

April 24, 2020

The Hon Karen Andrews MP
Minister for Industry, Science and Technology
Parliament House, Canberra ACT 2600

CC: The Hon Ben Morton MP - Assistant Minister to the Prime Minister and Cabinet

Dear Minister Andrews

RE: URGENT REQUEST FOR GOVERNMENT TO BOOST RESIDENTIAL CONSTRUCTION STIMULUS MEASURES DURING AND AFTER CORONAVIRUS CONTAINMENT

I am writing to you on behalf of the Building Products Industry Council (BPIC)*. We are urgently calling on the Federal Government to ensure that COVID-19 economic recovery efforts include measures to stimulate the domestic and small commercial construction sector. Governments are proposing the funding of new infrastructure projects and the fast-tracking of existing ones as the primary driver of economic recovery efforts, but the reality is that relying on this strategy alone, is likely to further disrupt the building product supply sector.

While major projects consume significant quantities of construction materials, they do so with what is best described as lumpy demand – orders for large quantities of materials made on an infrequent or unpredictable basis.

Australia's manufacturing sector is not set up to run solely on these types of projects. Blast furnaces, production and assembly lines and fabrication facilities cannot be turned on and off like a light switch. Suppliers, transport and delivery capability cannot just sit around twiddling their thumbs until the next major infrastructure order comes in. These facilities usually run on multiple shifts, but cannot continue to do so if there is lumpy demand. The building products sector requires continuous demand to maintain the Just-in-Time delivery of building products the industry relies on, and this demand is usually supplied by domestic and small commercial construction.

However a recent Master Builders Australia survey of their members found a fall in forward work on respondent's books - 73% report a fall of between 10% and 75%.

This is appalling news for the builders and tradespeople that make up the bulk of our construction sector. Commercial construction is also likely to see a significant contraction in activity due to retailers struggling to compete with online suppliers and companies finding they can operate effectively with employees working from home instead of in offices.

This abrupt contraction in work is also very bad news for our building product supply sector and the hundreds of thousands of people directly and indirectly employed by it.

Given these realities, it is vital that Federal Government economic stimulus activity focuses on a rollout of funding and regulatory support for the States and Territories to help them stimulate our residential building and small commercial sectors enabling jurisdictions to:

Funding / Economic Support

- Increase the size and number of first homeowners' grants.
- Provide incentives for high energy efficiency construction.
- Provide incentives for the building refurbishment and renovation market.

- Bring forward government-funded affordable/public housing commencements.
- Bring forward upgrade and maintenance schedules for small publicly owned commercial buildings such as schools, hospitals, nursing homes, health clinics, TAFEs and so forth (e.g. upgrading building energy efficiency, refurbishing interiors, updating building envelopes, improving path and access ways).

Regulatory Support

- Ensure that mechanisms are in place to guarantee that all construction work (not just stimulus work) is awarded only to developers, builders and contractors with demonstrable track records of high work safety, fair settlement terms, adequate insurance, compliance with all codes and regulations, good quality workmanship, sound financial status and proper licencing and registration credentials.
- Provide initiatives to improve the construction skills and regulatory compliance of practitioners and tradespeople so that the rush to provide jobs and stimulus activity does not lead to a proliferation of non-compliant building work.
- Provide initiatives to rapidly improve digital and BIM (Building Information Modelling) technology uptake and use in the residential and small commercial sector.
- Implement a New Zealand-style Building Levy to enable effective building sector stewardship activities, specifically to ensure that building regulatory reform continues, and that essential regulatory requirements such as licensing/registration and inspections are not relaxed.

BPIC is strongly of the view that the Federal Government should pursue these and other measures to ensure that our sector maintains the vital trades and suppliers that characterise the sector, and does so in a way that resets that industry to be an order of magnitude more productive and compliant than it was before the coronavirus emergency. The COVID-19 emergency is also not the time to be taking the impetus away from building regulatory reform and compliance measures by rewarding cowboys and dodgy operators with access scarce national economic resources.

BPIC thanks you for your consideration and looks forward to assisting Government in these important national security challenges. We look forward to your urgent response.

Yours sincerely,



Rodger Hills
BPIC – Executive Officer



Dave Gover
BPIC – Chairperson

** BPIC is the national peak body representing Australia's leading building products industries and related services with members and associated companies directly employing over 200,000 Australians with more than 470,000 employed indirectly. Their collective industries are worth over \$54B in annual production to the Australian economy.*