

16 April 2018



Australian Institute of Architects

Hon Mark McGowan
Premier
5th Floor, Dumas House
2 Havelock Street
WEST PERTH WA 6005

CC: Hon John Carey
Hon Rita Saffioti
Hon Peter Tinley
Hon Ben Wyatt

Dear Sir

CORONVID 19 Stimulus Package

Further to our recent correspondence regarding an appropriate response to Covid 19 and various possible stimulus initiatives, please find an expanded list of regulatory reform and a list of project areas that we believe could help accelerate the road to recovery for our construction sector.

In this, we would like to congratulate Minister Saffioti for her timely instruction to local authorities to expedite planning approvals of non-contentious proposals and automatic extension to current Development Approvals for an additional two-year period.

The Institute strongly urges the government to bring forwards capital works programs that can stimulate the construction industry. In particular, we identify social housing, NDIS related accommodation, education, health and public transport related projects to be brought forward and accelerated. Furthermore, we need to ensure that the private sector is encouraged to continue to invest in construction projects, in particular, in ensuring multi-residential projects receive approvals so that presales and financing can go ahead.

Regulatory measures aimed at cutting red tape and expediting projects should be also implemented.

- 1 Construction sites with building classifications 2-9 (*National Construct Code*) should be classified as essential services, as these classifications are all capacity building.
We have discussed site management with a number of major contractors, who are confident that Construction Management Plans can cater for the proximity issues required by recommended distancing. We note that generally, sites already have high levels of mandated protective equipment, and safe work practices generally incorporates some form of social distancing.
- 2 The implementation of the 2019 National Construction Code, due for adoption in May 2020 should be delayed for 6 months. Many projects are currently being assessed for Construction Permits prior to the cut-off date of May 1st. With the strain the system is currently under, these approvals are significantly

threatened. Re-documenting buildings in line with NCC 2019 will cause significant extra costs and delays to the project. In some cases, some developments, in particular, multi-residential projects will become unviable. We consider this initiative urgent.

- 3 Implementing Buy Local policies. It is essential, where possible, that local services and products are utilised in the construction process, and this should be advantaged in any bidding procurement process. This would also, in turn, help support and reinvigorate the local manufacturing industry and build new WA and Australian based industries to grow.
- 4 Implement Government Capital Works Consultant Fee Panel Contracts. The time currently taken to submit design and documentation quotations for all projects is lengthy and costs all design practices inordinate amounts of time and money. We recommend the government moves to pre-qualify Architectural and Engineering practices to limit this time and cost. This will streamline the delivery of large-scale stimulus. We recommend the re-implementation of the 2012 BMW Architectural Panel over the more recent 2019 Panel, as the latter was substantially reduced in number of approved Consultants from the previous, which will greatly increase the number of pre-qualified practices to participate in the stimulus package. Project allocation should be rotated to spread work evenly, as there is currently a number of firms that receive a large proportion of the government work, leading to unequable spread across the profession.
- 5 Implement agreed consultant fee scales across public and private sector projects. With WA having experienced a serious economic downturn for some years, consultant fees have been driven down to unprecedented low rates, leading to poor construction procurement outcomes and risk adverse practices, often costing projects far more due to construction variations. Further fee bidding in this fragile economy will only result in poorer outcomes in terms of project cost, delivery and quality as practices struggle to stay afloat. It is essential for the government to put a floor under fees for consultants in the construction industry that ensures value for money while maintaining quality.
- 6 Fast Tracking Planning Approvals
Many projects are being held up with Design Review and JDAP processes. We suggest that these be only required for sensitive sites or in cases where the project is a clear departure from the intent of the Local Planning Scheme. We would encourage the Government to harness the considerable expertise of the architectural profession and consider introducing a level of self-certification for planning applications for projects under say \$5 million when a registered Architect is engaged as the lead design consultant or alternatively, consider providing an accelerated pathway for approval where a registered architect is engaged as the lead design consultant. This would be in line with the NSW planning system SEPP 65.

Self-certification for planning should be introduced for all Class 1 single residential projects submitted by registered Architects.

For more complex projects, should a project be submitted to a Design Review Panel, and there is a positive RAR (Council Officer Report), this project could be given delegated planning approval, rather than be then sent to JDAP, potentially saving considerable time and money. This initiative is a derivation of the system used in South Australia.

These initiatives recognise the university qualification of Architects, and the inherent consumer protect implicit in being registered under the Architects Act.

7 Department of Communities.

As the largest residential developer in the State, the Department of Communities has great potential to steer quality social and NDIS projects through the system. Currently many social and affordable housing projects are getting stuck due to marginal feasibilities. We believe that the thresholds for returns should be lowered to enable more proposals to convert into actual projects, which in turn benefits our economy and provide the community with necessary diverse housing stock. Given the drop in consumer interest in buying apartments, many new developments could be made feasible through the increase in Keystart purchase price cap.

Secondly, the Department of Communities, through the WAPC should use its statutory powers to grant Planning Approvals and Building Permits.

8 Department of Education

The BER program during the 2008 GFC played an important role in that recovery. We suggest a similar approach could be taken, and to create a fund for minor projects for Primary and Secondary schools. We suggest a working title 'If only we had a', where schools are encouraged to identify a minor work such as a replacement classroom, new playground equipment, installation of double glazing to classrooms, an AC upgrade, installation of PV cells etc. These projects, which don't require lengthy approvals, could be expedited. A focus could be on implementing projects that help reduce their ongoing operational costs into the future, primarily sustainability initiatives which relate directly to better learning outcomes around quality of air, light levels, etc.

9 As far as the private development sector is concerned, our members have reported a potential collapse in the multi-residential market, that was only just seeing positive signs of recovery in the last 6 months and that has now been hit hard by Covid 19. Initiatives to help this sector could include:

- Suspend the Foreign Buyer Surcharge for six months. A sales boost in completed stock would enable developers to redeploy capital into new project commencements, in turn creating jobs as we move into recovery.
- Defer lodgement fees for Development Approvals and Building Permits. We recommend government defer fees for six to 12 months to assist cashflow and staff retention.
- Immediate suspension of tax payments to give cashflow relief. We recommend meaningful Land Tax and Metropolitan Regional Improvement tax relief to pass on to struggling tenants.
- Extend the 75% stamp duty rebate to all apartments sold including off the plan and those under construction (by stage) and give certainty on the eligibility.
- Rate relief for business. We recommend local government rates for commercial and retail property be either suspended or reduced by 50 per cent for at least six months and that local governments with financial capacity to do so be encouraged to use existing reserves to fund this.

10 Support for business during Covid-19 lockdown

New capital work projects take time to design, document and to receive approvals before commencing on site. There is an opportunity for government capital works stimulus packages to be prepared (through the isolation period) by the teams of required consultants and project managers, ready to commence construction onsite within a condensed timeframe of six months. Architects often feel the effect of a construction industry slowdown first, this will provide stimulus to the many consultants that need it now, and assist the recovery of the construction industry on site as many projects under construction are completed in the coming months. Many private industry projects that will be shovel ready may not proceed due to bank or investor issues, creating issues for the industry in the months and years to come.

Please consider these suggestions as triggers for discussion. We have already consulted with many other industry groups who share similar views to us regarding many of these initiatives. To further develop these ideas, we are happy, to harness the considerable horsepower within our membership, and to consult with other groups such as the Planning Institute of Australia, the MBA, REIWA, AILA, UDIA and the Property Council to further work up these thoughts into more detailed policy.

Please do not hesitate to contact me directly or indirectly for any assistance we can offer.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Peter Hobbs', written in a cursive style.

Peter Hobbs FRAIA
STATE PRESIDENT WESTERN AUSTRALIA

CC: Building Commission of WA