



13 October 2020

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

By email: daniel.andrews@parliament.vic.gov.au

Dear Premier,

We write to you on behalf of the building, construction and development industry to express our deep concerns for businesses operating in the small scale construction, renovations and outdoor work sector.

Firstly, though, it is important to acknowledge the enormous job that is being done by you and your colleagues. Our industry has very much appreciated the Victorian Government's absolute willingness to find a COVIDSafe solution for our sector. We know that you and your colleagues remain totally committed to the safe continuation of all building and construction activity in Victoria.

Since March, our industry has demonstrated to you and the Crisis Council of Cabinet, that we are well equipped to keep our workforces and industry safe, keeping many hundreds of businesses viable during this pandemic. The actions we have collectively taken across employer associations, unions and the industry at large have enabled us to manage the challenges of COVID-19 and strengthened our sector's capacity for recovery. Through our actions and the Victorian Government's support, the building and construction industry is proud that it continues to make an important contribution to the Victorian economy whilst keeping people in jobs.

Our industry has fully supported the Victorian Government's decisions by implementing the highest level of compliance with the Chief Health Officer's (CHO) directives. As a result of our industry's excellent COVIDSafe work, we can report that positive cases of COVID-19 in our sector have remained very low in comparison to the overall case numbers in the Victorian community. In fact, throughout the month of September, there were only two low impact cases in our industry, with none so far since the transition to the Second Step. Those working in the building, construction and development industry were around 25 times less likely to contract COVID-19 than those in the wider community through this period. This reflects on the quality and scale of safe practices which have been implemented across our industry.

Whilst there may be a perception that the building and construction industry is largely open, businesses that are solely focused on smaller construction including renovation work, or similarly treated work (such as major landscaping, decks or pools), have been unable to work since Stage 4 restrictions were introduced. This impacts a significant portion of the small scale construction sector and directly affects homeowners by limiting opportunities for investment in their properties.

We understand these restrictions are due to the CHO's "stay at home directions" not permitting work on occupied premises, combined with the need to reduce people movement across the State. We have made continued representations to the CHO around renovations and outdoor activities, especially where workers don't enter homes and have provided suggestions on how this work can safely proceed. Nevertheless, under the current roadmap, these businesses will only begin operating in a very limited fashion, even once the building and construction industry transitions to the next Stage (widely anticipated from 19 October 2020).

Additionally, the current limit of 5 workers plus a supervisor on small scale construction sites continues to be a significant limitation, especially for those undertaking larger projects. For example, it is virtually impossible to progress construction of a \$2M - \$10M single dwelling project with only 5 persons on site each day. These projects are of equal value and require equal workforce quotients to complete compared to some large scale construction projects, which are now permitted to return to in effect 85% of their workforce. Similarly, these projects are subjected to the same High Risk COVIDSafe Plans which are applicable for large scale construction.

Case studies

- One business reports that 8 of their 10 contracted jobs are on occupied premises and therefore cannot proceed. No contracts can be signed as their measuring, Geotech and other tasks required prior to signing of contracts cannot be completed on occupied premises. This creates a backlog of preliminary work that will significantly delay the commencement of work across the building and construction industry, even once restrictions are lifted.
- Another builder reported having 25 of their 30 projects on hold and they are also having to stop taking on new work as they cannot guarantee being able to complete it.
- Many members have reported that even where they are able to progress projects, they have stalled because clients are unable to go to shops to select products, even by appointment.

These businesses are dependent on cash flow to meet their obligations to their employees, banks and owners. Production rate is the key driver for payment. To add to this, we note the recent announcement of \$3 billion as part of the Stage 3 Business Support Fund for Victorian businesses excludes businesses in our industry that have been unable to work throughout the stage 4 restrictions. Several employer associations have already escalated this issue to Minister Pakula separately.

A united approach on behalf of small scale and domestic building and construction – from 19 October 2020

We understand that during this public health crisis, any further changes for our industry need to consider epidemiological data. However, as you contemplate easing restrictions, we remind you that the building and construction industry is well-advanced with well-established physical distancing, hygiene and other mitigation measures. We have the systems in place to manage the wellbeing of our people, whilst supporting a viable economy when this crisis is over.

Even prior to COVID-19, tightly managed safety requirements prevented homeowners from occupying areas of a premises whilst being renovated. The use of drop sheets, barriers and ventilation are common requirements for the safety of both workers and residents. Since the pandemic began, our industry has responded with the introduction of Guidelines that have been implemented across our sector, the success of which is evidenced by the low case numbers across our industry. These Guidelines include the requirement for screening of workers, increased PPE usage, cleaning regimes and the application of density quotients.

In an unprecedented move to continue to show support for small scale and domestic building and construction, the building industry group of unions have agreed to be co-signatories with the employer associations on this letter. This is because they too understand the importance of the ***whole*** building and construction industry being permitted to work in a COVIDSafe manner. Collectively, our industry asks that your Government considers:

1. Permitting small scale construction including renovation work, or similarly treated work such as major landscaping, decks or pools to open to full capacity and work in a COVIDSafe manner from 19 October 2020. If epidemiological data and health advice continues to limit this activity, then we ask that consideration is made to concessions allowing for outdoor work and work on sites that are occupied, and increase the number of persons on small scale construction sites to enable the work pipeline to continue and ease a building backlog.
2. Allowing preliminary works required for the signing of contracts to be carried out on occupied homes where the owners are not on the premises.

3. Permitting shops/retail that support the building and construction industry to operate by appointment only, immediately.
4. Expand the Business Support Fund to include those building and construction businesses who are unable to work, or have had to limit their work, in the third round of funding support - as currently they are not eligible.

As you know, our sector comprises more businesses than any other industry in Victoria. It is the largest full-time employer, accounting for 45% of our state's tax revenue and its contribution to GSP has grown to 13%. The viability of building and construction projects is essential, not only within our industry but beyond, with a multiplier effect that means every \$1 invested in home building generates nearly \$3 of economic activity. History shows that the building and construction industry can take up to four times longer to recover from a recession than the all industry average. It is therefore vital to build consumers' confidence that their new homes and renovations projects will be delivered on time – especially for Christmas.

Should your Government see fit to agree to our requests, you can be assured that we will all remain committed to ensuring that our industry participants comply with our Guidelines and keep worksites, workers and the community safe.

We must continue to keep the building and construction industry operating safely and productively, to keep the state of Victoria's engine room strong. You have our continued commitment to work together for the wellbeing of our industry and of the Victorian economy.

Yours sincerely,



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State Secretary
CFMEU



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Cont.

CC:

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