

Media Release

Plan to rebuild the WA economy

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Master Builders has created a plan for the WA building and construction industry to help minimise the economic fallout of COVID-19.

“Coronavirus is a health crisis first but an economic one second. Care for our community is the priority in these anxious times but keeping people in jobs and small businesses going is also important,” executive director John Gelavis said.

“It is vital for all levels of government to work together with industry to minimise the health and economic impacts of COVID-19. The building industry is one of the state’s major employers and drivers of economic activity so we want to avoid job losses and maintain the viability of businesses.

“Construction is the second largest industry in WA, worth \$24 billion a year and we produce 9.1 per cent of the gross state product.

“We have the largest small business sector in the state – covering 40,000 of the state’s 220,000 small businesses – and we also employ more than 40 per cent of WA’s apprentices. All this puts us in a position to make an economic difference.

“We are asking government to clearly identify a pipeline of short and long-term future work to retain confidence in the building and construction industry. Small businesses are unlikely to take up state or federal tax incentives if they are unsure about whether they will be working in two weeks’ time.

“We have experienced under investment in the infrastructure budget over the past five years so we would like to see more projects under way to create jobs and get the economy moving.

“Refurbishment or maintenance projects would be a good, immediate start because some may not require planning or building approvals. If they do, they should be fast tracked.

“The Government could start with minor school maintenance work, then larger asset creation projects like hospitals and then infrastructure investment, which supports all West Australians.

“Too often Government stimulus measures cannot be accessed by small businesses due to restrictive eligibility criteria. The shackles must come off and Government contracts must not expose contractors to all the risk.”

The Master Builders COVID-19 support plan includes:

- First Home-Owner Grant boost from \$10,000 to \$40,000 for those buying or building new homes to 30 September 2020

- Further investment and expansion of the Keystart program
- Rapidly expand and fast track the social housing and community housing programs
- Incentives for property investors to renovate rental properties, including energy efficiency upgrades which reduce living costs
- Financial support to home owners to renovate with a focus on energy efficiency and/or accessibility
- Bring forward spend on approved infrastructure projects including health, education, community, social, remote and defence. Also bring forward milestone payments – expenditure allocated in the forward estimates
- Identify new infrastructure projects with an initial focus on refurbishments or maintenance. Recommend officials keep the work packages small and with risk levels which allow small businesses to tender
- Contribution towards cladding rectification
- Work with local government authorities to fast track building and planning approvals.
- Bolster Royalties for Regions at the upcoming State Budget to invest in further commercial construction projects in regional Western Australia.

“A major industry threat is the potential enforcement of liquidated damages clauses due to project delays caused by a lack of supplies or labour shortages during quarantine,” Mr Gelavis added.

“Liquidated damages clauses in contracts put the viability of businesses at risk. We urgently request governments at all levels to publicly announce they will not pursue liquidated damages in any supply contracts due to impacts of COVID-19 and ask that private clients take a similar approach.

“There is a danger that building activity will contract due to shortages of imported materials and projects being delayed or put on hold, triggering insolvencies in the industry. We anticipate product shortages to peak in the June quarter for Chinese products and then likely in the September quarter for European products.

“Some products can be sourced from alternate suppliers but, with fixed price contracts the norm, the increased cost of substitute products can raise difficulties.

“This impact of an industry slowdown is looming over the next few months. If support is not provided by State Government, many small builders, subcontractors and small business owners will suffer a reduction in cashflow, leading to a significant decrease in apprentices in training and ultimately an increase in insolvencies.

“It is critical the State Government commit to helping these operations by keeping current building sites open, continuing to release projects, taking a sensible and caring approach to contract terms due to delays and reducing payment days to contractors on Government projects.

“It is also important to provide additional incentives to apprentice hosts and group training organisations, consider further payroll tax threshold changes and maintain an open and active dialogue with Master Builders.

“As one of the largest sectors of the state economy, the building and construction industry has a large multiplier effect across the whole community, which can lead the economic recovery for Western Australia.

“We call on all everyone in the industry including builders, managers, employees and sub-contractors to ensure best practice is applied to all building sites regarding physical distancing and other guidelines set by the State and Federal Governments. Safety is everyone’s responsibility.

“Our concern for the mental health of our industry is paramount, so we encourage all our members involved in the building and construction industry to reach out to organisations like Mates in Construction for ongoing support,” he concluded.

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