

INTERNATIONAL DIMENSIONS

News, Views & Comments from the World of Building Service Contractors

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WF BSC News

Welcome to the May 2010 edition of International Dimensions produced by the WF BSC Secretariat team in the UK. I hope you like it and find it a useful source of insights into the business environment across the world. International Dimensions is only as good as the material you provide for it, so please email me as much interesting information as you have.

Bolton, United Kingdom

Cleaners at the Royal Bolton NHS Hospital recently voted to ballot for industrial action following the decision by management to retire a number of their staff. ISS Mediclean, who hold the contract to clean the hospital premises, informed a number of staff near or past the retirement age of 65 that their services would no longer be required. Union members agreed to vote to ballot for industrial action over a number of issues, including pay arrangements over bank holidays and anti social hours. According to union members the issue of compelling workers to retire was "the straw that broke the camel's back". At present there is no UK age discrimination law that prevents businesses from forcing individuals to retire at the age of 65. However this is being challenged in the courts, while both the Labour Party and the Conservative Party have pledged to scrap the default retirement age altogether. Age UK, a charity that campaigns

for the rights of the elderly, recently undertook a survey where 40% of the respondents indicated a preference to scrap the default retirement age, while more than half of those questioned expressed a desire to work beyond the age of 65.

Wellington, New Zealand

New Zealand's Central Bank Governor Gary Pollard ruled out raising the benchmark interest rate until July this year. Pollard stated that he expects to raise the official cash rate from the current record low of 2.5% over the coming months, on the condition that the economy continues to strengthen as forecast. The Governor of the Central Bank was quoted saying that he has given himself "wriggle room" to delay rising the interest rate. This marks a contrast from a previous statement where he pledged to increase borrowing costs "around the middle of 2010." The Reserve Bank is expected to either raise the rate during the June statement or July review depending on the economic data available and the global financial backdrop. Pollard remains upbeat yet cautious on the outlook of domestic and global demand stating that "trading partner activity has recovered more quickly than expected" and that growth in Asia has been "particularly strong" with prices for commodity export reaching near record highs, while adding the qualifier that "the risks to global outlook remain elevated."

With the current European deficit crisis affecting Greece, Spain and Portugal would seem to make the prospect of an increase in June highly unlikely according to analysts. According to the Central Bank New Zealand's economic recovery is "in line or slightly faster" than the pace forecast in March however "households still remain cautious and business spending is weak." However some analysts believe that a rate increase in June is likely, owing to a massive improvement in the unemployment figures in the first quarter where the rate dropped from 7.1% to 6.0%. The Central Bank will now have to engage in a delicate balancing act as they weigh up the Sovereign Debt Crisis in Europe against the improvement in employment figures before deciding when to raise the rate.

Trento, Italy

The US Green Building Council and Green Building Council Italia have signed a Memorandum of Understanding (MoU) designed to foster a collaborative partnership between the two organisations in an effort to promote green building and carbon reductions in Italy. At the core of the MoU the GBC Italia will be the first European organisation to employ the Leadership in Energy and Environmental Design (LEED) certification. GBC Italia will modify the certification to make it compatible with local needs and requirements. The MoU also includes pledges from both parties to share information on research, and best practices on the construction of green buildings. Rick Fedrizzi President, CEO and founding Chair of USGBC stated that "Green buildings address a number of important global issues but we can't do it alone. Working collaboratively is a critical step towards reaching global solutions" He also added that "The concept behind green building: building smarter and saving money is also critically important to the multinationals who want to replicate this success in every market across the globe." The LEED green building certification is currently the foremost program for the design of buildings with over 32,000 projects participating in commercial and institutional

LEED rating systems, comprising over 9.6 billion square feet in construction space across 114 countries.

London, United Kingdom

The British Cleaning Council is hosting a special Conference in October entitled 'Profiting from Recovery.' This conference, the first ever hosted by the BCC, will address the issues of the challenges facing cleaning businesses in the post recession environment and what strategies businesses should adopt to ensure survival and achieve success in the present economic climate. The BCC has assembled an impressive line up to provide the necessary insight and expertise. They include Michael Portillo the former Conservative MP and Secretary of State for Defence. During the conference Portillo will offer his own reflections of the political climate and offer his insights on how businesses can work effectively alongside government policy. Pedro Chidichimo of Diversey will provide expertise on the question of building long term sustainability in the cleaning sector. Chidichimo previously served as Regional President of Europe, Middle East and North Africa. Chris Cracknell of OCS will host a discussion on the merits of training personnel during an economic recovery. Cracknell currently serves as the CEO of OCS, a position he has held since 1996. Jim Hayes, Managing Director of ISS Facility Services, London Division will present a seminar on attracting young people towards the cleaning industry and Dave Lunt from the Personal Accounts Delivery Authority (PADA) rounds up this impressive line up with a seminar on PADA's work on pensions and how the scheme can benefit staff and employees. The conference will provide a gathering for 150 delegates holding prominent positions across the cleaning industry sectors.

Brussels, Eurozone

Financial markets made a measurable recovery following an agreement between the European Union and the IMF to provide a substantial aid package to Greece in a bid to

prevent the sovereign debt crisis from spreading. World stocks recorded a rise of 2%; the Euro gained in value against the Dollar while corporate and peripheral debt yields narrowed against benchmarks. The agreed package pledged 500 billion Euros of loans and loan guarantees to any Eurozone countries requiring funds plus an additional 250 billion Euros from the IMF. As part of the agreement there are also measures for the European Central Bank to buy the region's government bonds. The agreement was reached following sharp sell offs in riskier assets across the world, prompted by concerns that Greece's difficulties could engulf other Eurozone countries and beyond. Klaus Wiener, head of research at Generali Investments commented that "the EU has taken a decisive action to stamp out the speculative attack against the euro and this should be sufficient to bring some calm into the market." However others have expressed concern over the deal with Valentin Marinov, currency strategist at Societe Generale commenting that "It is still unclear where the money for the funds is going to come from."

Amsterdam, The Netherlands

ISSA/INTERCLEAN hosted the biannual international trade show last month in Amsterdam with over 23,415 delegates attending the 5 day event. The trade show gave the 651 exhibitors the opportunity to showcase some of the latest innovations. The high numbers demonstrated that ISSA/INTERCLEAN Amsterdam is the largest international trade show in the field of professional cleaning. The next exhibition is scheduled to take place from 8 to 11th of May 2012 at Amsterdam RAI in the Netherlands. This year's show was attended by a record number of international visitors. The previous show in 2008 saw 67% international visitors attend. At this year's show that figure jumped to 71%. Of the 23,415 visitors 76% were authorised buyers. It is a remarkable achievement given the precarious economic conditions Europe and the rest of the world finds itself in. This year's innovation award went to Baudin Wash systems for their

Travelator Cleaner – a product that cleans large expanses of grass alongside travelators. Bart de Bonth – Sales Manager for Baudoin Wash Systems: "ISSA/INTERCLEAN 2010 was great for us. Winning the Innovation Award was a fabulous token of appreciation. The accompanying publicity attracted a lot of additional visitors to our stand. People were very interested in the product we won the award with and wanted to see the Travelator Cleaner.nl in action. Winning the Innovation Award definitely generated extra leads. Our 2008 ISSA/INTERCLEAN participation gave us 411 leads, now we have 673".

San Francisco, USA

The Department of Homeland Security has notified ABM Industries, one of the three largest employers of janitors in San Francisco, that it will be checking the Employment Eligibility Verification of the company's 1000 employees, according to the political director of the Local 87 janitor's union, Ashsa Safai. In the company's internal review of their employee's documents, it was discovered that 475 were incomplete or had incorrect information on the forms. It is likely that those individuals discovered who have incomplete or false documentation would lose their jobs in a matter of days. Safai commented "You're really just shifting people away in the economy... they'll have other people come in and replace them and those 400 [who are fired] will go looking for jobs elsewhere." The janitors recently received a message from their supervisors that they would be excused from their duties for one hour to participate in a union event. It turned out that the event was a candle light vigil staged in protest of the immigration raids. "You fought for this job," Miranda said in Spanish and in English into a microphone powered by a rumbling Honda generator. "You've had this job for 15 years. You've had these benefits for 20 years, and we can't permit them to come take our jobs because of some miserable social security number." The crowd chanted "You hurt one, you hurt everyone!" in Spanish. The union does not verify the immigration status of its own

members. One foreman commented that illegal workers are often stepped on by management. "In the companies, when they know you don't have papers, they give you more time and don't pay overtime." The vigil was held to show solidarity amongst the affected workers, however some of them recognised the futility of the endeavour commenting that "We can't fight immigration... some people are not legal here."

Amersfoort, The Netherlands

ARCADIS, an international management services company, announced that ARCADIS AQUMEN – a joint venture between ARCADIS and British Carrillion has signed a contract extension for its facilities management contracts with DSM, a speciality products manufacturer. The extension covers a four year period (3 years plus an option for a 1 year extension), while the current deal is set to expire in January 2011. ARCADIS AQUMEN provides procurement and management services related to facility management on an annual basis for DSM with a total value of approximately 20 million Euros. The facility management and real estate are delivered on office locations at DSM. Activities include procurement and management of building maintenance, real estate management, catering, cleaning, and staff transportation. As part of this extension deal ARCADIS AQUMEN will also contribute towards the strategic cost saving program at DSM. "This contract extension signals DSM's satisfaction with the quality of our services and the service orientation of the ARCADIS AQUMEN staff members. Through the cost savings we will provide additional added value to DSM in these economically difficult times," said Bernt Bouwmeester, director of ARCADIS AQUMEN. "This provides a good basis for further growth of ARCADIS AQUMEN in 2010."

Brasilia, Brazil

The trailblazing pace of Brazil's economic growth is piling pressure on the Central Bank to ratchet up interest rates. The IPCA

consumer price index rose by 0.57% in April, compared with a 0.52% increase in March. The rolling 12 month inflation rate was reported to be 5.26%, well above the government target of 4.5%. The Brazilian Central Bank raised interest rates for the first time in nearly two years as they endeavour to slam the brakes on the Brazilian economy to prevent it from overheating following a robust recovery from last year's recession. Alfredo Coutino, Latin America director at Moody's Economy.com attributed the rapid rise in inflation due to demand pressure on prices. The Brazilian had previously been injected with a stimulus package of tax credits, which fuelled the purchases of Brazil's manufactured goods thus stoking production in Brazil's factories. However much of the stimulus package has been discontinued yet consumer spending has shown no signs of abating, giving the Central Bank cause for concern as they remember all too well the hyper inflation episode of the 1990's. While containing inflationary forces may be the Central Bank's chief concern the ongoing sovereign debt crisis affecting Europe may force them to "cut short the monetary tightening cycle" said Silvio Campos Neto, chief economist at Sao Paulo-based Banco Schahin. Despite the cautious outlook the Brazilian economy continued to show resilience with the IBGE reporting that production output surged to 19.7% from March 2009, while unemployment remained at low levels of 7.4% in March this year, compared to 9.0% of March in the previous year.

Melbourne, Australia

Australia is following the rest of the world in seeing a continuing trend of rationalisation of BSC's in the contract cleaning industry. Recently the Australian publically listed company Spotless Group Ltd had acquired the privately owned international and cleaning related services company CE Properties Services Group (widely known for the Cleanevent and CleanDomain brands) CE generates revenues in excess of AUD \$140 M with approximately 60% generated in Australia. Their acquisition will give Spotless

an expanded geographic foothold in markets across the UK, Europe, Middle East and America. The expansion is anticipated to consolidate Spotless' position as a leading supplier outsourced services, which currently span facilities management, asset maintenance, food services, cleaning services, laundry and retailer services. In other developments the UK based international multi-service provider OCS Group acquired one of Western Australia's larger independent contract cleaning companies Linfoot Cleaning Services, based in Perth and that company's New South Wales operation, Linway Cleaning Services in Sydney.

Tokyo, Japan

The Bank of Japan (BOJ) policy board decided to temporarily re-establish a US dollar swap agreement with the Federal Reserve and restart dollar fund provision operations amid increasing turmoil with the global financial markets. The BOJ also voted unanimously to maintain its policy interest rate target at a very low 0.1% as it reflects the belief that despite some positive strides made by the Japanese economy it is still lacking a self sustaining recovery in domestic demand. The swap agreement follows similar moves by other peers as part of a concerted effort to prevent the sovereign debt crisis in Greece destabilising global financial markets and drying up liquidity in short term dollar markets. The BOJ Deputy Gov. Hirohide Yamaguchi stated that "there are no major concerns about Japanese financial institutions...since they have been very careful in their funding, and their exposure to southern-European debt, including Greece, is unlikely to be large". Mr Yamaguchi also added that since the recent agreement is anticipated to smooth market turmoil there is little need to change the central bank's economic forecast in its semi annual outlook report released April 30. The report indicated that "Japan's economy from fiscal 2010 through fiscal 2011 is likely to be on a recovery trend." The minutes of the BOJ meeting during the 6th and 7th of April revealed that the central bank maintains a

more optimistic view of the economy despite their commitment to maintain the ultra low interest rate. The minutes showed that "the trend of sustainable improvement in the economy" was becoming "more evident," and the risk of a double-dip recession had receded "considerably,"

Paris, France

France's economy is projected to record a 0.5% growth in the second quarter despite the debt crisis ravaging across Europe according to forecasts made by the Bank of France. In the previous year France suffered its worst recession since the Second World War after seeing its Gross Domestic Product shrink by 2.2%. The outlook for 2010 is more optimistic with the economy projected to record a growth of 1.4% this year. However the state statistics agency INSEE has taken a more cautious outlook by predicting a 0.3% growth in the second quarter. France experienced economic difficulties in 2008 and having made a measure of a recovery now faces the prospect of footing a hefty bill as part of Europe's bid to bail out Greece and other debt ridden euro zone countries from collapse.

London, United Kingdom

The new UK Government produced a landmark coalition agreement, which has been described by both the Liberal Democrats and the Conservatives as a 'historic document.' Prime Minister David Cameron of the Conservatives said that certain policies were scrapped by both parties but the coalition had the "potential to be a great reforming government" while Deputy Prime Minister Nick Clegg of the Liberal Democrats said that the deal was defined by three words 'Freedom, fairness and responsibility.' The 34 page document lists the agreements made on policy issues such as banking, immigration, Europe, welfare and political reform; some of which both parties have sharply disagreed on in the past. Nick Clegg commented that "Compromises have, of course, been made on both sides, but those compromises have

strengthened, not weakened, the final result". The document builds on the four page deal produced between the two parties during formal negotiations following the inconclusive outcome of the General Election that resulted in the UK's first hung parliament in 36 years. In the document's forward, written by both party leaders it states that "We have found that a combination of our parties' best ideas and attitudes has produced a programme for government that is more radical and comprehensive than our individual manifestos." Among the key policies agreed is a commitment to cull the number of NHS non departmental public bodies in an effort to curb public spending. Additionally there is also a pledge to award the private sector a greater role in the NHS. Significantly the document indicates a pledge to support the National Minimum Wage. There appears to be no firm commitment to rule out earned regularisation schemes for illegal workers. On the issue of immigration, both parties have pledged to impose an annual limit on non EU economic migrants, although no figure is indicated. The document also includes a policy to make all government lobbying subject to a statutory register. For those who are interested the full document can download from the [cabinet office website](#).

Show highlights and new companies included Adhtech, Alfa, Tennant, Becker, Bralimpia, Diversey, Mezzo, Hydro Systems, Kärcher, Plati, and Tomki Rubbermaid, beyond SEBRAE Febrac, Abralimp and SEAC-PR. There was also the election of Miss Clean Agent - the Parana Márcia Adriana Polak, and delivery of trophies to entrepreneurs who stood out in the industry.

Natal, Brazil

The National Meeting of Enterprises Cleanliness and Conservation (ENEAC) 2010, sponsored in Natal (RN) of 7 and April 11 by the National Federation of Enterprise Services and Environmental Cleaning (Febrac), brought together about 800 people, including authorities, businessmen specialists and technicians of the sector in several states. In those six days, visitors attended lectures and visited a fair of products, equipment and services for neatness and cleanliness.

The president of Febrac, Laercio Oliveira, in a speech, cited the tradition of meeting, "which brings together entire families, children follow their parents than before are now entrepreneurs who are here and generate business opportunities."

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