

MASTER BUILDERS ALERT

CORONAVIRUS IMPACT ON THE BUILDING & CONSTRUCTION INDUSTRY
(COVID-19)

23 March 2020

No Shutdown of the Building and Construction Industry

Please be advised that there was **NO** shutdown of the building and construction industry announced following the meeting of the National Cabinet on Covid-19 (which comprises the PM, State Premiers and Territory Chief Ministers) on 22 March 2020.

The Prime Minister last week included building and construction sites as an Essential Service and there has been no change to this status.

The Prime Minister has announced new social distancing measures, including restrictions on the operations of pubs, clubs, restaurants and cafes that come into effect from Monday 23 March 2020.

Master Builders Australia will continue to advocate that there should be no shut down (see media release in response to the Federal Government's second stimulus package announcement which is below).

Also below is the list of proposed stimulus measures for the industry that Master Builders has provided to the Prime Minister, the Treasurer and key Ministers.

Prior to the National Cabinet meeting, the Prime Minister and the Premiers of New South Wales and Victoria have made references to shutting down non-essential services. This appears to have been a reaction to some sections of the community ignoring requests by government for people to practice social distancing.

As from Monday 23 March at midday the following will occur:

- Cafes (takeaway only)
- pubs (closed)
- clubs (closed)
- licensed venues within hotels (closed)
- gyms (closed)
- indoor sporting venues (closed)
- entertainment venues (closed)
- cinemas (closed)
- churches and other places of worship (closed)
- casinos (closed)
- restaurants (closed)

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Stimulus Measures Commended Building and Construction Must Be Essential Service

The Federal Government's second stimulus package contains welcome measures to support the viability of businesses, particularly the viability of small businesses (including sole traders) and non-profit-organisations to keep people in jobs.

"We commend the Government for its commitment to doing what it takes to see the country through the health and economic shock of Covid-19 and we restate the importance of building and construction as an essential service," Denita Wawn, CEO of Master Builders Australia said.

"Economically it's one of the main chances of getting stimulus measures to hit the ground hard and fast," she said.

"Maintaining building and construction activity around the country is one of the most effective ways of injecting money into the economy at this time of crisis. A shutdown on construction sites will have devastating impact on the economy and the well-being of millions of Australians," Denita Wawn said.

"Our industry is already implementing social distancing and risk mitigation policies and we are working collaboratively with trade unions to this end. We will continue to enact measures to safeguard the health of the 1 in 10 Australians employed in our industry and call on governments to keep them in jobs by keeping our industry building," Denita Wawn said.

Master Builders Australia Proposed Stimulus Measures

Housing

- Support ongoing building of house and land packages through interest free loans for a component of the cost, for example 25 per cent for title ready blocks. Housing developers, big and small, will be hit by a dramatic fall in sales for new homes due to anxiety over a potential recession but this will rebound meaning the risk of default on the loan would be minimal. This is needed to keep builders on the job, employing people and paying their tradies.
- First Home-Owner Grants of \$40,000 for those buying or building new homes to 30 September 2020.
- Expanding the number of First Home Loan Deposit Scheme loans & ringfencing the majority for new homes only.

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- Expand eligibility of those who can apply for federal funding for social and community housing through NHFC.
- Instant tax write-off/extension of negative gearing for property investors to undertake renovations to rental properties (currently can only claim maintenance) that could include upgrades that provide for the home to be more energy efficient which in turn assists in reducing living costs.
- Financial support to home owners through the use of a registered building practitioner to facilitate home renovations on properties that are pre 6 star requirements to enable them to be more energy efficient (eg change in windows, improved heating/cooling appliances etc) and/or make home more accessible for elderly to maximise ability to stay in their own home for longer.
- Contribution towards cladding rectification on apartments.
- Work with State and Territory Governments to fast track planning approvals.

Commercial and Civil Construction

- Bring forward spend on approved infrastructure projects (infrastructure is used in its broadest sense to include health, education, community, social, remote and defence) but also bring forward milestone payments. That is, bring forward expenditure that has already been allocated in the forward estimates.
- Identify new infrastructure projects (infrastructure is used in its broadest sense to include health, education, community, social, remote and defence) with an initial focus on refurbishments or maintenance.
- Recommend officials keep the work packages small and not transfer all risk which will increase the number of SME businesses that can tender.
- Contribution towards cladding rectification on commercial buildings.
- Work with State and Territory Governments to fast track planning approvals.
- Bring forward spend on approved Transport infrastructure projects but also bring forward milestone payments. Recommend officials don't bundle the contracts or transfer all risk which will increase the number of SME businesses that can tender.

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- Expand eligibility and funding for civil infrastructure development of housing estates (currently undertaken through NHIF in limited form) to incentivise developers to release land supply to make it shovel ready for housing.
- Work with State and Territory Governments to fast track planning approvals.

Bushfire Recovery

- Cover all or part of insurance gap to increase likelihood of more rapid rebuild as owners face costs of building to the new bushfire standard.
- Financial support to building practitioners to relocate to bushfire areas where there are shortages (eg Gippsland).

Apprentices and Trainees

- Extend apprentice wage subsidy to all GTOs.
- Funding towards a pre-apprenticeship or general entry level re-skilling to enable those who are displaced from other industries to be able to work in building industry and upskilling current building and construction employees.

Federal Government Announces Further Stimulus Packages

On 22 March 2020, the Federal Government unveiled a further safety net stimulus package. The Government's \$66 billion package looks to support households, including casuals, sole-traders and others, along with funding for SME's to stay open and keep paying their employees.

The relevant measures include:

- Employees terminated due to the Coronavirus will be eligible for a welfare wage of up to \$1,100 per fortnight.
- Permitting individuals in 'financial stress' due to the Coronavirus to access up to \$10,000 of their superannuation in 2019-2020 and a further \$10,000 in 2020-2021.

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- The Government will support SME's beyond what is announced in its first package, paying between \$20,000 and \$100,000 to eligible businesses with aggregate annual turnover below \$50 million. The measure will benefit 690,000 businesses, employing about 7.8 million people. By linking the payments to business to staff wage tax withholdings, businesses will be incentivised to hold on to more of their workers.
- The Government will also establish the Coronavirus SME Guarantee Scheme to secure working capital. It will guarantee 50% of new loans issued by eligible lenders to SME's for up to \$20 billion out of the \$40 billion in loans.
- It will temporarily increase the threshold at which creditors can issue a statutory demand on a company and the time companies have to respond to statutory demands they receive, in a bid to ease corporate defaults.
- The package also includes temporary relief for directors from any personal liability for trading while insolvent. The Government maintains that the payments will help employers' cash flow so they can keep operating and pay rent and bills whilst retaining workers.

Please refer to the [Master Builders Association of NSW website](#) for continued updates on this matter.

