

Statement on Four Corners: 'House of Cards'

17 July 2023

Master Builders Australia acknowledges the challenges faced by builders in the current climate, exacerbated by disruptions from COVID-19.

We empathise with all affected, the employees, subcontractors, suppliers, builders and their clients who are affected by businesses who are doing it tough or have entered insolvency says Master Builders Australia CEO Denita Wawn.

"Nobody wants to see businesses going under and we don't want to see people being caught short when they do. We know this can have deep and lasting effects on everyone impacted.

"We vehemently condemn actions like phoenixing and business who knowingly trade while insolvent. This behaviour by a handful of businesses should be strongly condemned but it does not mean the over 430,000 businesses in the industry are unethical or broken.

"This is why we need regulators to step up their efforts to ensure such behaviour is identified, condemned, and appropriately addressed. They need to make better use of their existing powers and put more resources into the enforcement of these laws.

"The actions of those who break the law need to be held to account by the full force of the law and those who act unethically need to be held to account by their industry peers.

"Four Corners correctly identifies significant difficulties have been confronting the industry including supply chain issues, fixed price contracts, low profit margins, labour shortages, increased demand for renovations and building projects, rising inflation, higher interest rates, weather events and economic uncertainty.

"It is essential to focus on preventing issues before they arise, rather than dealing with the consequences when it's too late," Ms Wawn said.

Master Builders has long advocated for additional measures to improve the industry's resilience:

1. **A stable economy and increased productivity:** We need to get inflation under control, which requires a focus on the supply side of the economy and a meaningful push to boost industry productivity which has been falling like many areas in the economy.
2. **Addressing inefficient and unnecessary business costs:** It is essential to relieve businesses of cost and compliance pressures by reducing burdensome regulations and ensuring laws operate effectively. State and territory security of payment laws, for instance, need to be streamlined. Master Builders has long supported greater uniformity and simplicity in security of payment regimes based on principles such as prompt payment rights, a rapid adjudication process, and a simple, informal, and flexible approach.

3. **Establishing a fairer approach to risk:** We need a better approach to the level of risk involved in construction, so that it is shared more fairly by everyone in the chain and not just loaded up on to the builder.
4. **Enhanced enforcement of existing laws:** It is crucial to enforce existing laws more effectively, condemning those who break them and ensuring rogue operators face the full force of the law.
5. **Building business resilience and education:** Support should be provided to businesses, particularly small enterprises, to develop resilience and operate in a sustainable and financially stable manner. Strengthening the skills of businesses benefits both the industry and the wider community.

"We will continue to work with various industry stakeholders and governments to ensure the industry thrives, creates jobs, builds for all Australians and remains a significant contributor to the overall economy," Ms Wawn said.

Media contact: Dee Zegarac, National Director, Media & Public Affairs
0400 493 071 | dee.zegarac@masterbuilders.com.au