

# Media Release

## Budget lays solid foundation for housing and construction

11 May 2023

- \$750 million housing supply and support
- \$39 billion in infrastructure investment
- \$11.2 billion in Regional infrastructure
- \$47.6 million boost to WA's building and construction workforce

Master Builders Association of Western Australia (MBA WA) welcomes the announcements today in the 2023/24 State Budget supporting the building and construction industry as it lays a solid foundation for the future as a strong building industry means a strong economy.

The decision to tackle infrastructure investment, social housing, planning reforms to increase housing supply and affordability alongside sustainable growth across WA is an important indication that the industry is moving in the right direction.

Master Builders has been aggressively advocating for the State Government to implement initiatives to assist the \$29 billion building and construction industry to navigate through the current and future headwinds and build a sustainable pipeline of work over the next four years.

Construction is the backbone of the WA economy, employing approximately 143,000 people, providing infrastructure, commercial and community buildings, and homes for the growing population and is being called on again by the WA Government in this state budget.

To accomplish this bold plan laid out by the Premier, WA will need almost 55,000 workers by 2026 and around 26,000 of those are tradies, so the announcement of \$47.6 million boost to WA's building and construction workforce in the 2023-24 Budget, is a step in the right direction and critical to build the homes and infrastructure we so desperately need.

To ensure our workforce requirements are met, Master Builders Australia released its [Blueprint for Future-Proofing The Building And Construction Industry's Workforce](#) in wake of a shortage of half a million workers nationally. The blueprint aims to address this by attracting new workers into the industry, retaining current and emerging workers, ensuring training and education is provided as well as creating a more diverse industry.

Speeding up the delivery of new housing will be critical as over the 2022-2026 period, the National Housing Finance Investment Corporation (NHFIC) estimates that WA will build 30,000 fewer homes than needed to accommodate population growth.

Master Builders WA Executive Director John Gelavis says Master Builders welcomes the announcements made in today's State Budget.

"We welcome the \$750 million injection to boost housing supply, including \$450 million social housing investment top-up, \$61.6 million GROH new and refurbishments, \$33 million to extend and expand the off the plan transfer duty rebate, \$49 million community housing program and amendments to Keystart's Urban Connect program to include one-bedroom apartments.

"The State Government has announced \$39 billion pipeline of infrastructure work, including major projects including road projects, Woman's and Babies Hospital, Graylands Hospital, State Hockey Facility, Perth Concert Hall and state asset management maintenance.

"While these announcements and release of projects is welcomed by industry, it is important for the State Government to acknowledge that the industry is recovering from a profitless boom, so it remains critical that State procurement adopts recommendations put forward in the [MBA WA Building Industry Reform Package 2022](#) so builders can engage confidently in these and other projects.

"Master Builders' Reform Package recommends procurement models be normalised; the procurement model must apportion contractual risk more fairly between the parties in accordance with the principle that the party most appropriate to manage the risk be responsible for it.

"We will continue to work closely with the State Government through Ministers, Departments and developers to adopt these recommendations that will build a more sustainable building industry, now and into the future", says Mr Gelavis.

### **Master Builders Recommendations**

- Procurement reform to model and process
- Equivalent builder model
- Balanced tender assessment
- Restricted tender validity period
- Tender participation anticipated costs
- Utilising standard form contracts
- Contract security cap and timing
- Release and reduction of contract security
- Contract payment terms/timing
- Deposit payments
- Payment for unfixed materials
- Material and equipment deposit payment
- Contract variation provision for profit and overhead
- Contract variation timing for response
- Provision for price escalation
- Fair provision for time and cost recovery
- Incentives to work in WA
- Enforcement of a 5-day week industry

### **Building and construction industry statistics**

The most recent construction employment figures released for WA reveal 143,263 people are employed in construction in WA, 26,608 are in the residential/commercial sector, 25,989 civil construction sector, 90,317 residential/commercial subcontractor sector that equates to 9.3 per cent of the jobs in WA are in construction.

- As of April 2023, 298 non-residential building jobs value at \$368 million were approved in WA, \$1,234,872 average value of non-residential building jobs approved, 15.6 per cent public sector share of non-residential building jobs approved.
- New home building approvals declined by 22.2% on February 2022 (26.5% decline in detached houses).
- New homes under construction on 31<sup>st</sup> December 2022 was 27,473 (Detached 21,524 and Apartments 5,915).
- Over the year from September 2022, building product inflation went up 13.8 per cent.

**For more information, please contact:**

**John Gelavis, Executive Director – W: 9476 9800 M: 0428 884 392**  
**Reney Omar, Communications Coordinator – M: 0477 225 905**