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CONSTRUCTION, FORESTRY, MARITIME EMPLOYEES' UNION (CFMEU)
AND
BUILT (VIC) PTY LTD (BUILT)

RE. ALLEGED UNDERPAYMENT OF SITE ALLOWANCE

002-2026

27 FEBRUARY 2026

STATEMENT No .2

[1] The CFMEU notified a Dispute on 4 February 2026 concerning the amount of site allowance that should be applicable on the Barwon Women's and Children's Hospital Project (the Project) at Geelong, Victoria, pursuant to the *BUILT (VIC) and the CFMEU (Victorian Construction and General Division) Builder Enterprise Agreement 2024-2027* (the Agreement).

[2] The Panel convened a Conference of the parties and issued a Statement on 18 February 2026. This Statement No. 2 is to be read in conjunction with that Statement.

[3] The dispute is over what is the correct Project Value of the Project from which the quantum of site allowance is determined pursuant to Appendix C of the Agreement.

[4] The Agreement relevantly provides as follows:

Clause 2 Definitions

“Project means building and construction works performed on a site or

combination of sites for which:

- (a) the site or combination of sites must constitute an enterprise or undertaking carefully planned to achieve a particular result;*
- (b) the site or combination of sites must have a clearly established entity or entities that exercise control over its development; and*
- (c) the site or combination of sites must have a scope sufficiently definable at any given point during the project to enable its proper definition and costing for the purpose of determining the appropriate site allowance;*

Project Value including Total Project Value means the value of the Project (as defined above), comprising of:

- (a) preliminary costs and profit margin;*
- (b) trade packages (including supplier and subcontractor costs); and*
- (c) provisional sums.*

Project Value does not include non-construction development costs;”

Appendix C - Site Allowance Procedure (relevant extracts)

9. The appropriate Site Allowance shall be based on the Total Project Value, as defined in clause 2 of this Agreement

Sub clause “9.2. Site allowance rates for Victoria

Above \$5.7 m but less than \$34.7 m \$2.85 per hour

\$34.7 m but less than \$58 m \$3.50 per hour

\$58 m but less than \$115.6 m \$4.00 per hour

\$115.6 m but less than \$289.1 m \$4.60 per hour

\$289.1 m but less than \$462.5 m \$5.25 per hour

\$462.5 m but less than \$1156.4 m \$5.75 per hour

\$1156.4 but less than \$2312.7 m \$6.90 per hour

\$2312.7 but less than \$3469.2 m \$7.50 per hour

\$3469.2 but less than \$4625.4 m \$8.10 per hour

10. Site Allowance rates and Project Values during the life of this Agreement will be adjusted annually in accordance with CPI (All Groups, Melbourne) movements measured in the twelve month period ending the previous June quarter effective as of the 1 October from 2024 onwards.

11. The Site Allowance shall be adjusted to the nearest 5 cents and the Project Value to the nearest \$100,000.

12. Project Specific Site Allowance Rates as at 1 October 2023. “

Determination by the Victorian Building Industry Disputes Panel

13. Where the Parties fail to reach Agreement on the Site Allowance rate to apply to a particular site or Project, then such disagreement shall be referred to the Panel for determination.

14. In determining the Site Allowance rate, the Panel shall not deviate from the methods set out in this Appendix, unless there are special and/or exceptional circumstances.

14.1. Special and/or exceptional circumstances may include work on Projects where disabilities that are not accounted for in this Appendix exist. This includes, but is not limited to: Projects where construction/maintenance work is predominantly being performed by contract metal trades; Infrastructure Projects with more than a four-billion-dollar Project Value.

14.2. Where the procedures prescribed by this clause are being followed, work shall continue normally. In the event that Employees take industrial action whilst the Panel is determining a Site Allowance under this Appendix, the date of commencement for that Site Allowance shall not be before the date on which the Employees cease industrial action.

15. Any Site Allowance that is determined in accordance with this Appendix is final and binding on the Parties. The Parties agree to comply, and give effect to a determination by the Panel under this Appendix. A failure to do so is a breach of the Agreement.

[5] In summary, the CFMEU has submitted that the Project Value according to its research is in excess of \$489.2m (ie. the present value of \$462.5m as provided for by the Agreement), which would trigger a higher site allowance pursuant to the Agreement than BUILT is presently paying. BUILT submits the Project value is less than that figure and that the site allowance it is paying is correct and in accordance with the applicable range set out in the Agreement.

[6] The parties have provided explanations as to how they have each arrived at the Project Value for the purposes of the Agreement but have been unable to reach agreement on the Project Value.

[7] The parties have requested that the Panel determine the matter pursuant to Appendix C of the Agreement.

[8] There is no dispute between the parties that the Project properly meets the criteria set out in the definition of Project in the Agreement. It remains for the Panel to determine the Project Value from which the applicable site allowance results.

[9] As previously accepted by the parties at the Conference, the Panel has directly engaged with the Victorian Infrastructure Delivery Authority Health (VIDA

Health) to ascertain further detail for the Panel to determine the Project Value to settle the dispute.

[10] In response VIDA Health has provided relevant details of the Project including a full breakdown of the various packages and categories that make up the total estimated investment of the Project. VIDA Health has provided the details requested on the basis that some of the information provided has not been made public in any forum and has required this information remain confidential to the Panel members and not available to the parties, unless there is further written approval of VIDA Health.

[11] The information now before the Panel, including the materials already provided by the parties, the research that has been undertaken by the Panel, together with the information now provided by VIDA Health, is of sufficient detail and content that the Panel is satisfied it can determine the Project Value of the Project for the purposes of the Agreement.

[12] Based upon the information presently before us, it would appear that the Total Project Value, as defined by the Agreement, does not exceed \$489.2m. and falls short of that figure by a significant sum.

[13] Before concluding a determination however, the Panel is conscious that the parties do not have access to all the relevant details, given the confidentiality constraints that have been placed upon the Panel.

[14] Accordingly the Panel has decided it is appropriate to convene a further Conference of the parties to ensure the parties can be satisfied as to the considerations made thus far by the Panel and to provide an opportunity for the parties to comment on how the Panel may proceed to conclude the matter, having regard to the following.

[15] The details now before the Panel, noting much of \$ values remain confidential to the Panel, are inclusive of the following:

- Demolition works
- Enabling Works– undertaken by Kane
- Main Works – undertaken by BUILT
- Furniture, Fittings and Equipment
- Information and Communication Technology
- Owners Costs - comprising Owners Project Management, Project Design and Development, Authority Fees, Decanting and Relocation Costs, Insurances and Barwon Health Project Team

[16] The Panel is presently satisfied that these components and the values attributed to them by VIDA Health are complete for our purposes. The values before the Panel are present values.

[17] As is clear from the Agreement the Panel is required to exclude “*non-construction developments costs*” in determining Project Value, which in this case the Panel is presently satisfied are all the components of “*Owners Costs*” set out in [15], which make up a significant sum. These we presently consider are “*non construction development costs*” and must be excluded from the Project Value for the purposes of the Agreement.

[18] Before concluding our determination the Panel will convene a further video Conference of the parties on **Thursday 5 March at 9.30 am** to receive any further submissions on any relevant matter.



Peter Parkinson
Chairman



Tony Cordier
Panel Member



Adrian Ziccone
Panel Member