

GEORGE ALLINGAME

MANAGING DIRECTOR,
PINDAN CONSTRUCTIONS



Western Australian's Pindan was formed more than 30 years ago, evolving from being solely a construction company to what it is today – a truly integrated property group working across many sectors and employing about 200 full-time staff across the state. Pindan is WA's largest and the nation's fifth largest multi-unit builder, with multiple awards to their credit. Pindan's primary purpose is to work in partnership with its clients to create a positive outcome for all parties through involvement in construction, property and related industries. Willow Aliento interviewed Founding Director George Allingame, a past president of the Master Builders Association of WA, and current chairman of Western Australia's Worksafe Commission.

WA How has Pindan adapted to the changing economic landscape?

GA I am a strong advocate for reinvention and, when we realised that WA and Australia's economy was going to slow down, we deliberately looked to reinvent ourselves so that we could guarantee our staff their jobs during the downturn, as well as shore up the business end of things. That decision by our executive team actually saw our group grow by about 10% during the hard financial times because we set out to embrace new opportunities that existed in the new homes and transportable housing market. That growth came from the establishment of new spin-off companies in our new home builder arm, Switch Homes for Living, and our transportable accommodation business Formas. Significantly, we also moved our focus somewhat away from the private sector toward the government sector so we could make the most of the Government Stimulus Package. We spent a lot of time and effort on tenders for the Building the Education Revolution contracts and new public housing projects which has paid off for us in the short-term and, we believe, helped underpin our future. We also restructured internally to cater for the growth of work in the grouped dwellings and small to medium commercial works sectors and we expanded our Contracting division to be able to pick up work in remote and regional parts of WA.

WA Looking forward, where do you see the company's main growth opportunities?

GA Like many other WA companies, we are well poised to reap the rewards of WA's booming resources sector. The relatively recent decision to increase our presence in regional and remote areas of WA has served us well not only in that we have already won a large number of contracts in those parts, but also in that it stands us in good stead to ride the next mining and resources boom. Our experience and successful delivery of projects in remote areas will no doubt continue to assist us to secure more work in the years ahead as the State Government seeks to dramatically boost infrastructure and housing in areas like Karratha and Port Hedland.

WA What do you see as some of the main advances in construction generally?

GA There are numerous and wide advances in the construction industry due to the sector's diversity, the companies and the types of work involved, and opportunities that open up from the skills and experiences obtained. One of the advances is the long-term career options now on offer in the construction industry, which employs around 11% of the national workforce and contributes significantly to the national economy. You can be involved in just about any profession or trade and be part of a construction company, whether it's an on-site tradesman, an office administrator or a professional consultant. It provides an excellent career path which can continually evolve, and the levels of opportunity are open to each individual's capabilities and drive.

WA How has safety been improved in the last twenty years? And is there room for further improvement?

GA There is always room for improvement and we believe safety needs to be at the forefront of everyone in the industry's mind every hour of every day. We place the utmost importance on our responsibility to safety, the training

of our staff in safe work practices, and maintaining safe work practices in all of our business operations. No staff member, tradesman or visitor to any Pindan workplace should be put in danger, and this is not only continuously monitored by our trained internal safety officers and managers, but we also have independent safety audits undertaken on our sites every fortnight.

WA What are the major challenges for the construction sector in terms of attracting, retaining and training a quality workforce?

GA A key issue for the construction industry, particularly in WA, but also nationally, is being able to retain workers who are being wooed by the mining industry with large salaries. In recent times, it is not uncommon to skill up a worker and not long after lose them to the mining sector. This is particularly hard on the construction industry as we in WA pay a training levy that's designed to help boost the quality of training and increase the number of skilled workers. Innovation and creativity will be needed to address this issue, and working in partnership with the mining industry may be required as a lack of construction workers will impact their projects.

WA How does the career path of the average worker in construction compare to that of a worker in the mining sector?

GA I still firmly believe more needs to be done to encourage students to consider a career in construction. The construction industry provides a career path that, for many workers, will no doubt be more attractive than the mining industry in the long-term. Part of the reason for this is that fewer construction workers are required to work on a fly-in, fly-out basis. While FIFO roles may suit some long-term, often as a worker starts a family and improves their financial stability, they prefer to be based closer to home – this is an aspect of a career in construction that the industry needs to emphasise more strongly, along with the fact that companies like ours are very keen to work with staff to progress their careers and move them into different roles so they can grow their skills over time, benefiting them personally and the industry as a whole.

WA Has the construction industry become more professional overall in its approach?

GA The construction industry is becoming a lot more professional in its overall approach and this is due to both the level of competency of our staff, which is something we are very proud of, but also in regard to the level of complexity of contractual issues driven into each contract. This is a good thing, and I am sure the level of professionalism will continue to grow as there is always room for improvement.

WA What challenges and opportunities do you see in the increased emphasis on Environmental Sustainable Development and Green Star credentials?

GA This will always be a challenging issue, and will need to be heavily driven by legislation, as many of the additional items required to ensure a development reaches a truly environmentally sustainable or green star development level are costly. The current market is also particularly competitive, meaning design solutions that cannot be easily and cost effectively implemented are being seriously reviewed by developers. In time, as these initiatives become the norm and are required to be included, it will resolve itself. We believe government rebates to be a good strategy for improving the take up of environmentally sustainable solutions as they reduce the initial cost and ensure the life cycle return is achieved sooner. As more people use the products, they will become more cost effective and the rebate can be phased out.

WA How can we best house increased urban populations without ever-expanding urban footprints?

GA In WA, the Government has rightly seen the cost saving and environmental benefits of increased density / infill housing in already-established suburbs of Perth and recognised that it's a solid strategy for catering to a growing population. The strategy does, however, throw up issues regarding affordability which will need to be addressed as constructing higher density developments is more costly, which ultimately increases cost of the sales of the unit. This isn't proportionate to the extra number of units obtained, and the increased level of carparking required can also increase the basement depths, adding yet further cost. This is a major restricting factor on high rise residential construction.

The new Development Assessment Panel (DAP) scheme is something that is well overdue and will improve the planning approvals process, allowing further developments to occur to greater densities within existing suburban and metropolitan areas. This will be of greater benefit to the wider community and will help address the issue of the concerned vocal minority being able to impact or seriously compromise the best outcomes of a development.

WA Does Government have a role to play in striking the balance between construction and land costs and end price for occupants?

GA One of the key strategies that will need to be considered is a reduction in stamp duty costs to not only make higher density housing more affordable for buyers, but also to encourage buyers into such developments. While for many apartment-style living is their housing of choice, others are still attracted by the idea of owning their own bit of land – and for those people, there will have to be a benefit to deciding to let that dream go.

In addition to reducing or totally removing stamp duty costs, an improvement in local and state government approvals processes is required. A major cost component of any development is the financing costs, and with the ever-increasing delays and longer approvals periods, this only increases the holding and financing costs of a development, which again increases the end sales price of units.



WA Finally, what do you believe should be the priority areas for Public spending on infrastructure and built assets?

GA The federal and state government's stimulus packages driven into the construction industry were excellent initiatives that helped save the construction industry. If this did not occur there would have been massive redundancies and even, ultimately, company failures which the construction industry and nation as a whole would take a very long time to recover and build up from.

Health and education, we believe, are two of the most important areas of infrastructure spending. Education is critically important to the long term capabilities and growth of Australia as a nation and it will always be in a position where, unfortunately, more can be done to improve it. The education of our country is the future of our country. With the health system in Australia, yes, it may have its challenges but, typically, it is very professional and I believe we get a good a level of service – if you really need attention, you will get it. With an ever-aging population though, the demands on our health system are going to grow rapidly so we cannot stop addressing these issues. Another strategy I believe should be undertaken is to improve the subsidies to independent aged care and nursing home providers so the aged can be housed and nursed in dedicated facilities, rather than in hospitals at a significantly higher cost.