **42**
- Total value of entitlements paid: **\$265,884.99**
- Average weekly rate paid for all entitlements: **\$959.88**
- Average weekly rates paid to specific trades:
 - Boilermaker: **\$1,055.06**
 - Carpenter: **\$954.65**
 - Concreter: **\$844.88**
 - Electrician: **\$1,371.57**
 - Fitter: **\$815.39**
 - Labourer: **\$935.20**
 - Plant operator: **\$915.40**
 - Plumber: **\$981.54**
 - Refig Mechanic: **\$1,026.00**

Chairman's Report—AGM 19 October

20 October 2010

TasBuild Limited held its twelfth Annual general Meeting at Rydges Hobart on the 19th of October 2010.

The meeting was hosted by the newly appointed Chairperson, Mr. Graeme Sturges, Twenty persons attended representing the Scheme's contributors, beneficiaries, Board Members and staff.

Mr. Sturges provided an overview of the challenges managed during the preceding year, the Funds operational and financial performance and the objectives for the next twelve months.

For those of you that were not able to attend the AGM, Mr. Sturges "Chairman's Report" has been reproduced in this update.

"I'm told that a quick meeting is a good meeting and having said that we are certainly here to participate and engage with you but what I will do is start with what will be my first report at an Annual General Meeting – it is a day of firsts for me. The day that I've chaired my first Board Meeting and the day that I've chaired my first Annual General Meeting.

I think it would be remiss of me if I didn't start my report by placing on the record my thanks and that of the organisation to Mr. Des Hodgman. Des has undertaken a variety of roles in the organization since its inception in July 1998, he has been a board member, he has chaired TasBuild, and for a period of time he was acting CEO. I've certainly been advised, I haven't had the pleasure of knowing Des for all that long, but I am advised that he worked assiduously in all of those roles to ensure that TasBuild was put into a solid and robust position, and that has been demonstrated as a result of how we have come through the GFC. I will talk a little more of what was done there as I go through my report.

It is appropriate that we recognise Des and have our appreciation recorded in the official minutes of this meeting.

I am quite honoured to have been appointed to the Chair and I acknowledge that as I said in the annual report, I have got big shoes to fill.

It is certainly my intention to operate in an open and transparent way, to work to ensure that we are able to properly and adequately fund employee entitlements, but at the same time recognise that we need to work to minimise the contributions made by employers. I am very mindful that that can only be achieved through good strategic investment processes and I commend the Board for the work that they have done and I will go through some of the figures in a minute in the Annual Report, which clearly identifies their efforts in this area. We have certainly survived the cyclone of the GFC, very well and I can only suggest that that has been through the work and the strategic planning of Board Members.

We have emerged from the GFC but there is still a warning that there is still mixed financial and economic messages, which suggest that the end may be still some way into the future. In fact, I attended a conference on behalf of this organisation last week and one of the financial advisors who was presenting, used a terminology that I hadn't heard before, that we are likely to see a "muddle through outcome". I think that is a good way of describing what we are experiencing and what we can expect. We are going to have some peaks and we are going to have some troughs but I certainly would suggest, and hope that we see more peaks than we do troughs.

The strategies as I have said, employed by the Board of TasBuild has allowed us to weather the storm and we have generated a net surplus this year of \$4.556M, which compares very favourably with the net deficit last year of \$17.822M.

Now to share some financial statistics:

Total revenue has improved \$19.268M on last year; our total expenses have decreased by \$3.01M compared to last year; and the increased revenue has ostensibly been achieved through a \$ 14.511M improvement in the value of our investments; a \$ 4.852M increase in employer contributions, and I acknowledge that has been brought about through the increase in the employer contribution rate, and I made the point before that we will be doing all we can to minimise the cost implications on employers

but we do have, as Board members, a fiduciary requirement to ensure that we have assets in place to meet our liabilities.

We have decreased expenses through, (and I note that staff are here, and I want to acknowledge and thank them for the hard work they put in) through dealing with staffing levels and salaries; we have reduced our general expenses by some 9%, and we have changed the methodology of valuing the liability to beneficiaries.

It is also interesting to note that during the past year Worker registrations grew by 10.7% to 18,266 and I think a lot of the credit for that increase goes there to Mark Corrigan for the work that he is doing out in the field and supported by the office staff.

Employer registrations grew by 12.1% to 2,308. 465 entitlements were paid during the year which totalled \$3.114M. That's a big chunk of money to pay out on an island our size. Entitlement payments averaged out at \$6,697.00 per employee, so it is a nice tidy sum to get to go and take the break if that's what they chose to do.

Total assets of the organisation increased by \$8.5M to \$58.11M, and that has grown slightly further in the last month.

The investments, and this is a very nice turn around, have returned 11.36% which was a significant improvement over the negative figure of last year. The liability to beneficiaries increased by \$4.1M and that is an increase of around 8.3% and our asset to liability coverage improved by around 8% to 109%. That is just falling short of the Board's target of 110%.

I also take the opportunity to note that Senator Elect Anne Urquhart has resigned her position as the AMWU representative on the Board. I take the opportunity to thank Anne for her contribution to the Board over a number of years and acknowledge the appointment of Mr John Short as the delegate from the AMWU. I understand that John will be undertaking the role of State Secretary of that organisation. So we welcome John but in doing so wish Anne all the very best for her future on the hill there in Canberra.

Going forward there are a couple of key issues that I consider that we need to focus on, and that is awareness of Tasbuild and what TasBuild is about and what we are required to do. I think it is important that we do all we can, and I know that we have a very active Field Officer, and very hard working staff, but if we can do more to create awareness of TasBuild and TasBuild's role out there with the employers and the employees of the building industry then we

need to do that. To that end I have had some discussions with Chris Atkins, and it is certainly our intention to start with a modest advertising campaign, an appropriate campaign in industry newsletters, regional papers and what have you to make the building industry aware of TasBuild and its role.

I am also considering, subject to further discussion with Chris, that we might, subject to funding, getting some sort of a road show out there where we can go out in person and engage with industry in the regions around the State. But that is subject to further discussion.

Enforcement is a word that most people don't like to hear but it is certainly a role that this organisation has to accept that we have, so during the course of this year we will be moving to enforce compliance. I want to stress, and I want to make this quite clear - that enforcement will be a last resort. It will be an absolute last resort, we will be doing all that we can to work in a collaborative and co-operative way, with employers to make them aware of their responsibilities, to work with them if they are facing difficulties to overcome those difficulties, but at the end of the day we must recognise that we do have a legislative requirement to ensure that payments are made or information provided. However, I make the point again, that will be done in recognition of the sensitivity of the issues that we confront.

I think it is also very important for any organisation to have effective communications in place. Not suggesting that we haven't been effective with our communications in the past but I think it is a matter that we need to continually keep a gloss on and keep polishing, so we will be moving to upgrade the web page, we will continue with the regular news updates that go out and as I say look at other ways that we can effectively communicate with the industry. To that end any suggestions that you might have we would really appreciate receiving.

We are also going to seek to identify and implement processes to make compliance simpler and easier, we are going to provide employees access to their records via the internet. I think it is very important that we do move into the 21st Century and embrace the technological era that most of us have. In fact people often have a bit of a laugh at me, I came out of the communications industry and I'm only now mastering a mobile phone.

Another very important facet of work that

we are currently undertaking, and will be seeking to finalise during the course of this financial year, is to seek to amend the legislation under which we operate. In doing so we want to simplify the coverage arrangements, we want to increase the plain English within that legislation so that we can all understand it and it is very important that in doing that we decrease the level of complexity that is contained in that legislation. I don't know about you, but I've had a look at the legislation, a look at the Rules and the Articles of Association and see how they marry up. I've dealt with legislation now for many years and I do find it, at times, a little hard to interpret. Thankfully the CEO is around and he can assist me but I think to myself if we are asking employers to comply then surely it is incumbent on us to work with government to get simpler, easier to understand, and less complex legislative requirements in place, so we will be moving that way during the course of this year with a view to having it finalised, all things being equal, by the next Annual General Meeting.

It is also very important that we continue to work with our Actuary and our Auditor, and I note that we have a representative of Wise Lord & Fergusson here, Danny McCarthy, so that we undertake regular reviews of the Fund's financial performance so that the employer contribution rate can be adjusted as appropriate. I do want to stress that, I am making no false promises, but I am very mindful of how business operates, I'm very mindful of the tightrope that is walked, and if we can do anything to ease that burden then I certainly believe that we have that obligation, whilst at the same time ensuring that we have appropriate financial strategies in place to meet our obligation under the legislation.

So I give that commitment to work in that way over the next twelve months with Chris and with the staff and Board of TasBuild.

To finish up, there is a nice little segue there. I really would sincerely like to thank the Board for the work that they have done over the last twelve months. I also take the opportunity to thank Chris whom I knew in another life when he was with the Master Builders Association, and we are very fortunate to have a man of this calibre heading up our organisation here in Tasmania, so I would thank Chris for the very hard work that he puts in and I also acknowledge the work of what is a very small, a very dedicated and very efficient and effective staff that work there with Chris. So thanks very much to all of you for your contribution to the organisation."

Graeme Sturges

Chairman