

Perspective

World Contracting News, Views & Comments

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

AUSTRALIA-CANBERRA

Economy To Continue Strong Growth

A recent IMF country report notes that prospects for the Australian economy remain strong, as growth is expected to rise from 2.25 percent in 2005 to 3.5 percent, inflation has been kept in check, unemployment is at a 28 year low and the fiscal surplus has been boosted by strong revenues. Structural reforms that have been put into place have led to a real GDP average growth rate of 3.75 percent annually which has resulted in per capita incomes of almost 10 percent above the OECD average. Labor market reforms such as decentralizing wage bargaining to the enterprise and individual level – in 2002 only one fifth of employee wages were set by centralized awards as opposed to two-thirds in 1990 – have caused unemployment to fall by 6 percentage points since 1992 to 5 percent. And reforms to reduce legal barriers to competition, such as the National Competition Policy (NCP), which ensured competitive neutrality for government businesses, enhanced third-party access to infrastructure, and reformed the transport, electricity, gas, and water sectors, have increased productivity and affected GDP and trade accounts positively.

AUSTRALIA-WEST

Cleanability Awards 2005

The WA Cleanability Awards 2005, a joint initiative of Curtin University and the Building Service Contractors Association of Australia – WA are now in their 9th year. They are designed to try to get the architects of the future to recognize and avoid some of the problems they create for building owners, managers and tenants in relation to the ongoing cleaning costs of a building. These ongoing costs are the third highest for building owners and managers coming after rates and taxes and

mechanical services and across Australia amount to around \$2 billion per annum. This year there were 60 entrees from architect students, who were given a brief that required them to implement design strategies that would, where possible, minimize the cost of cleaning a building, instead of leaving clients with ongoing environmental problems and associated high cleaning costs. First, second and third prizes was awarded plus 5 Awards of Merit. The cost of these prizes was sponsored by BSCAAWA Members – Delron, Leeder, Arrix, OCS, Johnson Diversey, Pac Vac and Quantum. In addition the BSCAAWA Members gave the students a briefing on the things to look for and avoid when designing a building, invited them to physically visit and walk through a building prior to doing their assignment and assisted with the judging. This year the brief was based on a project that involved commercial, retail and residential areas on a single site. Students were encouraged to use a design and materials that looked good, created appropriate ambience and were easy to maintain/clean throughout the life of the building.



Photo: Front center - Elizabeth Hurrelbrink – winner. Back row - Professor Dave Hedgecock - Dean of Faculty, Ian Westoby – BSCAAWA, Errol Tout - Senior Lecturer, Architecture

BELGIUM-BRUSSELS

Euro-zone GDP Up By 0.3%, EU25 Up By 0.4%

Euro-zone GDP grew by 0.3% and EU25 GDP by 0.4% in the second quarter of 2005 according to revised estimates from Eurostat, the Statistical Office of the European Communities. In the first quarter of 2005, growth rates were +0.4% in both zones. In comparison with the same quarter of the previous year, GDP grew by 1.1% in the euro-zone and by 1.3% in the EU25, after +1.3% and +1.5% respectively in the previous quarter. Investments grew by 0.5% in the euro-zone and by 0.6% in the EU25 (after -0.2% and 0.0% respectively). Exports rose by 1.8% in the euro-zone and by 2.2% in the EU25 (after -0.5% and -0.4%). In comparison, among the main partners of the EU, GDP grew by 0.8% in the US in the second quarter of 2005 (after +0.9% in the first quarter). In Japan GDP also grew by 0.8% in the second quarter of 2005 (+1.4% in the previous quarter). Compared to the second quarter of 2004, GDP rose by 3.6% in the US (+3.6% in the previous quarter) and by 2.2% in Japan (+1.0% in the previous quarter).

BRAZIL-SAO PAULO

Stock Market On The Rise

Brazil's benchmark stock index, the Bovespa index of the 57 most-traded companies, rose for a third day on prospects that a growing economy will increase earnings. The index rose 1.1 percent based upon increased industrial production, surging from July's 0.6 percent growth and exceeding projections. Experts predict it may rise even more, possibly by 15 percent, by the end of 2006. The Bovespa trades at 7.7 times its price per estimated 2006 earnings, compared with an average of 10.1 times for emerging markets.

CANADA-ONTARIO

School Board Fined \$75,000 For Violation

The Thunder Bay Catholic District School Board, which operates 22 schools, was fined \$75,000 for a violation of the Occupational Health and Safety Act that resulted in serious injuries to an employee. An electrical shock rendered a custodian unconscious as he was plugging in a vacuum cleaner into an electrical outlet in a classroom. The custodian, who did not normally work at the school, but had been called in to replace a worker, saw an arc of electricity and heard a crackly noise before

he was shocked. He did not receive any permanent injuries. A Ministry of Labor investigation found the electrical outlet was damaged and not functioning properly at the time of the incident. Two other people had also previously received shocks from the same outlet. The Thunder Bay Catholic District School Board pleaded guilty, as an employer, to failing to ensure the electrical outlet was maintained in good condition. In addition to the \$75,000, the court imposed a 25 percent victim fine surcharge, as required by the Provincial Offences Act, which is credited to a special provincial government fund to assist victims of crime.

FRANCE-PARIS

Pollutec Show Dates Fast Approaching

The 21st Pollutec will be held from 29th November - 2nd December at Paris-Nord Villepinte, France. Approximately 1,400 exhibitors in total, 400 of which are from 30 countries, and over 40,000 attendees are expected. The program will focus on water, waste collection, indoor air quality, the increasing use of eco-products and eco-materials, and economically cleaner processes, among other things.

GERMANY-BERLIN

Gegenbauer Receives Training Prize

At the Cleaning.Management.Services (CMS) trade fair in Berlin in September, Gegenbauer Entrepreneurial Group was awarded the training prize for its special commitment to further training in the building cleaner craft. Klaus Fromm, committee chair handed the prize to the acting partner Hartmut Schwerdt and director of personnel Claus Kohl. Gegenbauer educates approximately 160 young trainees in building cleaning annually.

INDIA-BANGALORE

India Increasingly Green

Many companies in India, particularly those in the hospitality and IT sector, are leading the charge to implement green-building concepts into their facilities. Adopting green measures is increasingly being seen as contributing to profits instead of depleting them. The movement has become a way to stay ahead of competitors and many companies are now telling

planners and architects to incorporate green practices in the master plan itself. Among some of the socially responsible and cost saving programs being implemented are waste management, sewage treatment plant (STP), rain water harvesting and energy conservation. Facility managers point to improved employee health and air quality, increased building longevity, reduced liability, social responsibility concerns and cost savings, as factors in the movement. For example, the Delhi-based ecotel hotel, Uppal's Orchid, amongst the world's handful of five-star hotels to win an ecotel certification, religiously follows the three edifices of reducing, reusing and recycling. And construction firms are also joining in. Seeing a rising demand for healthy buildings, according to Senior VP Marketing & Sales, Kunal Banerji, of the Delhi-based Omaxe Constructions, the company has enforced strict environment-friendly measures on itself.

JAPAN-TOKYO

Reforms Difficult But Will Pay Dividends

A recent IMF staff appraisal report notes that over the past few years, Japan has made progress in addressing deep-seated weaknesses. Excess capacity, over employment, and corporate deleveraging have all improved, labor markets have become more dynamic; and banks' balance sheets have improved significantly. Following buoyant growth in the latter half of 2003 and early 2004, GDP growth slowed unexpectedly in the second quarter of last year. In 2004, GDP rose 2.6 percent, far short of projections. However, economic activity rebounded sharply in the first quarter of 2005 with first-quarter GDP growth at 4.9 percent, and prospects are good for continued improvement over the year. Pressure on labor markets from job shedding is slowly abating and the unemployment rate is at a six-year low. With the shift back towards hiring regular workers (who are more highly paid) instead of temporary and contract workers, real wages have recently bottomed out, with positive implications for future income growth. In addition, corporate sector recovery has continued. Cash flow and profits remain buoyant, bankruptcies have fallen to a ten-year low, leverage continues to decline and recovery includes smaller enterprises and non-manufacturers. However, longer-term challenges need to be addressed. Population aging and a declining labor force pose mounting demographic pressures, as social spending will increase. As for monetary policy, the priority remains conquering deflation. Nevertheless, the IMF staff appraisal concludes that even though the necessary fiscal and structural reforms will be difficult, they will pay dividends for Japan and the world.

Accelerated reforms would benefit Japan and the world, both by raising global growth and by bolstering domestic demand, thereby helping to resolve global imbalances.

MALAYSIA-SINGAPORE

US Firm Opens Singapore Branch

Data Clean Corporation, a Des Plaines, IL based company, which offers controlled environment cleaning services, announced the opening of its newest office, located in Singapore. The new office will support all of South East Asia and rapid growth throughout the region is planned. Data Clean is an important resource towards proper maintenance of data centers, cleanrooms, and other controlled mission critical environments. In addition to performing routine cleaning, Data Clean's trained technicians help administrators reduce cooling costs, and restore data center operations.

NEW ZEALAND-WELLINGTON

Master Franchisee Wants More To Benefit

According to Paul Bird, CleanTastic master franchisee for the greater Wellington area, CleanTastic is redefining commercial cleaning standards. The company, which started in Auckland nine years ago, has expanded to include 80 franchisees in New Zealand and 300 in Australia. In the traditional commercial cleaning model every dollar a client spends is split between ownership, administration and those doing the cleaning, however, CleanTastic franchisees own the cleaning company and do the cleaning, which means every dollar goes to them. CleanTastic cleaned up at the 2004 Franchise Awards, taking the Westpac supreme award and the exporter of the year award, and sharing ANZ franchise system of the year award with Star Mart. Mr. Bird started the Wellington CleanTastic business just over a year ago. Now he has eight franchisees and is about to sign on a ninth and there are plans to export the business systems to Britain, Ireland and Canada. For information go to www.cleantastic.com.

SOUTH KOREA-SEOUL

Unemployment Rate Rises To Four-Year High

The unemployment rate rose from 3.7 percent in August to a four-year high of 4 percent in September with the youth sector of the labor market taking the hardest hit. However, despite the high

number, experts predict it shouldn't have an effect on the country's economic recovery, which is expected to grow to almost 4 percent in 2005. According to one economist, the job market looks stable for now, especially since there has been a rise in more self-employed people, coupled with a rise in employers hiring salaried workers and consumer and business confidence is up.

SWEDEN-STOCKHOLM

Strong Growth But Some Labor Concerns

According to the IMF, the Swedish economy is performing remarkably well and it is expected to continue, driven by a vibrant high technology sector, solid fiscal strategy and the global recovery. Export growth and other factors allowed the Swedish economy to grow much faster than the euro area and this is reflected in the country's large current account surpluses. Strong productivity growth, falling import and food prices and the reduced unit labor costs due to wage moderation and a subdued labor market, kept inflation below target. However, despite the positive news, one area of concern is the labor market and unemployment. The unemployment rate hovered around 5 percent; however, accounting for the growing numbers in subsidized labor market programs, unemployment reached almost 8 percent at the end of 2004. While this number is high in international comparison, it is well short of the authorities' ambitious target of 80 percent. The labor market has been impacted by a generous child and elderly care benefit regime, which has contributed to the high female labor supply at a cost of a high tax wedge. Another factor is the high incidence of sickness absence and disability retirement: on an average day, around 18 percent of the labor force is on sick leave or on disability benefit. Despite some decline since 2003, sickness absence remains high by international standards. Moreover, the decline is largely due to a shift into long-term disability schemes. Total disability pensioners increased by 12 percent in 2004, with almost 30 percent of the increase accounted for by pensioners below 40 years of age. A final factor is that the educational system delays youth entry into the labor market by about 5 years. These factors will need to be addressed to head off problems with the labor supply now and in the future.

TAIWAN-TAIPEI

New Shopping Mall To Open Soon

A new shopping mall, claimed to be the largest in Taipei County, is scheduled to open in early December. The Global Mall, located near the Banciao Train Station and targeting 1.42 million

residents in four nearby cities — Banciao, Jhonghe, Yonghe and Tucheng — will feature 79,200 meters of space and a large parking facility. Jusco department store, under the Aeon Group — Japan's biggest retailer — will occupy 25 percent of the mall and Aeon will also oversee mall operations. Over 198 million dollars US has been invested in the mall and it is expected that the mall will quickly reach its goal of NT\$5 billion in annual sales.

THE NETHERLANDS-AMSTERDAM

Collectively Agreed Wage Rises Up Again

Collectively agreed wage rates in the Netherlands were 1.0 percent higher in the third quarter of 2005 than in the same quarter 2004. In the second quarter this increase was still only 0.6 percent. This has put an end to more than three years of a nearly continuous decrease in the collectively agreed wage rises. With 1.7 percent, business services had a relatively large increase in negotiated wages. There are large differences in collectively agreed wage rises between the various sectors of industry. Wages rose the most in the business services sector: 1.7 percent. In the computer branch, in particular, wages rose substantially, by 3.5 percent. Agreed wages in construction, too, rose by more than average: 1.4 percent.

UK-SCOTLAND

Clubs Closed By Janitor Shortage

The Edinburgh City Council has decided to recruit 20 part-time janitors to help combat a shortage of janitors, which is forcing community centers to close. The centers, some of which have been unable to open on four out of five evenings each week, host events for young people. For example, an estimated 200 children from the area were unable to attend one youth club during a particular week. As a result, with nowhere to go and nothing to do, the youth are exhibiting antisocial behavior on the city's streets. The problem, which is exacerbated by every sick day or holiday taken by a janitor, has become worse over the course of the year. Said one council member, "We have recently recruited a further 11 which we hope will go some way to addressing this issue. In the past we have relied on janitors working long hours and overtime, but we recognize that this is not good for their work-life balance and are also recruiting 20 part-time janitors who would work in the evenings." The council's investment in recruiting janitors is £250,000.

US-GEORGIA

Bomb Explodes In Janitor's Hands

An 18-year old university student has been arrested after a homemade bomb he made in a bottle exploded in a janitor's hands. The janitor was picking up trash in a courtyard when he pulled the bottle from some bushes and it exploded. The janitor did not receive any serious injuries. Over 100 students were evacuated and Atlanta police discovered two more bottles. The student claimed he had thrown as many as 12 bottles from his dorm room but retrieved most of them after the first one exploded. Investigators are still trying to determine what made the bottle explode.

US-ILLINOIS

Study Reveals "Green" Practices Growing

Facility management professionals report a continued increase in the use of green building practices, according to findings from the 2005 Sustainability Study released by the International Facility Management Association (IFMA). Compared to the 2002 survey results, there has been a 3 percent increase in those who have reported adhering to a master plan to implement all feasible green concepts. The vast majority, 70 percent of those responding to the online survey, reported implementing green concepts within their organization's facility. Using natural daylight, purchasing recycled office products, water conservation, participation in incentive programs offered by local utilities or state/provincial agencies, and adding environmental criteria to the vendor and product selection process topped the list of the most common green building practices. Other steps in place or being considered for implementation in the next two years include lighting fixture retrofits, light sensors, employee education programs, and Energy Star. Energy Star is a U.S. Environmental Protection Agency program that measures current energy performance, sets goals, tracks savings, and rewards improvements. This energy performance rating system is already in place at more than 21,000 buildings across the country. When asked about the motivation behind implementing green policies, facility managers reported concern for improved employee health and productivity, cost savings, environmental responsibility, reduced liability and life cycle cost strategy. Slightly of less importance were public opinion and corporate or government mandates. In this year's study, the majority of facility managers, 59 percent, reported implementing selected green building concepts, unguided by a master plan; 11 percent are following a master plan to

implement all feasible green concepts; 17 percent haven't implemented any green strategies, but will do so within the next two years; and 13 percent haven't implemented any green strategies, and do not plan to do so. The data for this study was based on 341 respondents to a Web-based questionnaire sent to 3,510 U.S. and Canadian professional members of IFMA on May 12, 2005. Full results of the study can be viewed at IFMA's web site www.ifma.org.

CORPORATE MEMBER NEWS

JohnsonDiversey

Greg Lawton, President and Chief Executive Officer of JohnsonDiversey has announced he plans to retire. Mr. Lawton joined Johnson Wax Professional as President and Chief Operating Officer in January 1999 and was made Chief Executive Officer in September 2000. Prior to Johnson Wax Professional, Greg was president of NuTone Inc., a supplier to the home building products industry, from 1994 to 1998. He worked for Procter & Gamble from 1972 to 1994. Mr. Lawton cited the substantial growth of the company during his tenure. The company has grown from a business with about 3,000 employees and \$1 billion in sales to a global company with more than 12,000 employees and \$3.2 billion of sales. The company has begun an external search for Mr. Lawton's successor. Mr. Lawton will remain in his current role until his successor is named.

UPCOMING EVENTS

BSCAI Annual Convention and Trade Show

Nashville, Tennessee
March 24-28, 2006

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 WFBSO website at www.wfbsc.org and the website at www.kasmo.or.kr for more information.



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