

PETER RYAN

SOUTHERN REGION GENERAL MANAGER,
LEIGHTON CONTRACTORS

Interview by Rowena Robertson

RR How do you see the new carbon tax, due to be implemented in July next year, affecting the construction industry?

PR Our key focus is on understanding the Carbon Tax legislation and working with our subcontractors and suppliers to help them understand its implications. We have to be careful that businesses and suppliers are not opportunistic and pass on extra costs. We are now targeting modern low emission cement and concrete plants. I think businesses will finally look at sustainability from a big picture perspective because the Carbon Tax takes into account embodied costs. While various reports estimate it will increase project costs by between 0.7 and 1.5 per cent, our carbon intensive building projects using large amounts of concrete and steel could have an impact as high as 3 per cent.

RR What kind of technological changes will we be seeing in the construction industry into the future?

PR Some of the biggest changes will be around the continuation of environmental sustainability initiatives and the use of BIM (Building Information Management) systems with the advent of advanced 3D drawing/modelling software such as Revit and Navisworks. We will be taking BIM to a new level of sophistication. We are currently designing the New Royal Adelaide Hospital utilising Revit across all design disciplines and seeing huge advantages in terms of clash detection and coordination. More and more innovations and applications are becoming available automating project requirements - from site set up, programming, cost, off site manufacture and site validations as well as helping ensure the design works is in line with our rigorous Safety in Design requirements. The extensive level of detail around individual project elements has enormous benefits for our clients and their facilities maintenance providers.

RR What has been your experience/what are your thoughts on working in PPPs?

PR We're a very big supporter of PPPs. In Southern Region we have the largest health PPP project in Australia - the \$1.8b New Royal Adelaide Hospital. We have an Investment and Facilities Management arm of our company which specialises in PPPs. We need to have models that are flexible enough to assist government with the construction of complex projects and this includes using our strong balance sheets to engage with the Government to secure future projects.

RR What do you consider to be Leighton Contractor's key projects and why?

PR Our core business is centred on roads, rail and building, while the emerging businesses include renewable energy, mining infrastructure and work within the oil and gas sector. Significant projects in our

region include the \$120m M80 Upgrade which is the largest design and construct project currently in the VicRoads portfolio, the \$1.8b New Royal Adelaide Hospital and the \$1b Macarthur Wind farm, the largest wind farm in the southern hemisphere. Growth over the next few years will be focused on the BHP Olympic Dam expansion in South Australia and the upgrade of Victoria's Regional Rail network.

RR What do you think will be the key drivers in the Australian construction market over the next 10 years?

PR Making money and keeping our people safe. There has been some very aggressive behaviour over the past twelve months; many competitors are doing things in the marketplace that we haven't seen for quite some time in regards to their approach to risk. This strategy can certainly place pressure on their respective profitability going forward. However our key drivers continue to be population growth, residential development, unemployment levels, and world economic circumstances.

RR How hard is it to plan ahead for the rapid pace of change in the current business environment?

PR There's so much negative press out there. If we believe that Australia is isolated from what is happening around the world we'd be a little naïve. We do significant strategic planning in our business, so our work is centred on two to five years out. This means that when there's a bubble

or a change in the economic cycle it doesn't affect us due to the strategic diversity we've developed over the last decade.

RR Can you predict where your markets are heading?

PR If I could believe everything I read (and I guess I do believe a lot of it) there are so many warnings in the marketplace. We have developed a very mature business that has diversified across numerous markets. Although the construction industry is cyclical in nature, our diversity shields us from the peaks and troughs that would otherwise be experienced. The rail and energy markets have received plenty of attention at both state and federal levels while our traditional market of roads has entered a less attractive phase. Growth over the next ten years will also be positive in the areas of ports and marine, mining infrastructure, and the commercial building arena.

RR What is your perception of the current state of client-contractor relationships? How will they evolve in the future?

PR The client contractor relationship has positively evolved over the past decade and this has been reflected in the reduction / elimination of litigious activity in our marketplace. Our key relationships with government authorities such as the Department of Health, Department of Transport, and VicRoads is one of collaboration - which drives positive behaviours, innovation and value propositions that deliver exceptional results. This is the future for contracting.

RR Leighton Contractors is recognised as an industry leader in safety. What are you doing to achieve a high-performance safety culture?

PR We've completely changed the way we plan and deliver projects in terms of safety. Fatalities and serious injuries continue to plague the construction industry at rates that are completely unacceptable. At Leighton Contractors we have implemented one major initiative in the last twelve months and that's the Construction Safety Essentials. They focus on eight key areas, such as working at heights, working in and around mobile equipment, electricity, live services and so forth. Our research has confirmed that 80 per cent of all accidents occur within those eight categories. The Safety Essentials has simplified what's important in safety and our statistics have halved since launching this unique program.

RR Does Leighton Contractors have a corporate social responsibility policy?

PR Absolutely. The values in which our people operate are centered around respect for community and environment, and safety above all else. We focus on delivering projects that leave a legacy footprint within the community. Examples of our investments range from tree planting days, building playgrounds for disabled and underprivileged children and sponsoring associations such as The Beacon Foundation to assist the youth in our communities.

