

President's Report March 2024

As we enter the 2nd Quarter of 2024 the Construction Industry, sadly but not unexpectedly has seen some, even well established, businesses collapse amid soaring labour and material costs along with numerous other challenges. With the sector in high demand during the pandemic, in the past year Construction Companies accounted for a staggering 26% of businesses becoming insolvent. Whilst there are still cases for optimism, it is evident that both business owners and trades alike are in for a torrid time as the rate of businesses shutting their doors in New South Wales has jumped nearly 40% in this past year. Between July 2022 and mid January 2023, around 1,600 NSW businesses engaged an external controller. This figure jumped to more than 2,200 for the same period since July 2023 according to data from the Australian Securities and Investments Commission. The hardest hit industry however was construction with 80% more companies under administration in the sector than the next most affected - food and accommodation services. The most common cause of failure nominated by construction businesses was inadequate cash flow, high cash use and trading losses.

Construction Companies have had to deal with grappling challenges related to the escalation of project costs, factors such as energy cost increases, currency fluctuations, disruptions and the ever present rising material prices have all exerted financial pressure on construction projects. It is a welcome sign that construction costs are showing indications of stabilisation with potential decreases as the year progresses. Apparent ongoing respite may be forthcoming with the costs of structural timber and steel easing.

But what does the near future hold for Australia's Construction Industry?

The Australian Building and Construction sector performs over \$162 billion worth of building and construction work each year and accounts for around 10% of GDP, the fifth-largest sector within the economy. The output however of the Construction Industry is expected to decline by 2.5% in 2024 owing to subdued investor and consumer confidence amid elevated inflation, high interest rates and rate uncertainty, high construction costs, anticipated falling building permits, labour shortages and continued downturn in the residential construction sector.

The Construction Industry is increasingly adopting a variety of new technologies. Many of these technologies involve virtual design and visualisation, ranging from Robots to Building Information, Modelling to Construction Management Software. The Construction Industry is still set for a slowdown in 2024 despite a solid increase in building approvals nationally in November 2023. The scarcity of skilled workers is a challenge construction business owners often have to face and 2024 will be no exception. Following a shortage of international workers created by the pandemic, there will be more than 100,000 unfilled construction roles in Australia in 2024.

Government reform in the shape of the NSW Building Bill 2022 which has begun to filter through to existence will no doubt bring improvements for the industry but will unquestionably be accompanied by angst in the form of tighter regulation and required adjustment to practises and processes.

The most major challenges facing us in the Construction Industry include

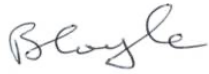
1. Cost overrun
2. Delays
3. Cash flow issues
4. Labour shortages
5. Slow adaptation to emerging technologies
6. Inadequate communication
7. Poor planning, forecasting, and budgeting
8. Government reform

As your President it gives me great pleasure to welcome three new and fresh faces to the MCA Board, which is exciting, it's always great to introduce and add new ideas and thoughts to the mix. As a Board we work hard to support and contribute to innovative solutions to advance the Bricklaying and Blocklaying Industries for our Members. Let's not rest on our laurels. With a spirited new Board in place, let's work to continue and make the "Member Experience" the best it can be for all our members.

The service we provide as a Board begins with communication, both internal and external. As we strive to exceed our members expectations, we continually work on how we interact with each other. As we move forward on a shared path, we must keep in mind our mission and purpose: to advance Bricklaying and Blocklaying information management and education of project teams.

As the industry evolves and changes there will be many challenges, many unknowns and difficult times that we have all experienced in the past and will undoubtedly endure again. "Your positive action combined with positive thinking results in success."

Thank you

A handwritten signature in cursive script that reads "B Coyle".

Brendan Coyle
MCA President

Masonry Contractors Australia (MCA) and its members continue to be a fundamental part of the Construction Industry. Our Team have an ongoing goal to support and contribute to innovative solutions to advance the Bricklaying and Blocklaying Industries for our Members whether they are a Sole Trader or a Tier 1 or 2 Contractor. We cannot thank all of our Members and Sponsors enough for their continued support with which the MCA Team will continue to endeavour to surpass the potential of our members.