

## Builders welcome stability package as we build our way out of COVID-19

12 May 2022

Master Builders WA welcomes the announcement today at the 2022/23 State Budget for the State Government to support the building and construction industry and implement many of our recommendations that were presented to the Premier.

Master Builders Association of Western Australia has been aggressively advocating for the State Government to implement initiatives to assist the \$29.3 billion building and construction industry through the current challenges by supporting it to complete existing projects and confidently tender on future critical infrastructure and social housing projects highlighted in the budget.

If the building and construction industry can deliver the record \$33.9 billion infrastructure investment and assist the state economy build our way out of COVID, key issues must be addressed, so we are pleased with today's announcement, but more work is needed.

It was important for the State Government procurement model to acknowledge the pandemic driven conditions and allow for cost and time support for current and future building contracts for state government projects.

Meetings with the State Government provided Master Builders the platform to present the government with a suite of recommendations for addressing these challenges, for both the short and medium-term.

The building and construction industry has been struggling with supply chain pressures for a long time now, operating in a profitless boom, so we are glad to see the State Government stepping in and implementing recommendations to support the industry deal with the current cost and cashflow crunch.

Master Builders welcome the news of important government procurement measures including a \$30 million relief scheme to assist head contractors with rising costs on Department of Finance and Department of Communities projects, which face unforeseen supply chain challenges.

Future State Government procurement measures are warmly welcomed whereby rise and fall clauses are to be now introduced on all State Government projects, where appropriate, which allows builders to tender more confidently knowing that costs can be passed on under the contract.

We welcome the investment in a skilled workforce for the future including commitments to work with the incoming Federal Government on the migration of skilled building trades into WA, as well as the investment of \$1.5 million on an overseas marketing campaign to attract construction workers from overseas to assist our local trades and apprentices.

The impact of global supply chain issues, price escalation and trade availability challenges have not been caused by builders, but have effected the home building public, so we are pleased the government has announced an education campaign for consumers effected by building delays delivered by the Department of Mines Regulation and Safety.

Master Builders WA welcomes the initiatives around housing and homelessness with the investment in social housing and changes to Keystart allowing for an additional progress payment, permanently increasing income eligibility limits and new pilot product called “Urban Connect” for medium and high-density limits, which continue to support first home buyers access the market.

Executive Director of Master Builders WA, John Gelavis says Master Builders WA has been extremely vocal in communicating these issues publicly, calling for understanding by the public and advocating to both State and Federal Governments to urgently consider policies to support the industry.

“We are pleased further support is provided to homeowners impacted by unprecedented delays highlighted by the government with an extension of timeframes for building bonus applications to commence construction from 18 months to 30 months from contract signing with foundations to be laid by April 30, 2024.

“Tax reforms and incentives to boost housing are welcome such as land tax incentives, off the plan transfer duty rebate and build to rent concessions designed to boost housing supply are welcome, which it is why it is critical to ensure builders are willing and able to enter contracts confidently.

“More work is needed to support residential builders who have been a driving force in the state economy and non-residential builders working on State Government projects. State Government procurement must shift to create a more viable and sustainable construction industry for all, so we look forward to presenting these recommendations shortly.

“Some recommendations have not been adopted for government projects, such as a moratorium on liquidated damages, shortened payment timeframes and off-site payments so we will continue to engage with the government on behalf of our members and the industry”, Mr Gelavis concluded.

### **Master Builders Recommendations**

Master Builders WA submission to the State Government focussed on key areas in the building and construction industry including:

- Provision for cost escalation relief
- Future procurement approach
- State Government to engage with lending and financial institution on progress claims
- Regulatory reform
- Liquidated damages relief
- Administrating head contract claims appropriately
- Progress claim-certification periods
- Provision for payment for unfixed materials
- Government contract formats
- Skills shortage and overseas migration
- Consumer education
- Addressing the supply chain shortages
- Taxation concessions
- Local Government/permit authorities support with fees

### **Building and Construction Industry Statistics**

Over the year to February 2022 the WA building industry has increased construction employment by 17,669, which again is a massive 15.9 percent, the largest of any state and well above the national average of +0.4 per cent.

The most recent construction employment figures released for WA indicate we employ 129,252 people, which is a 9.4 per cent of total employment within the state. The building and construction industry represents a staggering 11.4 per cent share of full-time employment, which is higher than the national average of 10.6 per cent.

During 2020-21, building and construction activity across WA totaled \$29.3 billion which is directly equivalent to 8.1 per cent of the state's economy (as measured by Gross State Product).

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