

Rebuilding Australia

Volume 4: Stimulus Plan to Support Jobs and Boost GDP

May 2020



MASTER BUILDERS
AUSTRALIA

Message from the President & CEO



Australia has done extraordinarily well in suppressing COVID-19 in our community to reduce the incidence of the virus.

We accept that suppression by governments, requiring individuals to restrict their movements which in turn closed large parts of the economy, was a public health necessity. But unfortunately, the rapid lockdown of the economy has had dramatic drawbacks that will take years to recover.

The Reserve Bank of Australia has forecast that we are likely to see an unemployment high of 10 per cent later this year and it will not get down to 6.5 per cent until 2022. There are also broad economic impacts in terms of a decline in income and household wealth, significant reductions in migration, and changes in consumer demand for housing and working environments in a post COVID world.

So what does this mean for the building and construction industry – the second largest industry in Australia? An industry with more small to medium sized businesses than other sectors and that employs 1 in 10 people and more full time workers and apprentices than any other industry.

Master Builders has forecast a decline in residential building of around 27 per cent and commercial building of around 16 per cent in 2020–21 with our survey indicating a decline in forward contracts currently sitting at around 40 per cent with the hit estimated to come in the fourth quarter of this calendar year. Other surveys of the industry reflect similar figures.

Master Builders, since the start of the crisis, has been advocating to keep construction open for business and for stimulus to keep activity going in the sector and subsequently the broader economy.

Our members have been fortunate to stay working during the suppression phase, although some have found this difficult and costly. Members are concerned about the post JobKeeper environment (end of September 2020) when the lack of forward work will hit at the same time as JobKeeper ends. This is particularly the case for residential and commercial building that are both highly reliant on private sector investment that is drying up at a rate of knots.

Master Builders has consistently advocated not for an extension of the subsidy but rather assistance from governments with stimulus to fill the gap until economic confidence is returned to the economy and we see a return to the property market by private investors. We have advocated several stimulus measures for the residential, commercial, and civil sectors of the industry.

We welcome recent government commitments to transport and civil infrastructure stimulus that will boost civil activity. We also seek government support for investment in residential and commercial activity that is more exposed to economic shock because it's more dependent on private investment.

Government stimulus will not only save jobs in the industry and the supply chain, it will also provide a significant boost to Gross Domestic Product (GDP).

To prove the value of our proposed stimulus measures we commissioned Ernst & Young (EY) to cost and assess the impact of five stimulus ideas to support residential and commercial activity. We understand that Governments need evidence to justify any expenditure in such difficult economic circumstances.

In this Volume 4 of Rebuilding Australia we outline the outcomes of the EY modelling and suggest that there is strong evidence that investment in the building and construction industry is not just saving jobs in our sector but will have a significant boost to GDP to assist the broader economic recovery of our country.

Timing is also critical. We are of the view that waiting until later in the year to see what happens will be too late. Decisions must be made now to ensure that there is work by September.

Simon Butt
President

Denita Wawn
CEO

Stimulus not Subsidies: Principles of Stimulus Measures



In advocating for building and construction industry stimulus, to rebuild the Australian economy, Master Builders is of the view that several principles should underpin stimulus measures in the building and construction industry. Stimulus measures should:

- Support the continuance of building activity to ensure confidence is retained in the building and construction industry through a clearly identified pipeline of future work (short and long term) that will keep our members in work, minimise unemployment in our industry and support the businesses that support Australian construction activity.
- Provides real return whether in terms of a boost to GDP, saving jobs, or enabling existing policy objectives to be met.
- Include immediate measures that can be easily implemented to enable money to enter the economy quickly and jobs to be kept. For example, refurbishment or maintenance projects that do not require planning approval.
- Identify initiatives that deliver a long-lasting dividend from government investment. Current investment in housing, public buildings, and civil infrastructure is below what is needed to meet our future population demands, so money spent now in the building and construction industry will pay-off in the long term.
- Assist the whole industry, especially the small to medium sized businesses that make up 98 per cent of the building and construction industry.

Stimulus not Subsidies: The Case for National Cabinet Financial Support

If the economic impact of COVID-19 by the end of the suppression phase is large the following high impact scenario is likely:



COVID-19 Job Impacts

There are 1.2 million people employed directly in the construction industry and research suggests that a further 440,000 jobs in other sectors of the economy are dependent on construction work. Our high impact scenario envisages that 464,300 construction jobs could be lost as a result of COVID-19 crisis, and an additional 171,600 jobs lost in the sectors which depend on construction – a total loss in employment of 635,900.

Unfortunately, the high impact scenario may be playing out. Current data from the Australian Bureau of Statistics (ABS) identifies that nationally employment is down by 7.3 per cent and in the building and construction industry by 6.5 per cent.

Change in number of jobs and employee wages by state, 14 March to 2 May

% change		Aus	NSW	Vic	Qld	SA	WA	Tas	NT	ACT
JOBS	Construction	-6.5%	-7.4%	-7.3%	-5.1%	-4.8%	-6.0%	-5.8%	-5.7%	-8.0%
	All industries	-7.3%	-7.7%	-8.4%	-6.1%	-7.2%	-5.9%	-7.2%	-4.0%	-7.0%
WAGES	Construction	-2.2%	-1.7%	-2.7%	-2.1%	-1.2%	-3.4%	-3.4%	-0.03%	0.9%
	All industries	-5.4%	-4.9%	-6.7%	-4.6%	-2.9%	-7.0%	-3.2%	-1.9%	-4.3%

The Labour Market Information Portal (LMIP) has released survey data looking at the business impacts of COVID-19, including staffing expectations by industry sector. 13 per cent of construction businesses expect to decrease staff in the coming months.



Source: LMIP, 2020. Impacts of COVID-19 on businesses, 20 April-8 May

The challenging outlook for the construction sector in comparison to other industries reflects that it typically takes around six months from an economic shock for the most significant impacts to be felt. This reflects that construction projects are booked in advance and take time to complete.

Construction

<p>Changes since the start of the pandemic²</p> <ul style="list-style-type: none"> 33% of businesses have been impacted 'a great deal' (compared with 54 per cent for all businesses) 63% have experienced lower demand (66 per cent for all businesses) 16% have reduced staff (32 per cent for all businesses) <p>Recent employer comments</p> <p><i>Projects have slowed down. We are just finishing up some small jobs, then we're looking more quiet from here on out. (Landscaping business)</i></p> <p><i>We are experiencing a quiet spot right now and we expect to have some cash flow issues. Normally we'd be reasonably busy right now, which flows into the following period. I think we'll see the impact in the next couple of months. (Electrical services)</i></p> <p><i>Our only saving grace is we have a larger project that should see us through the next six weeks but we're expecting a big downturn. It's affecting the staff emotionally. (Construction company)</i></p>	<p>Future outlook³</p> <ul style="list-style-type: none"> 9% of businesses expect to increase staffing levels in the coming months (compared with 10 per cent for all businesses) 13% expect to decrease staff in the coming months (6 per cent for all businesses) 15% are unsure about changes to staffing levels in the coming months (the same as for all businesses) <p style="text-align: center;"><u>Expected staffing changes in the coming months</u></p> <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th>Category</th> <th>Construction (%)</th> <th>All industries (%)</th> </tr> </thead> <tbody> <tr> <td>Increase</td> <td>9%</td> <td>10%</td> </tr> <tr> <td>Remain the same</td> <td>63%</td> <td>69%</td> </tr> <tr> <td>Decrease</td> <td>13%</td> <td>6%</td> </tr> <tr> <td>Unsure</td> <td>15%</td> <td>15%</td> </tr> </tbody> </table>	Category	Construction (%)	All industries (%)	Increase	9%	10%	Remain the same	63%	69%	Decrease	13%	6%	Unsure	15%	15%
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Source: LMIP, 2020. Impacts of COVID-19 on businesses, 20 April-8 May

Reason for Job Losses

Master Builders has undertaken a root and branch revision of its economic forecasts. The revised forecasts represent a major update to the set of projections to 2024–25 which were published in February 2020. The update is necessitated by the huge change in economic conditions due to COVID-19.

The following tables summarise the significant downgrade to our forecasts for new home building and commercial building activity in light of COVID-19.

Master Builders Forecasts for New Home Building: Before and After COVID-19

	Pre COVID-19 Forecast (February 2020)	Updated Forecasts (April 2020)	Forecast Downgrade	Forecast Downgrade (%)
2019–20	160,132	151,772	-8,360	-5.2%
2020–21	159,268	115,822	-43,446	-27.3%
2021–22	169,026	133,719	-35,307	-20.9%
2022–23	181,838	137,425	-44,413	-24.4%
2023–24	193,632	152,922	-40,709	-21.0%
2024–25	203,909	178,220	-25,689	-12.6%

Master Builders Forecasts for Commercial Building: Before and After COVID-19

	Pre COVID-19 Forecast (February 2020)	Updated Forecasts (April 2020)	Forecast Downgrade	Forecast Downgrade (%)
2019–20	\$47.3 billion	\$44.7 billion	-\$2.58 billion	-5.5%
2020–21	\$45.8 billion	\$38.6 billion	-\$7.18 billion	-15.7%
2021–22	\$43 billion	\$38 billion	-\$4.94 billion	-11.5%
2022–23	\$40.6 billion	\$38.2 billion	-\$2.47 billion	-6.1%
2023–24	\$41 billion	\$39.3 billion	-\$1.7 billion	-4.1%
2024–25	\$43.2 billion	\$41.3 billion	-\$1.95 billion	-4.5%

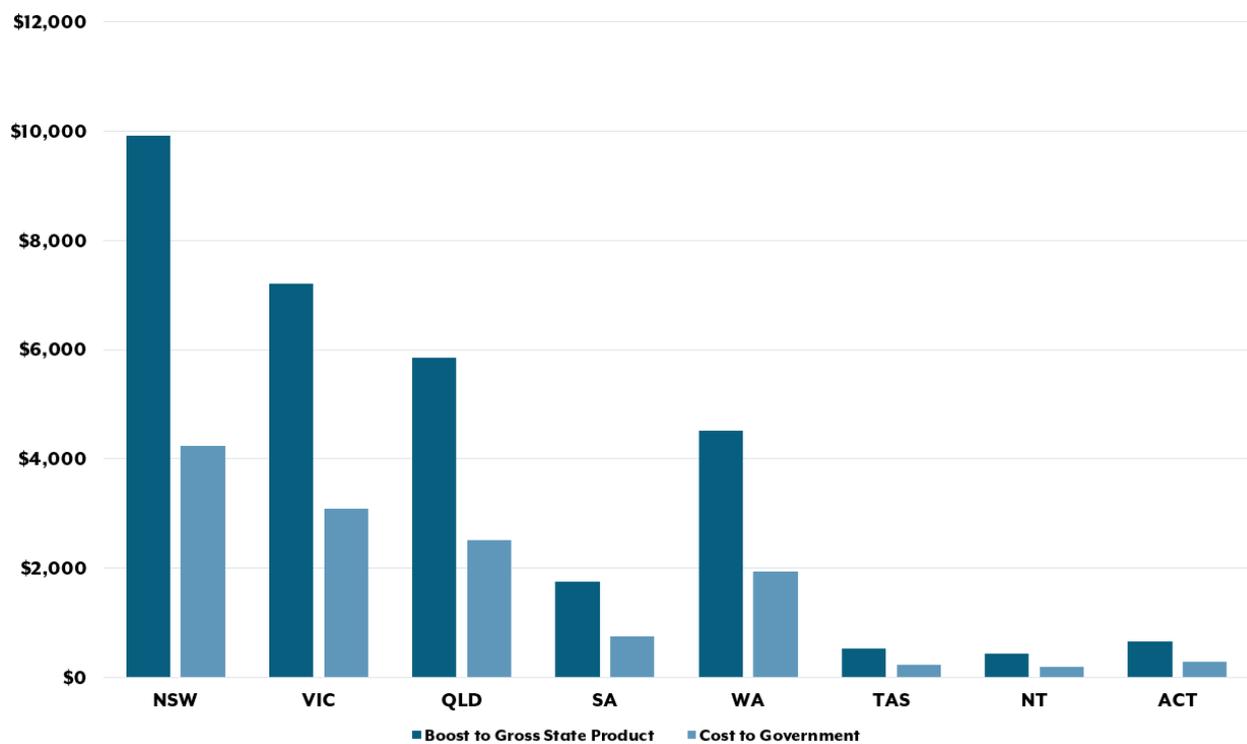
Stimulus not Subsidies

Independent modelling by Ernst and Young (EY) of five stimulus measures proposed by Master Builders shows the value of the combined residential and commercial stimulus measures, including:

- The creation of over 105,000 jobs across the labour market.
- A lift to the economy of \$30.9 billion.
- An expansion in construction activity of \$17.6 billion.
- An additional 14,000 new homes built across the country, representing a 12 per cent uplift on our latest home building forecasts for 2020–21.
- Vital support for more than 1,800 construction businesses, most of which are small businesses.

The 105,000 jobs that would be created by Master Builders proposed package of stimulus measures would significantly offset the detrimental impact of COVID-19 on the labour market. The chart below shows that the economic benefits of the proposed stimulus are considerable relative to their costs. On average, the modelling shows a return of \$2.34 in GDP for every \$1 governments invest in the proposed stimulus package.

Costs and Benefits of Master Builders Proposed Stimulus (\$m)



Ernst & Young Modelling

Master Builders engaged EY to undertake independent modelling of five scenarios for government stimulus focused on residential and commercial building to measure the direct and indirect benefits of stimulus to the Australian economy.

The direct estimates of impacts on construction sector activity draw on a range of public sources depending on the specifics of the scenario, while the economy wide results have been estimated using EY's in-house Computable General Equilibrium model.

SCENARIOS MODELLED

The five policy scenarios modelled for residential and commercial building include:

RESIDENTIAL



Scenario A:

Provision of an immediate time-limited cash grant of \$40,000 for the purchase or construction of new residential homes on a Federal-State dollar for dollar basis.

Scenario B:

Funding for the Resilience Renovations Program for eligible home-owners to improve the resilience of their homes to natural disasters or to make homes more accessible. Modelling was undertaken on the basis that funding for this stimulus program would be equal to 10 per cent (\$4 billion) of the typical value of annual home renovation activity in Australia, with funding matched by Federal and State governments on a dollar for dollar basis.

COMMERCIAL



Scenario C:

Funding for cladding rectification for audited buildings requiring rectification in affected states and territories and for asbestos removal for projects on the National Asbestos Exposure Register. Specifically, this calls for the Victorian cladding rectification model to be applied across the country, but for it to be fully funded by government and not require an increase in building permit levies to partially fund the cost of the program.

Scenario D:

A 10 per cent reduction in developer and infrastructure related charges across states and territories for commercial projects.

Scenario E:

Increasing institutional spending by 5 per cent for health, higher education, vocational education, defence and indigenous infrastructure.

The table below summarises the likely economic impacts of each of these measures. The experience of previous economic downturns shows that construction is one of the last sectors of the economy to recover – a reality which underpins the need for immediate stimulus for our industry.

Estimated Impact of Master Builders Australia's Proposed Package of Stimulus Measures

	Five Individual Stimulus Measures (A to E)					
	A to E	A	B	C	D	E
	Total Package of Measures	\$40,000 New Home Grant	Resilience Renovations Program	Cladding Rectification, Asbestos Removal	10% reduction in Developer Contributions/ Infrastructure Charges	5% increase in institutional spending on building in health, education, etc
Total Employment (FTE)	105,465	58,311	24,036	14,383	2,040	6,695
Direct Employment (FTE)	25,551	14,114	5,828	3,489	495	1,625
Indirect Employment (FTF)	79,914	44,197	18,208	10,894	1,545	5,070
Number of New Homes Built	14,058	14,058	-	-	-	-
Construction businesses supported	1,803	996	411	246	35	115
Construction Activity (\$m)	\$17,552	\$9,706	\$4,000	\$2,393	\$339	\$1,114
GDP (\$m)	\$30,860	\$17,058	\$7,035	\$4,210	\$597	\$1,960
Cost to Government (\$m)	\$13,187	\$5,195	\$4,000	\$2,393	\$485	\$1,114

Source: EY Modelling, May 2020

Of the five stimulus measures a \$40,000 new home building grant would offer the best value for money by:

- Creating 58,311 jobs across the economy.
- Replenishing many of the 77,580 jobs lost in construction since the start of the COVID-19 crisis and distribute the majority of work generated throughout the supply chain to services and manufacturing that depend on building and construction.
- Providing over \$3 in economic benefits for every \$1 invested by government. A \$5.2 billion commitment by government would generate over \$17 billion in economic activity.
- Delivering over 14,000 additional new housing starts, representing a 12 per cent increase on our current forecast for new home building in 2020–21.

State by State Analysis

NEW SOUTH WALES

For New South Wales, EY's modelling shows that the Master Builder's stimulus package would support:

- The creation of over 33,350 jobs right across the New South Wales labour market.
- A lift to New South Wales's economy valued at \$9.91 billion.
- An expansion in construction activity worth \$5.58 billion.

At the start of this year, 378,000 workers in New South Wales relied directly on construction for their employment. Latest ABS employment data indicates that about 28,000 of these jobs have been lost since the beginning of the COVID 19 crisis. Under a worst-case scenario, Master Builders estimates that construction job losses in New South Wales could be as high as 147,500 in the aftermath of COVID-19.

New South Wales: Estimated Impact of Master Builders Proposed Package of Stimulus Measures

	Five Individual Stimulus Measures (A to E)					
	A to E	A	B	C	D	E
	Total Package of Measures	\$40,000 New Home Grant	Resilience Renovations Program	Cladding Rectification and Asbestos Removal	10% reduction in Developer Contributions/ Infrastructure Charges	5% increase in institutional infrastructure spending
Total Employment (full-time equivalent, FTE)	33,391	18,461	7,610	4,554	646	2,120
Direct Employment (FTE)	8,161	4,508	1,861	1,114	158	519
Indirect Employment (FTE)	25,230	13,953	5,748	3,439	488	1,601
Construction Activity (\$m)	\$5,581.2	\$3,086.3	\$1,271.9	\$760.9	\$107.8	\$354.2
GDP (\$m)	\$9,911.4	\$5,478.6	\$2,259.5	\$1,352.1	\$191.7	\$629.5
Cost to Government (\$m)	\$4,111.9	\$1,526.5	\$1,221.8	\$817.4	\$165.7	\$380.5

Source: Master Builders' analysis of EY Modelling, May 2020

VICTORIA

For Victoria, EY's modelling shows that the Master Builder's stimulus package would support:

- The creation of over 28,000 jobs right across the Victoria labour market.
- A lift to Victoria's economy valued at \$7.20 billion.
- An expansion in construction activity worth \$4.75 billion.

At the start of this year, 312,000 workers in Victoria relied directly on construction for their employment. Latest ABS employment data indicates that about 22,700 of these jobs have been lost since the beginning of the COVID-19 crisis. Under a worst-case scenario, Master Builders estimates that construction job losses in Victoria could be as high as 121,500 in the aftermath of COVID-19.

Victoria: Estimated Impact of Master Builders Proposed Package of Stimulus Measures

	Five Individual Stimulus Measures (A to E)					
	A to E	A	B	C	D	E
	Total Package of Measures	\$40,000 New Home Grant	Resilience Renovations Program	Cladding Rectification and Asbestos Removal	10% reduction in Developer Contributions/Infrastructure Charges	5% increase in institutional infrastructure spending
Total Employment (full-time equivalent, FTE)	28,169	15,574	6,420	3,842	545	1,788
<i>Direct Employment (FTE)</i>	6,734	3,720	1,536	920	130	428
<i>Indirect Employment (FTE)</i>	21,435	11,855	4,884	2,922	414	1,360
Construction Activity (\$m)	\$4,747.3	\$2,625.2	\$1,081.9	\$647.2	\$91.7	\$301.3
GDP (\$m)	\$7,204.3	\$3,982.2	\$1,642.3	\$982.8	\$139.4	\$457.6
Cost to Government (\$m)	\$4,387.8	\$1,883.9	\$1,296.7	\$723.7	\$146.7	\$336.9

Source: Master Builders' analysis of EY Modelling, May 2020

QUEENSLAND

For Queensland, EY's modelling shows that the Master Builder's stimulus package would support:

- The creation of over 21,000 jobs right across the Queensland labour market.
- A lift to Queensland's economy valued at \$5.86 billion.
- An expansion in construction activity worth \$3.37 billion.

At the start of this year, 252,000 Queenslanders relied on construction for a job. Latest ABS employment data indicates that 12,900 of these jobs have been lost since the beginning of the COVID 19 crisis. Under a worst-case scenario, Master Builders estimates that construction job losses in Queensland could be as high as 100,000 in the aftermath of COVID-19.

Queensland: Estimated Impact of Master Builders Proposed Package of Stimulus Measures

	Five Individual Stimulus Measures (A to E)					
	A to E	A	B	C	D	E
	Total Package of Measures	\$40,000 New Home Grant	Resilience Renovations Program	Cladding Rectification and Asbestos Removal	10% reduction in Developer Contributions/ Infrastructure Charges	5% increase in institutional infrastructure spending
Total Employment (full-time equivalent, FTE)	21,128	11,681	4,815	2,881	409	1,341
Direct Employment (FTE)	5,458	3,015	1,245	745	106	347
Indirect Employment (FTE)	15,670	8,666	3,570	2,136	303	994
Construction Activity (\$m)	\$3,366.3	\$1,861.5	\$767.2	\$459.0	\$65.0	\$213.7
GDP (\$m)	\$5,857.1	\$3,237.5	\$1,335.2	\$799.0	\$113.3	\$372.0
Cost to Government (\$m)	\$2,497.5	\$889.4	\$860.9	\$447.9	\$90.8	\$208.5

Source: Master Builders' analysis of EY Modelling, May 2020

SOUTH AUSTRALIA

For South Australia, EY's modelling shows that the Master Builder's stimulus package would support:

- The creation of over 6,750 jobs right across the South Australian labour market.
- A lift to South Australia's economy valued at \$1.75 billion.
- An expansion in construction activity worth \$1.03 billion.

At the start of this year, 70,200 workers in South Australia relied directly on construction for their employment. Latest ABS employment data indicates that about 3,370 of these jobs have been lost since the beginning of the COVID-19 crisis. Under a worst-case scenario, Master Builders estimates that construction job losses in South Australia could be as high as 27,380 in the aftermath of COVID-19.

South Australia: Estimated Impact of Master Builders Proposed Package of Stimulus Measures

	Five Individual Stimulus Measures (A to E)					
	A to E	A	B	C	D	E
	Total Package of Measures	\$40,000 New Home Grant	Resilience Renovations Program	Cladding Rectification and Asbestos Removal	10% reduction in Developer Contributions/Infrastructure Charges	5% increase in institutional infrastructure spending
Total Employment (full-time equivalent, FTE)	6,757	3,736	1,540	921	131	429
<i>Direct Employment (FTE)</i>	1,515	837	346	207	29	96
<i>Indirect Employment (FTE)</i>	5,242	2,899	1,194	715	101	333
Construction Activity (\$m)	\$1,029.3	\$569.2	\$234.6	\$140.3	\$19.9	\$65.3
GDP (\$m)	\$1,749.7	\$967.1	\$398.9	\$238.7	\$33.8	\$111.1
Cost to Government (\$m)	\$666.1	\$275.9	\$196.2	\$116.3	\$23.6	\$54.2

Source: Master Builders' analysis of EY Modelling, May 2020

WESTERN AUSTRALIA

For Western Australia, EY's modelling shows that the Master Builder's stimulus package would support:

- The creation of over 10,900 jobs right across the Western Australian labour market.
- A lift to Western Australia's economy valued at \$4.53 billion.
- An expansion in construction activity worth \$1.54 billion.

At the start of this year, 120,020 workers in Western Australia relied directly on construction for their employment. Latest ABS employment data indicates that about 7,200 of these jobs have been lost since the beginning of the COVID-19 crisis. Under a worst-case scenario, Master Builders estimates that construction job losses in Western Australia could be as high as 46,800 in the aftermath of COVID-19.

Western Australia: Estimated Impact of Master Builders Proposed Package of Stimulus Measures

	Five Individual Stimulus Measures (A to E)					
	A to E	A	B	C	D	E
	Total Package of Measures	\$40,000 New Home Grant	Resilience Renovations Program	Cladding Rectification and Asbestos Removal	10% reduction in Developer Contributions/ Infrastructure Charges	5% increase in institutional infrastructure spending
Total Employment (full-time equivalent, FTE)	10,988	6,075	2,504	1,498	213	698
Direct Employment (FTE)	2,590	1,430	591	354	50	165
Indirect Employment (FTE)	8,398	4,645	1,913	1,145	162	533
Construction Activity (\$m)	\$1,542.2	\$617.2	\$471.5	\$282.1	\$40.0	\$131.3
GDP (\$m)	\$4,525.6	\$2,501.5	\$1,031.7	\$617.4	\$87.5	\$287.4
Cost to Government (\$m)	\$928.6	\$330.4	\$258.8	\$203.5	\$41.2	\$94.7

Source: Master Builders' analysis of EY Modelling, May 2020

TASMANIA

For Tasmania, EY's modelling shows that the Master Builder's stimulus package would support:

- The creation of over 2,030 jobs right across the Tasmanian labour market.
- A lift to Tasmania's economy valued at \$515 million.
- An expansion in construction activity worth \$270 million.

At the start of this year, almost 20,000 workers in Tasmania relied directly on construction for their employment. Latest ABS employment data indicates that about 1,140 of these jobs have been lost since the beginning of the COVID-19 crisis. Under a worst-case scenario, Master Builders estimates that construction job losses in Tasmania could be as high as 7,700 in the aftermath of COVID-19.

Tasmania: Estimated Impact of Master Builders Proposed Package of Stimulus Measures

	Five Individual Stimulus Measures (A to E)					
	A to E	A	B	C	D	E
	Total Package of Measures	\$40,000 New Home Grant	Resilience Renovations Program	Cladding Rectification and Asbestos Removal	10% reduction in Developer Contributions/Infrastructure Charges	5% increase in institutional infrastructure spending
Total Employment (full-time equivalent, FTE)	2,032	1,124	463	277	39	129
Direct Employment (FTE)	426	235	97	58	8	27
Indirect Employment (FTE)	1,606	888	366	219	31	102
Construction Activity (\$m)	\$269.9	\$149.3	\$61.5	\$36.8	\$5.2	\$17.1
GDP (\$m)	\$515.9	\$285.2	\$117.6	\$70.4	\$10.0	\$32.8
Cost to Government (\$m)	\$185.9	\$80.2	\$62.2	\$26.0	\$5.3	\$12.1

Source: Master Builders' analysis of EY Modelling, May 2020

NORTHERN TERRITORY

For Northern Territory, EY's modelling shows that the Master Builder's stimulus package would support:

- The creation of over 1,100 jobs right across the Northern Territory labour market.
- A lift to Northern Territory's economy valued at \$436 million.
- An expansion in construction activity worth \$108 million.

At the start of this year, 12,300 workers in the Northern Territory relied directly on construction for their employment. Latest ABS employment data indicates that about 700 of these jobs have been lost since the beginning of the COVID-19 crisis. Under a worst-case scenario, Master Builders estimates that construction job losses in the Northern Territory could be as high as 4,800 in the aftermath of COVID-19.

Northern Territory: Estimated Impact of Master Builders Proposed Package of Stimulus Measures

	Five Individual Stimulus Measures (A to E)					
	A to E	A	B	C	D	E
	Total Package of Measures	\$40,000 New Home Grant	Resilience Renovations Program	Cladding Rectification and Asbestos Removal	10% reduction in Developer Contributions/ Infrastructure Charges	5% increase in institutional infrastructure spending
Total Employment (full-time equivalent, FTE)	1,110	613	253	151	21	70
<i>Direct Employment (FTE)</i>	265	147	61	36	5	17
<i>Indirect Employment (FTE)</i>	844	467	192	115	16	54
Construction Activity (\$m)	\$108.0	\$29.0	\$40.3	\$24.1	\$3.4	\$11.2
GDP (\$m)	\$436.0	\$241.0	\$99.4	\$59.5	\$8.4	\$27.7
Cost to Government (\$m)	\$104.8	\$15.5	\$59.3	\$18.0	\$3.6	\$8.4

Source: Master Builders' analysis of EY Modelling, May 2020

AUSTRALIAN CAPITAL TERRITORY

For the Australian Capital Territory, EY's modelling shows that the Master Builder's stimulus package would support:

- The creation of 1,890 jobs across the Australian Capital Territory labour market.
- A lift to Australian Capital Territory's economy valued at \$660 million.
- An expansion in construction activity worth \$479.8 million.

At the start of this year, 18,600 workers in the Australian Capital Territory relied directly on construction for their employment. Latest ABS employment data indicates that about 1,500 of these jobs have been lost since the beginning of the COVID-19 crisis. Under a worst-case scenario, Master Builders estimates that construction job losses in the ACT could be as high as 7,200 in the aftermath of COVID-19.

Australian Capital Territory: Estimated Impact of Master Builders Proposed Package of Stimulus Measures

	Five Individual Stimulus Measures (A to E)					
	A to E	A	B	C	D	E
	Total Package of Measures	\$40,000 New Home Grant	Resilience Renovations Program	Cladding Rectification and Asbestos Removal	10% reduction in Developer Contributions/ Infrastructure Charges	5% increase in institutional infrastructure spending
Total Employment (full-time equivalent, FTE)	1,891	1,046	431	258	37	120
<i>Direct Employment (FTE)</i>	403	222	92	55	8	26
<i>Indirect Employment (FTE)</i>	1,489	823	339	203	29	94
Construction Activity (\$m)	\$479.8	\$340.4	\$71.1	\$42.5	\$6.0	\$19.8
GDP (\$m)	\$659.9	\$364.8	\$150.4	\$90.0	\$12.8	\$41.9
Cost to Government (\$m)	\$293.5	\$182.2	\$44.1	\$40.3	\$8.2	\$18.8

Source: Master Builders' analysis of EY Modelling, May 2020



www.masterbuilders.com.au