



Joint Statement: CFMEU Construction and Master Builders Australia

MEDIA RELEASE

EMBARGOED UNTIL Friday 01 May 2020

CFMEU and MBA call for \$10b social housing stimulus package

Australia needs an immediate social and affordable housing stimulus package to drive new residential construction to help sustain the building industry and keep over a million people in jobs, to position construction to drive our economic recovery, and start to address the country's affordable housing crisis by building an estimated 30,000 new dwellings.

The CFMEU and Master Builders Australia are today calling on the National Cabinet to commit to a \$10 billion social and affordable housing fund that would draw funding from federal, state and territory governments and institutional investors including industry super funds.

National Cabinet members should begin work immediately to allocate funds, identify suitable projects and commit to begin construction of suitable low-cost and efficient housing within months. The Federal Government should also clarify financial rules to enable superannuation funds and other financial institutions to make long-term investments in the construction of social and affordable housing.

The construction industry needs firm commitments today if it is to continue to be a strong driver of the economy and Federal, State and Territory governments should immediately fast-track funding to build thousands of social and affordable housing dwellings across the country and charge their housing agencies with making sure that construction commences in 2020.

The construction industry has worked hard and collaboratively to remain a backbone of the Australian economy throughout the coronavirus crisis.

Workers have stayed on the job, sites have remained open and the industry has shown it can manage the risk of Covid-19, just as it manages other risks in a hazardous industry.

However, construction is facing a massive fall in activity in coming months with forward work falling off a cliff as investment dries up and uncertainty leads to some projects being cancelled. Prior to the Coronavirus crisis, new housing starts had been projected to total 160,132 during 2019/20 before bottoming out at about 159,000 during 2020/21 before again heading back upwards over subsequent years. That forecast has been sharply downgraded by around 43,000 commencements to 115,800 in 2020/21.

A social and affordable housing construction fund will stimulate the residential construction sector, provide certainty to the industry and deliver a significant social and economic dividend to the entire nation. It will provide homes to tens of thousands of people at a time when housing security has never been more important.

Australia has massive unmet need in social housing following decades of underinvestment by federal and state governments. The current shortfall is estimated to be around 450,000 dwellings. By 2036 that shortfall will have grown to over 700,000 dwellings.

A social and affordable housing fund, guided by an industry strategy and run through the National Cabinet processes would make significant inroads into that shortfall and provide a massive stimulus boost to the economy.

More than one million people are employed in the construction industry. It accounted for almost 10 per cent of Australia's economic activity prior to the coronavirus pandemic, and as one of the few industries that has kept working, the importance of its ongoing sustainability to the economy cannot be overstated.

The construction of social and affordable provides a greater boost to GDP than tax cuts or other household transfers. It has been shown to provide a multiplier boost to the economy of 1.3 for every dollar spent.

Australia's past offers powerful lessons on how to build our way out of economic crisis. The post-Second World War housing construction boom in this country was driven by governments of the day realising the need for stable, affordable housing and being prepared to pay for it. Hundreds of thousands of homes were built, providing housing security for the Australian people and helping drive the economic boom that underpinned Australia's emergence as a quality of life superpower in the second half of the 20th Century.

We need similar visionary thinking from governments today.

Australian governments need to build social and affordable housing. The construction industry needs work. And thousands of people around the country need homes.

Together, we can get the job done and build a better Australia.

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