

Perspective

World Contracting News, Views & Comments

Submit your news for publication to Denise Anderson at danderson@bscai.org

ARGENTINA - BUENOS AIRES

Debtors Oppose Controversial Debt Swap

After defaulting on bond repayments three years ago, Argentina has now proposed to swap the outstanding debt for \$42 billion in new bonds. Despite the fact that many debt holders have criticized the deal and want it rejected, the country gave a date of February 25th to accept or reject the deal and Argentina's President, Nestor Kirchner warned that it was a take-it-or-leave-it offer. The original offer was to repay just a quarter of the debt, but that was rejected last year. Two fifths of the money is owed to institutions and individuals in Argentina, a tenth to US creditors, a few in Japan and the remaining third in Europe. Argentina's domestic pension funds have already agreed to accept the new offer, giving Argentina the backing of 17% of investors. While domestic investors may be more willing to do a deal because they stand to benefit most should Argentina's economy flourish, Italy, which has some of the biggest holders of Argentinean debt, is threatening to reject the deal and called it "very miserly and very poor". If 75 per cent of the investors – the percentage recommended by the International Monetary Fund (IMF) - do not agree to the proposal, it may force a series of international lawsuits. However, analysts expect the debt swap to be successful as most investors, after three years of fighting to recover their money, are likely to want to see something as compared to nothing.

AUSTRALIA-NATIONAL

"Choice of Fund" Legislation Passed

As from 1st July 2005 the majority of Australian workers will be able to choose which fund their superannuation contributions are paid into. The legislation applies to Superannuation Guarantee Contributions made by employers on behalf of their

employees. Superannuation Guarantee Contributions are the minimum payments employers have to, by law, pay for their staff into a superannuation fund – it is currently the equivalent of 9% of wages/salary. Whilst the legislation is generally welcomed as a principle, for large BSC's who employ many thousands of employees, the associated administration will present a significant challenge and will come at a cost. The Australian Association, BSCAA, is already looking at options for its members, which might have the potential to minimize the paperwork and administrative cost.

AUSTRALIA-NATIONAL

Best Performing Assets in 2003/2004

With the year nearly over, investors in Australia are taking time out to review their investment portfolios. As the following table indicates, domestic and international shares were the strongest performing asset categories last financial year.

Asset Category	Approximate Return %
Australian Shares	21.7
International Shares	19.4
Listed Property	17.2
Direct Property	12.3
Infrastructure	8.7
Cash	5.3

AUSTRALIA - SYDNEY

BSCAA Celebrates 40 Years of Service

A gala dinner will be held in Sydney on 25th February to celebrate the 40th anniversary of BSCAA. Industry participants, past and present will gather to reminisce about the evolution of the building service contracting industry and the role of BSCAA which now represents the interest of over 700 members.

AUSTRALIA-WESTERN

Industry Excellence Awards A Huge Success

The 2004 JohnsonDiversey WA Cleaning Industry Excellence Awards were again an outstanding success with over 300 people attending a ceremony at the Sheraton Hotel in Perth. The Western Australian State Government Minister for Education, the honourable Allan Carpenter MLA, attended indicating the level of respect with which the awards are held.

AUSTRALIA-WESTERN

Outgoing President Recognized

At the Building Service Contractors Association of Australia, Western Australia Division's Christmas lunch, outgoing President Stuart Preston (center) - Quantum Contract Service, received a Certificate of Recognition and an appropriately engraved pen from incoming President Mark Berry (right) - Arrix, and BSCAA National President John Lazzari (left) - Tempo Services.



BRAZIL - BRASILIA & CHILE-SANTIAGO

IREM Delegates Visit Partners In Brazil, Chile

In August, a delegation of IREM and NAR representatives led by Institute President Tony Smith made official visits to partner organizations in Brazil and Chile. While in Santiago, Chile, Smith and IREM Vice President of Strategic Initiatives Nancye Kirk met with Juan Carlos Latorre, ARM, president of partner CGAI (Colegio de Gestion y Administracion Inmobiliaria de Chile, A.G.) and attended a reception sponsored by the organization. The group met with representatives from Urbana, a Chilean property management company, which provided insight into the country's real estate industry. According to Urbana, 1,000 property managers exist in Chile; 100 manage more than 10 buildings and the remaining 900 are very small, managing only one or two properties. Urbana also has an office in Argentina, a country which

has 5,000 property managers. During the Brazil leg of the trip, the group attended general sessions and workshops at a SECOVI-SP-sponsored convention in Sao Paulo and met with the leaders of Brazil Chapter No. 111 to discuss the development of property management within the country, future IREM course offerings and the chapter's evolving role. The chapter signed its friendship agreement with South Florida Chapter No. 19. SECOVI plans to sponsor another set of ARM courses next year and CPM courses in 2006. The group attended the Master Imobliario Awards, sponsored by SECOVI and FIABCI-Brazil, regarded as the most important event in the Brazilian real estate community. Smith and NAR, represented by President-elect Al Mansell, received special awards. The group toured Brasilia with SECOVI, and met Joao Paulo Cunha, president of the Camara dos Deputados (similar to the U.S. House of Representatives).

BRAZIL - SAO PAULO

Low Rate Of Inflation Still High

Even though consumer prices rose 7.6 per cent in 2004 in Brazil - the lowest rate of inflation in four years - the rate of inflation exceeded expectations. Rising prices in November and December helped drive inflation above the expected rate of 7.5 per cent. And while the pace of inflation was the best its been since six per cent in 2000, the higher than expected 2004 inflation rate could lead Brazil's Central Bank to raise the country's benchmark Selic lending rate of 17.75 per cent, one of the steepest in the world, to a predicted increase of 18.25 per cent. The government has set its target for 2005 inflation at 4.5 per cent, but the central bank predicts that prices could rise 5.3 per cent. Brazil's economy grew five per cent in 2004 and is expected to grow 3.6 per cent in 2005.

BELGIUM-BRUSSELS

EU Citizens Not Eager To Start Up A Business

Regular income, job stability and fear of failure are all cited as reasons as to why 59% of Europeans have never even considered setting up a business. A Eurobarometer survey showed that only 45% of Europeans would like to be their own boss as compared to 61% of Americans. Motivation to set up a business comes from a desire for greater independence and self-fulfilment rather than increased earning power. The survey found that one-third of EU citizens would consider setting up a business in the next 5 years. Lack of

available financial support still ranks as the single most important factor and the EU will make boosting entrepreneurship a core element in forthcoming initiatives in order to improve the competitiveness of the European economy.

CANADA-MANITOBA

Parents Not Told About Janitor's Offenses

After reading in a newspaper that a janitor at South Oaks Elementary School in Grunthal had been charged with 10 sex-related offenses, parents of students at the southern Manitoba school became outraged. The charges involve three alleged victims, all under the age of 18. Superintendent John Peters says parents weren't immediately informed because he wasn't sure how much information he could release. The former janitor is in custody in Winnipeg.

CHINA-BEIJING

Greening Rooftops To Improve Air Quality

In a campaign to improve air quality in Beijing in time for the 2008 Olympics, officials are planning to plant grass, preferably evergreen grass, on rooftops. The city is using roofs, as it claims downtown Beijing is too crowded to insert more greenbelts - urban areas set aside for planting trees and shrubs. Plans are to have rooftop "greenbelts" on 30 percent of the city's high-rises and 60 percent of its lower buildings by 2008. Beijing's clean air campaign will also entail relocating 200 polluting factories and restricting unspecified activities at office buildings, apartments, hotels and shopping malls in the metropolitan center. According to officials, China's capital just managed to reach its goal of 227 days with clean air in 2004, although skeptics have raised questions about the standards used to make the claim.

CHINA-SHANGHAI

Five Star Honesty Shines At This Hotel

While cleaning a room, a maid at the Bao'an Hotel in Pudong found cash, credit cards, foreign bank books, a passport and some other important private documents worth US\$85,542, that a guest had left behind. The maid immediately called her manager, and the hotel began to search for the businessman trying to contact him with company information he used when he checked in. The grateful owner, who hadn't realized he had left his valuables

behind when the hotel called hours later, rushed back to the city to pick up his belongings. The maid who found the money and reported it to managers will receive a reward for her good deed.

EUROPE

European Public At Ease With Euro

According to the Flash Eurobarometer survey carried out in November 2004, citizens in the euro zone have become familiar with European currency, no longer thinking in the old national monies for common purchases. Three years after the single currency was introduced in 12 EU countries, the public is increasingly at ease with the Euro, with most people saying they have no difficulty using coins (72%) or banknotes (93%). A majority of euro-area citizens (52%) now mentally calculate in euro for their everyday purchases and the number of people who continue to think in their national currencies when considering buying a house or a car has decreased by five points to 49% compared with a 2003 survey. Irish consumers are the ones most likely to calculate in euros for exceptional purchases (72%), the least likely being the French (14%), Portuguese (13%) and Belgian (12%). A large majority (72%) now considers the euro an international currency like the dollar or the yen.

FINLAND-HELSINKI

Income Agreement Reached

Employer and trade union organizations in Finland have agreed to a broad-based incomes contract that will last for 31 months beginning in March 2005. Under the terms of the national contract, basic pay will rise by 2.5% for the first 15 months and then 2.1% for the following 16 months. The deal also allows for employees serving notice to take between five and 20 days' paid leave to attend job interviews and training courses. The Finnish government agreed to reduce income tax in conjunction with the agreement. The change will mean a 1.3% reduction in tax liability for workers earning the national average wage of Euro 1400 per month.

FRANCE-PARIS

Less Time For French Workers

French Prime Minister, Jean-Pierre Raffarin, has relaxed the Aubry 35-hour week and increased the annual quota of overtime from 180 hours to 220 hours. Other changes to working time laws are:

extending the exemption for companies with less than 20 employees until December 31 2008; removing limits on the banking of overtime hours; and easing restrictions on profit sharing schemes.

HOLLAND-YPENBURG

Unique Partnership With Facility Services Co.

The first Public-Private Partnership (PPP) for school construction in Holland, estimated at around Euro 17 million, has been awarded to TalentGroep— with ISS Facility Services as one of its partners. Under the contract, TalentGroep will be responsible for the design, construction, financing and management of the school for 30 years, which encourages the interested parties to focus on the lifetime costs of the building. This form of collaboration by TalentGroep between a construction firm, a technical provider and a facility provider – Strukton, Imtec and ISS Facility Service – is the first of its kind in Holland. Construction of the Montaigne Lyceum secondary school in Ypenburg is due to be completed in August 2006.

INDIA-BANGALORE

Window Cleaning Firm Looking To Expand

Technoclean India, a window cleaning company, is looking at small towns to drive growth, expecting them to produce over 25 percent in revenue. Currently, the company has 450 employees in 14 cities and is aiming to have a 35-city presence by 2007. The expansion to smaller cities was influenced by the presence of 45 existing clients in the new areas. At present, 20 per cent of the company's revenue comes from star hotels, 35 per cent from the IT industry and the rest from property developers and malls. According to the company, the industry has been growing at 60 percent.

INDIA-BHUBANESWAR

Schools To Enjoy Green And Clean

In order to create an atmosphere that is conducive for academic pursuits, the state urban development department has decided to launch a special drive to make the environment in and around the schools across the city green and clean. At the first school to be designated, an unauthorized buffalo-shed on the rear side of the school will be removed, trees will be planted, a park will be developed in the open space in front of the school, slabs will

cover the open drain and the vacant land on the right side of the school will be used as parking space. It was also decided that safe drinking water and wastewater drainage would be provided. Also, fences around the school premises will be installed.

JAPAN-TOKYO

Despite Wage Drop, Incomes Soar

In a national accounts report for the fiscal year through last March, the Cabinet Office reported that Japan's national income, comprised of corporate profits and wages for employees, amounted to 367.8 trillion yen in fiscal 2003. This figure, which was up 1.8 percent from the previous year, was boosted by corporate income, which soared 10.2 percent to 95.7 trillion yen, the highest rise in seven years. Wages dropped 1.0 percent to 263.5 trillion yen for the third straight year of decline. Private-sector firms reported income of 43.8 trillion yen, up 20.5 percent from 2002 and the household savings rate, which shows the percentage of money transferred to savings from disposal income, reached 7.7 percent. Japan's nominal GDP in dollar terms for the 2003 calendar year totaled \$4.303 trillion, retaining the position of second largest after the United States among Organization for Economic Cooperation and Development member countries.

NEW ZEALAND-CHRISTCHURCH

Norovirus Still At Christchurch Hospital

The Emergency Department at Christchurch hospital is so besieged with patients exhibiting Norovirus symptoms that it has asked potential patients to avoid the hospital and go to their doctor or 24 hour medical center first if they have vomiting and diarrhea. In addition to an outbreak in two wards – 27 and 28 that experienced Norovirus prior to Christmas, there was a small outbreak of the virus in Ward 30, and a number of patients with Norovirus symptoms were seen in the emergency room. Visitors to the infected wards especially children and elderly people, were being restricted and were required to observe strict hygiene control measures.

PORTUGAL-LISBON

Economic Growth Forecast Trimmed Slightly

Due to a larger-than-expected rise in exports, the Bank of Portugal forecast gross domestic product (GDP) would expand in 2006 to 2.0% but it trimmed its economic growth forecast for 2005 to

a midpoint of 1.6%. The bank originally predicted the economy would grow by 1.75% in 2005. It also revised its forecast for 2004 economic growth from 1.25% down to 1.1%. The bank did raise its outlook for export growth to 7.5% from 6.75% and predicted sales of Portuguese goods abroad would rise by 8.6% in 2006. Portugal's economy shrank by 1.3% in 2003, the worst performance in the European Union that year and the country's poorest showing in over a decade.

SOUTH KOREA-SEOUL

Oldies But Goodies

The number of workers over the age of 65 in Korea jumped by 8.9 percent to 1.24 million in 2004 from 1.14 million in 2003, an all time high. The figure has been on a steady rise from 1 million in 2000 to 1.07 million in 2001 and to 1.15 million in 2002. People over 65 years old took up one of four jobs created in 2004, or 102,000 of the total 418,000. However, 90% of older workers' employment statuses were highly unstable as the majority of jobs were irregular or temporary in nature and had few benefits and low salaries. The Ministry of Finance and Economy plans to spend a total of \$40.4 million in 2005 to provide about 100,000 new jobs in an effort to accommodate a rising number of older workers. Yet, despite the rising number of older people in the workforce, youth unemployment rates have also been rising, reaching 7.9 percent in 2004, a five-year high. Local economists predict the job market will likely worsen, as a slowdown in overall economic growth will force local companies to be hesitant to hire new workers.

UK-LONDON

Mitie Has A Good Year

Mitie Group Plc, said first-half profit before tax, goodwill and exceptional items was 22.5 million pounds (\$41.8 million). This is an increase of 22 percent over the same period in the previous year. Mitie says it expects 2004 to be a good year for the company.

UK-LONDON

OCS Wins Eurostar Contract

More than seven million people pass through the Eurostar terminals at Waterloo and Ashford International each year. OCS Transport has won the UK contract to clean both terminals, as

well as, the trains arriving at Waterloo which are booked to re-enter passenger service. The prestigious contract with Eurostar expands OCS's portfolio of services, represents the company's most significant gain outside the aviation industry and has resulted in the creation of a specialist rail division.

UK-LONDON

Study Links Wheezing To Womb

A University of Bristol research study found that children born into the 10% of families, which used products such as bleach, paint stripper and carpet cleaners the most, were twice as likely to suffer from wheezing as those who used the least exposure to cleaning products. Wheezing can be a sign a child will go on to develop asthma. The study followed 14,000 children from birth until they were three-and-a-half years old and involved 7,019 families. However the University claims the study results are not conclusive proof that this exposure is causing a rise in asthma and further research needs to be done.

UK-SUNDERLAND

Shopping Center Wins 'Loo Oscar'

Sunderland's Bridges Shopping Centre is flushed with success after winning two prizes in the Loo of the Year awards. After judges conducted a secret inspection, the toilets were given a five-star gold award, making them eligible for a national award. In addition, the new mother and baby facilities, won a gold award. The competition, launched in 1987 and known as the Oscars of the toilet world, is designed to encourage the highest possible standards in public conveniences. Each facility is graded from one to five, based on a wide range of criteria, including decor, cleanliness, overall management and functional equipment.

UK-YORKSHIRE

Rail Passengers' Fragrant Seats

TransPennine Express, a rail operator which runs services in the North West, North East, Yorkshire, Cumbria and Scotland, has started using scented headrest covers in an attempt to clean up its train

carriages. The paper covers are impregnated with aromatherapy oils to "create a favourable impression" and the company claims the fragrance is subtle and smells fresh and clean. TransPennine Express started using the citrus-scented covers to improve the smell of the first class and standard carriages.

US-WASHINGTON

Pollution Eating Bacteria Uncovered

Researchers publishing the genetic sequence of a pollution-eating bacteria first found in sewage sludge, called *Dehalococcoides ethenogenes* Strain 195, said it showed some surprising flexibility and may have evolved its talents in response to human contamination of the environment. *D. ethenogenes*, is being used at 17 polluted sites in 10 states. Different strains break down perchloroethylene or PCE, a chlorinated solvent used for dry cleaning; trichloroethylene, used to clean metal parts; chlorobenzenes, used to produce the now-banned pesticide DDT; and polychlorinated biphenyls or PCBs, compounds that were once used as coolants and lubricants in transformers. The researchers, including teams at Cornell, Johns Hopkins University and Technical University in Berlin, found genes for 19 different reductive dehalogenases, enzymes that help *D. ethenogenes* microbe "breathe" chlorinated solvents -an ideal possible solution to cleaning up the many water sources polluted by chlorinated solvents. The researchers said their findings suggest the bacteria may have developed the ability to destroy chlorinated solvents fairly recently.

CORPORATE MEMBER NEWS

Ecolab

Ecolab's Board of Directors authorized the company to repurchase up to 10 million additional shares of Ecolab common stock. Ecolab has approximately 6.8 million shares remaining under a previous repurchase authorization approved in October 2003. Ecolab had approximately 258 million shares outstanding at October 31, 2004. The company will conduct its purchases in the open market; in privately negotiated transactions from time to time, depending on market conditions; and through purchases made in accordance with Rule 10b5-1 of the Securities Exchange Act of 1934. The repurchased shares will be used to fund stock incentive

plans and for general corporate purposes. As part of the additional authorization, Ecolab may repurchase shares that could become available as a result of the Standard & Poor's Index Float Adjustment (scheduled to be implemented in March and September 2005) to the extent that such repurchases present opportunities for Ecolab.

Johnson Diversey

JohnsonDiversey, Inc. operations in Asia are donating products and expertise to relief organizations as the need for sanitation, hygiene and safe drinking water becomes a top priority in the areas affected by last month's devastating tsunami. For example, JohnsonDiversey officials in Sri Lanka have provided products and consultation in cleaning and sanitation. Numerous cases of the disinfectant Virex™ II were donated to the Thai Ministry of Health, and water purification tablets were provided for relief efforts in India. The World Health Organization says access to safe drinking water and an adequate hygiene and sanitation infrastructure are the keys to minimizing the risk of disease outbreaks the region. JohnsonDiversey is using its resources to help meet those needs. The company has mobilized a three-pronged disaster relief plan that pools product and financial resources worldwide. First, JohnsonDiversey officials have authorized their operations in Asia, where the company has numerous employees and customers and is an industry leader, to contribute up to \$300,000 in funds and products. In addition, company hygiene experts are advising customers and public health officials on effective disaster-related cleaning and hygiene protocols. "It will be a long time before the world comes to grips with the dimensions of this tragedy and longer still until the area has been restored," said JohnsonDiversey President and CEO, Greg Lawton. "In the meantime, it is right that we provide some measure of relief to those who so desperately need our help." The company is also committed to the long-term rebuilding effort. In Sri Lanka, JohnsonDiversey Managing Director Rohantha Athukorala has been appointed to a governmental board on relief that has been charged with drafting and implementing a plan for private sector investment in long-term reconstruction. In a second, worldwide effort, the company has committed to matching up to \$100,000 of employee contributions. Employee contribution programs have been launched in the North America and European regions. Contributions will be made directly to the tsunami relief funds of qualified organizations such as to the Red Cross. And finally, an immediate \$100,000 donation has been sent from the S.C. Johnson Fund, a grant-making organization co-funded by JohnsonDiversey and S.C. Johnson & Son, Inc.

UPCOMING EVENTS

BSCAI Annual Convention and Trade Show

Orlando, Florida
April 1-5, 2005

Visit the BSCAI website at www.bscai.org for more information or call 703-359-7090.

16th Congress of the World Federation of Building Service Contractors

Seoul, Korea
October 16-19, 2006

Visit the WFBS member website at www.wfbsc.org and the website at www.kasmo.or.kr for more information.

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