



4 May 2020

The Hon. Daniel Andrews, Premier of Victoria  
1 Treasury Place  
Melbourne Victoria 3002

By email: [daniel.andrews@parliament.vic.gov.au](mailto:daniel.andrews@parliament.vic.gov.au)

Dear Premier,

We are writing to you on behalf of Victoria's building and construction industry.

Firstly, congratulations to you and your colleagues for keeping Victorians safe during this pandemic. There is something special about Victorians. Whether it's drought, fires, economic hurdles or disease we respect great leadership and we take leadership seriously.

In our own industry, we have witnessed major disruptions in many countries. Meanwhile, in Victoria, a united group of employer associations and unions presented to you our commitment to the safety and wellbeing of our workers. We also put our strongly held belief that, as best as we could manage, our industry should continue to operate. You put your faith in us and designated our sector as an essential service. Albeit under new rules.

Economic modelling undertaken by ACIL-Allen projected that the cost of a complete shutdown of the building and construction industry would have been \$25.4 billion with 166,000 jobs lost. As you know, many Victorians are reliant on our industry for employment and business success. The building and construction sector provides 45% of Victoria's tax revenue and is the state's largest full-time employer. We are proud that we have repaid your faith in us. To date, there has been no community transfer of the virus on building and construction sites in Victoria. Two early cases of individuals self-reporting were resolved in rapid time and to maximum level of due care.

To recap, just six weeks ago, we created our own industry guidelines with the support of WorkSafe and DHHS. These guidelines are now in their third iteration as we adapt to ever-changing environments. We have been appreciative of DHHS and WorkSafe supporting our call for an Industry Liaison Officer and a dedicated COVID-19 1800 number for the building and construction industry. We have also created a high-level taskforce to oversee our direction, and we note that this initiative is now being followed for major government infrastructure projects.

Most recently, we have provided full support for your plan to test 100,000 people over the coming fortnight. Through Incolink, our industry redundancy fund, we will be providing on site testing for building and construction workers. We aim to have 4,000 workers tested. Apart from the importance of the program as a public health initiative, it will provide valuable data for us all. Whilst it is too early and inappropriate to make declarations of success, we know and accept that things will not return to normal in the short term.

However, it is important to recognise that our industry has worked tirelessly to keep sites safe and open through this pandemic. And by doing so, our industry has taken a productivity hit and tensions do exist around who is ultimately responsible for the costs incurred. The best solution to commercial disputes is to minimise the source of disagreement.

It is also vital to give investors the confidence that their projects will be delivered on time. Builders and

subcontractors are dependent on cash flow to meet their obligations to their employees, banks and owners. Production rate is the key determinant for payment.

It is now entirely appropriate to plan and develop strategies to return our industry to maximum production as soon as possible. We do not retreat for one moment from the primary responsibility to keep our people safe. We believe we can do both. And we are committed to evidence-based decisions and advice from the health experts.

To be clear, we commend you and your colleagues for the stimulus measures you have already announced. However, new modelling conducted by Master Builders shows the devastating impact the lockdown of the economy is having on the building and construction industry. And it is evident that there is no time to waste in delivering further stimulus.

For example, pre-coronavirus, Master Builders forecast that in Victoria 51,413 new homes would commence next financial year. That has now been sharply downgraded to 39,944. The financial estimate of this downgrading is:

- (1) residential building in 2020/21 is downgraded from \$18.95 billion to \$14.72 billion (a \$4.22 billion downgrade).
- (2) commercial building in 2020/21 is downgraded from \$12.31 billion to \$10.27 billion (a \$2.04 billion write down).

Property related revenues earned \$10.76 billion for the Victorian State Government during 2018/19. Master Builders estimate that these will be reduced by at least 20% based on the figures above - equivalent to an annual drop of \$2.15 billion.

With this new data in mind, and as you contemplate easing restrictions, we remind you that the building and construction industry is well-advanced with established physical distancing and hygiene measures. We have the systems in place to manage the wellbeing of our people, whilst ensuring that there is a viable economy when this crisis is over. We can therefore trial new ways of working during the easing of restrictions (1) within commercial construction to address productivity and (2) within residential construction – such as through Display Homes and Land Sales Offices returning to normal trading hours.

The building and construction industry stands united, and ready to help you form the foundation of our state's recovery. And to help our industry do that, there is no time to waste in trialling new ways of working and delivering stimulus.

Yours sincerely,



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Master Builders Victoria



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