

11 April 2022

UNPRECEDENTED AND RAPID COST INCREASES IN CONSTRUCTION MATERIALS AND CONSUMABLES (SUCH AS FUEL) – IMPACT TO ROAD INFRASTRUCTURE DELIVERY

Globally there is an unprecedented and rapid escalation in the cost of construction materials and consumables (such as fuel and its derivatives polymers and bitumen) due to a culmination of political conflicts in Europe, the ongoing disruption to supply chains caused by the COVID-19 pandemic and exacerbated locally by the impact of the recent flooding event along the east coast of Australia.

The increasing global energy costs are having a severe and unsustainable impact on the road and infrastructure sector and associated industry partners like cartage companies that play a critical role in supporting the delivery of road infrastructure projects. The significant cost increases are also impacting the ability to respond to the repair of roads damaged by recent floods and record rainfall.

While there are rise-and-fall provisions within most contracts to account for changes in bitumen prices, there are no such protections for the cost of other essential construction materials and consumables (such as fuel). These rising costs will adversely affect our sector and industry suppliers, leaving them unable to sustainably deliver road construction and maintenance work.

On behalf of the roads and infrastructure sector and our respective memberships, our organisations are collectively seeking to work together with all levels of Government to urgently respond to the current market conditions. This may include extending 'rise-and-fall' provisions for construction materials and consumables (such as fuel) costs on road projects, similar to the current provisions nationally for bitumen.



Carlos Rial
Chief Executive Officer
Australian Flexible Pavement Association



Stuart Dack
Chief Executive Officer
AustStab