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STATE BUDGET: POSITIVE FOR INVESTMENT, BUT MAJOR PROJECTS STILL PRESSING

“The 2015-16 Victoria State Budget is a start towards much-needed investment in the building and construction sector, but there is much more required to deliver a sustainable industry for our state. Investment in infrastructure priorities such as the Metro Rail Link is a welcome step, but a much larger pipeline of large at-the-ready works is needed,” Master Builders Association of Victoria CEO Radley de Silva said.

Master Builders welcomes the State Government’s commitment of up to \$22 billion on infrastructure projects, expected to create around 16,000 jobs over the coming years, though only a portion would be activated this year. Investment in a range of building and construction activities throughout Victoria is an essential step towards meeting our growing state’s needs,” Mr de Silva said.

Master Builders continues to support major projects such as:

- The removal of 50 level crossings, 17 of which are contracted this year;
- The \$11 billion Melbourne Metro Rail project; and
- Expansion of more lanes along the CityLink - Tullamarine Freeway.

However, many of these projects will not commence work for several years, delivering the jobs and output needed right now. In addition, the Western Distributor proposal has yet to be finalised and approved by the government. We urge the government to progress this in a timely manner.

We are pleased to see investment in building and construction projects across the state, particularly given yesterday’s ABS Building Approvals data showed non-residential building has fallen for the sixth consecutive month, 28.1 per cent lower than the same time last year. Included amongst those projects are a range of road upgrades such as the M80, as well as hospital, school, tourism and sports developments, which will deliver much-needed jobs and work for this industry. We call for immediate action to progress these in 2015-16.

Smaller businesses will also benefit from a stamp duty exemption on special mobile plant equipment, as will trade apprentices from halved vehicle registration costs. The commitment to address the backlog of development applications associated with the pipeline of work for construction industry is a further positive move.

However, in order to boost the building and construction sector as a whole, Master Builders has been asking for a comprehensive set of reforms to underpin the continued growth and prosperity of



Building Our Future

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the industry. Our eight priority areas for the government are essential for the sustainability of our sector going forward.

Master Builders has been calling for the establishment of Infrastructure Victoria as an independent agency, to develop a pipeline of new projects for the state, free from party politics.

“Today’s commitment to establish Infrastructure Victoria and Projects Victoria in 2015-16 is a welcome step but needs to be implemented promptly as an independent agency. We look forward to seeing how its organisational structure would protect that independence,” Mr de Silva said.

“As a central economic pillar of Victoria, delivering more than 200,000 jobs and generating considerable taxes and output for the economy, the continued strength of the building and construction industry must be a key focus,” Mr de Silva said.

The actions needed to boost the building and construction sector go beyond infrastructure, and require a comprehensive set of investments in areas such as red-tape reduction, trades registration and reinforcing the rule of law.

The priority areas outlined in Master Builders Plan released last week are:

- **Invest in infrastructure:** Investment in infrastructure must be a key priority of the State Government to boost productivity, employment and economic growth. As part of this, the government must work to increase expenditure as a percentage of GSP, whilst pursuing actions that ensure the state retains its AAA credit rating.
- **Establish Infrastructure Victoria and release a major works pipeline:** The costly results of the East West Link debate highlight the importance for a pipeline of major works to be released publicly. An independent agency should be tasked with identifying this plan, to remove party politics from the process and create a long-term and stable approach.
- **Provide greater transport options for commuters:** Recognising the existing works in progress, Master Builders considers identifying further investments in roads and public transport options are essential for reduction of congestion and giving commuters greater choice in their travel options.
- **Uphold the rule of law in our industry:** The Royal Commission into trade union governance has cast a light on the coercion, intimidation and bullying employed by some in our industry. This unlawful behaviour needs to be stamped out by a government willing to uphold the rule of law and a sound governance system that allows swift and meaningful action.
- **Address housing affordability:** Everyday Australians are under pressure from the rising costs of living, particularly from skyrocketing house prices in Victoria. As a matter of urgency, the government should progress the National Taskforce on Housing Affordability, so that some clear priorities can be identified. In any event, actions to address housing supply and residential zoning impediments are clear priorities for the government.

- **Introduce trades registration:** Unlike builders, plumbers and electricians, tradespeople are not required to be registered in Victoria. Registering tradespeople would boost productivity, improve the quality of housing stock and protect consumers.
- **Get tough on owner-builders and unregistered practitioners:** Hardworking registered builders and tradespeople are forced to compete with unregistered builders and tradespeople for jobs, often being undercut in the process – but at the expense of the quality of housing stock. A strong enforcement campaign is needed to weed out unregistered practitioners and tradespeople who do the wrong thing, and to tighten the requirements on owner-builders.
- **Cut building red-tape:** Builders are forced to rip up the rule book every time they step across a local council border. There is a plethora of differences across municipal borders including hours allowed on site, asset protection and site lock-up requirements. Creating one set of laws means builders can get it right and get it done. Costs imposed on this industry by unnecessary and ineffective red-tape can drive up the price of new homes and building projects, impacting everyday Victorians through home affordability and taxes that they pay.

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