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IPA: CONSTRUCTION COSTS IN MELBOURNE SKY HIGH

Construction and labour costs in Melbourne are among the highest in the world, second only to places like New York, according to a new research paper *The Impact of the prohibitive cost of building in Victoria* by the free market think tank the Institute of Public Affairs.

Author of the research paper, IPA Adjunct Fellow Gideon Rozner said “Construction costs in Melbourne are more expensive than almost anywhere else in the world, except for places like New York. The Andrews Government must act to prevent these obscene costs from crippling the Victorian economy.”

The research paper finds of the estimated \$10.9 billion in construction costs on the Melbourne Metro rail project, an estimated \$3.27 billion can be attributed to the cost premium of the relevant enterprise bargaining agreement.

“Cost premiums from union EBAs are adding up to 30 per cent to construction costs, including for critical infrastructure projects like roads, schools, hospitals and police stations. Victoria cannot afford to pay a cent more than necessary for these projects at a time when the state is critically short of infrastructure.”

“The reintroduction of the ABCC by the Turnbull Government is a worthy first step, but the Andrews Government needs to act to reduce costs in the construction industry. Its decision to abolish the Victorian Construction Code was short sighted and it should be reinstated,” said Mr Rozner.

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