



LEGISLATIVE ASSEMBLY

FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON THE COVID-19 2021 PANDEMIC RESPONSE

Ms Elizabeth Lee MLA (Chair), Ms Suzanne Orr MLA (Deputy Chair), Ms Jo Clay MLA

Submission Cover Sheet

Inquiry into the COVID-19 2021 pandemic response

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The Committee Secretary
Inquiry into the COVID-19 2021 pandemic response

By Email: LACommitteeCOVID19@parliament.act.gov.au

Dear Committee Chair,

ACT COVID-19 RESPONSE

This submission is made on behalf of the Master Builders Association of the ACT (the **MBA**) to the Committee conducting an inquiry into the COVID-19 2021 pandemic response.

The MBA directly represents around 1,200 businesses who operate in the building and construction industry. These businesses include commercial builders, residential builders, civil contractors, subcontractors, suppliers and professional businesses and consultants who service the building and construction industry. The MBA is also a training organisation who directly employs close to 50 construction apprentices, trains around 200 carpentry apprentices, and provides training services to approximately 7,000 students each year.

Impact of lockdown on the Building and Construction Industry

According to ABS employment data, there were 15,331 people working in the ACT building and construction industry in August. This has fallen from 20,025 in May 2020. The ACT has lost more construction jobs compared to pre-pandemic levels than any other State or Territory in Australia.

The impact of lockdown on the Building and Construction Industry can be summarised as follows:

- Approximately 70% of people employed in the building and construction industry work on building sites, with the remainder working in office based or support roles. This means that the impact of the lockdown has disproportionately impacted the construction industry because the majority of roles cannot be adapted to work from home.
- According to a survey we conducted of our members during lockdown, 61.7% of respondents reported they stood down between 91-100% of their workforce, and a further 14.1% had stood down 51-90% of their workforce in response to the ACT Government's decision to shut down the construction industry.
- While the ACT construction industry was in shutdown, more than \$70m of construction work was on hold each week. Because of the multiplier impact of the construction industry on the broader ACT economy, this translates to a weekly economic impact of more than \$200m.

- The impact of shutting down the building and construction industry will mean that businesses have depleted cash reserves, lower staff numbers, higher debtors, and more disputes or legal claims.
- Because the building and construction industry is comprised of primarily small businesses, without adequate government support and/or cooperation from creditors and clients, they will be at a higher risk of collapse, than prior to lockdown.
- Business owners reported to the MBA significant mental health impacts, stress, and anxiety for both themselves and their workforce during lockdown.

We expect that the initial observations made above do not fully describe the impacts of lockdown, because many impacts will emerge into the future.

The MBA has provided updated building and construction industry forecasts to the ACT Government in our 6 October ACT budget submission. This submission (**attached**) contains recommendations to provide financial and non-financial support to the building and construction industry.

Recommendations:

- 1. If further health restrictions or lockdowns are required in the ACT to manage a health crisis, the construction industry not be shut down, and instead the ACT Construction Requirements be mandated as a requirement of construction sites continuing to operate.**
- 2. Adequate financial support be provided for ACT building and construction businesses both during lockdown, and in the recovery phase of the pandemic response.**
- 3. The ACT Government fully cover the cost of lockdown and compliance with the ACT Construction Requirements for ACT Government funded capital work projects.**
- 4. The ACT Government increase funding for the OzHelp Foundation to allow it to provide targeted mental health support for the ACT building and construction industry.**
- 5. The recommendations contained in the MBA's submission to the 6 October 2021 ACT budget be implemented.**

Difficulties with the ACT lockdown

- The shutdown of the ACT's construction industry lasted for three weeks (for Government, civil and large-scale projects) to four weeks (for small-scale projects). As of the date of this submission some elements of the construction industry remain shut down. This is the longest shutdown of the construction industry or any State or Territory in Australia.
- There has been no explanation of why the ACT's construction industry was shut down for this length when other States and Territory's have been either able to completely avoid a shutdown of the construction industry, or do so for a significantly less period of time.
- The reopening of the construction industry did not coincide with an increase in the 7-day rolling average of reported COVID-19 positive cases, demonstrating that the industry can safely operate during a lockdown, as it did in 2020.
- While there was significant engagement with the MBA during the lockdown, there was no consultation on the decision to prioritise Government, civil and large-scale projects ahead of

small-scale projects, nor would we have supported that approach if asked. This approach also stands in contrast to Victoria and NSW who generally allowed all their construction industry to operate but with workplace limitations, rather than reopening the industry sector-by-sector.

- During the announcement of the reopening plan for Government, civil and large-scale projects, the Chief Minister indicated that small-scale projects presented a higher risk, without providing any evidence of this statement. This statement caused great offence, stress and anxiety amongst our members who operate small-scale projects and continues to be a topic of discontent.

Recommendations:

- 6. If further health restrictions are required in the ACT to manage a health crisis, there be greater consideration of equity of these restrictions on all sectors of the construction industry.**

Comment on ACT Construction Requirements

- Under ACT Health Orders, the construction industry is now mostly permitted to operate subject to complying with the ACT Construction Requirements. These requirements are regularly updated and are now at version 1.4.
- The ACT Construction Requirements contain measures which broadly fall into the following categories:
 - General safety measures which also apply to other essential industries (eg. mask wearing, physical distancing, use of QR codes)
 - A requirement for all construction sites to prepare COVIDSafe Plans which contain specific measures for each site.
 - Procedural requirements which largely duplicate requirements which exist in other laws or Health orders (eg. requirement to notify ACT Health and WorkSafe ACT if a COVID-19 positive case is confirmed)

Recommendations:

- 7. Consideration be given to removing the Health Order requiring compliance with the ACT Construction Requirements, and in its place, site specific control measures be included in WHS Management Plans prepared by Principal Contractors and subcontractors (which are currently required of all construction businesses) to address the risks presented by COVID-19.**

- 8. The current general Health Orders that apply to the construction industry mandating the use of face masks, QR codes and physical distancing, be progressively removed consistent with other industries in line with the ACT pathway out of lockdown.**
- 9. The construction industry be subject to general Health Orders mandating reporting of COVID-19 positive cases consistent with any other permitted industry.**

Thank you for considering our comments and recommendations.

We are available on Thursday 14 October if the Committee would like us to attend a public hearing.

Yours faithfully

Michael Hopkins
Chief Executive Officer

Attachment A – MBA ACT Submission to the 6 October 2021 ACT Budget, dated 23 September 2021