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MEDIA RELEASE

Action needed to address cost pressures on all Government infrastructure projects, says CCF WA

WA's peak civil construction industry body says targeted relief for building contractors in the 2022/23 State Budget ignores the reality that rampant cost escalation is also threatening the viability of civil contractors on Government projects.

The Civil Contractors Federation Western Australia (CCF WA) says urgent action is needed to provide relief from onerous Government construction contracts that are forcing contractors to bear the brunt of recent massive cost increases and supply chain disruptions.

CCF WA CEO Andy Graham said the new \$30 million scheme to assist building contractors working for the departments of Finance and Communities would not help hundreds of local businesses battling soaring costs on Government civil infrastructure projects.

"There is some cost relief for the civil construction sector in the Budget, mainly on a few high-profile, federally funded road and rail projects," Mr Graham said.

"The budgeted cost of some major projects has increased by around 30 per cent, yet the allocations for all other transport projects has remained the same.

"CCF WA welcomes the acknowledgement of huge and unforeseen escalation on those major projects, but we are concerned that contractors on dozens of other Government projects are facing the same realities yet being forced to fight tooth and nail to have their fair and reasonable claims accepted.

"The standard watertight contracts used on Government projects are designed to protect the budgeted project cost by any means possible. The contractor is expected to wear the cost of unexpected events or unavoidable delays that are out of their control.

"In normal times, we deal with that and take the occasional loss on the chin. But these are unprecedented times, and civil contractors can't keep absorbing huge extra costs and mounting losses.

"It's time to put aside the onerous contract and the legalistic mindset, work together and take an 'open book' approach that fairly reimburses all Government contractors for unavoidable extra costs.

"It's certainly encouraging to see a \$350 million provision for general construction cost escalation in the Budget – we now look forward to working with the Government to ensure this provision translates into timely action."

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About Us:

Civil Contractors Federation Western Australia (CCF WA) is the state branch of Australia's peak civil construction industry body, representing contractors and suppliers delivering infrastructure in WA. With branches in all states and territories and a national office in Canberra, the Civil Contractors Federation understands the local, state and national issues facing the civil construction industry.