

The Geraldton Guardian

Mid West

Regional WA


# ‘A kick in the guts’: Geraldton builders on razor thin margins as material costs skyrocket

Michael Roberts

Geraldton Guardian

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 Geraldton builds are being delayed by five to six months due to labour and material shortages. Credit: Natalie Slade/Kalgoorlie Miner

- ☐ Geraldton builders are battling through what is being described as one of their toughest years on record as widespread labour shortages and a scarcity of building supplies bring the sector to its knees.
- ☐ It isn't only taking longer to finish projects, the cost of building a home keeps going up.
- ☐ And industry insiders predict things are going to get worse before they get better.



Geraldton builder Aaron Campbell said he hadn't turned a profit on any of the homes he had built this year because he was working to fixed-price contracts.

"For me, the cost of building a home has gone up about 25 per cent," he said.

"We signed contracts up at last year prices expecting a roof to cost \$10,000, and now it costs \$20,000.

"We are building these homes for fun. It has been a kick in the guts."



 Disruptions to international supply chains and trade channels because of COVID-19 have significantly delayed the arrival of building materials in Australia. Credit: Lisa Favazzo/The Geraldton Guardian

The introduction of Federal and State government grants last year saw West Australians access up to \$45,000 towards new builds.

But the move has proved a double-edged sword for builders.

Mr Campbell said he took on 35 residential projects this year, but was likely only to finish 15 by the end of December.

"It won't be easy to build houses for the next three years," he said.

"I don't think the supply chain for materials is going to get better for a long time."

WA Country Builders and Rural Building Company general manager Tony Harvie said the average build in Geraldton was being delayed by five to six months.

"It's so hard to get the materials - we have to be very nimble," he said.

Last week the State Government announced it would boost timber supplies by making an additional 12,000 tonnes of structural pine available to builders over the next three months.

About 65 per cent of the timber used by WA builders is sourced locally, with the rest imported from over east and overseas.

Disruptions to international supply chains and trade channels because of COVID-19 have significantly delayed the arrival

The head of Geraldton's biggest commercial construction company, David Crothers, said shipping delays were causing major headaches for his industry.

"It's going to get worse before it gets better," he said. "I believe we have another 12 months of difficult times in this industry. A lot of it is one step forward, two steps back."

An industry-wide mandate on COVID-19 vaccines has thrown another spanner in the works.



📷 WA Country Builders and Rural Building Company general manager Tony Harvie. Credit: Supplied

Mr Harvie said some of his staff were against the mandates and considering their options.

"We are having those conversations now," he said.

"We would hate to see them go, but it is out of our hands."

Mr Harvie said it was the most challenging time he had seen.

"You're not sure what is going to happen next," he said.

Mr Crothers, also president of the WA branch of the Master Builders Association, said the sector was seeking more clarity.

"The interpretation needs to be clarified and the penalties are excessive," he said.

"There's no question we've got people that don't want to have it.

"There's a percentage that just don't want to be told what to do."

WA construction workers have until the end of the year to get a first dose or face the sack.

People who flout the rules face a \$20,000 fine, while employers risk being \$100,000 out of pocket.



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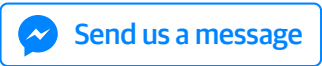
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CONTACT US

**Geraldton Guardian**  
72 Chapman Road  
Geraldton WA 6530  
Tel (08) 9956 1000

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