



## Media Release

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### **Collapse symptomatic of health of construction industry**

Probuild has become another sad statistic with construction sector insolvencies on the rise. The construction sector already accounts for 25% of all insolvencies in Australia and this trend will continue, putting at risk the nation's economic recovery, unless radical action is taken to improve the sustainability of the entire industry.

Australian Constructors Association CEO Jon Davies said contractors will continue to fall if we don't change buying practices.

"The current focus of selecting contractors based on the lowest price and the greatest transfer of risk is unsustainable," said Mr Davies.

"Lowest price doesn't mean greatest value.

"We have to move away from the idea that construction is a zero sum game with winners and losers.

"Contractors are being asked to lock in prices for risks that they cannot control such as material price escalation and pandemic risk, for projects

that in many cases will take years to deliver.

“Industry reforms are urgently needed or more contractors will go under.

“There is a role for government to lead the way in creating a more sustainable industry.

“The vertical construction sector needs to take note of what is already starting to happen in the infrastructure sector where we are starting to see a more collaborative approach to developing projects.

“A collaborative approach would ensure project objectives are clear, information provided is accurate and can be relied upon, the right delivery models are adopted, risk is appropriately managed, and waste is reduced through productivity enhancing processes and technology.

“In many ways, the broader adversarial culture of the industry can be addressed by moving toward more equitable risk transfer and collaborative agreements.

"The Australian Constructors Association calls on the governments to act as model Clients and lead the way through their own procurement practices."

**Media**

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***The Australian Constructors Association (ACA) represents leading construction and infrastructure contracting companies. We are dedicated to promoting a sustainable construction industry for Australia.***