



# POLICY AND ADVOCACY AGENDA 2018

STRONGER BUSINESSES, BETTER BUILDINGS



# Policy & Advocacy Agenda 2018

The building and construction industry delivers the homes, workplaces, schools and hospitals Queenslanders need. It's the cornerstone of our economy and the number one provider of full-time jobs and the second largest contributor to gross state product. Nearly one in five Queensland businesses are in our industry and they take on more apprentices than any other industry.

While statistics report that building work has been at a record high, the industry is experiencing many challenges. Work has been concentrated, leaving large parts of the industry out in the cold. Areas such as the resource regions have seen little or no up lift from the record lows. The lack of affordability has restricted demand and new onerous building legislation has imposed still more costs. As costs have continued to rise, contract prices have been contained, creating a 'profitless boom'.

The Queensland Government's Building Plan initiated positive change on a range of fronts, however, there remains important unfinished business.

In 2018, Master Builders will be asking the government to commit to continuing the work already started and consider additional measures necessary to keep new buildings affordable, further strengthen our industry, and ensure it's well positioned to deliver the buildings Queenslanders need.

## We will be advocating for the following outcomes:

- ✓ *Stimulate demand*
- ✓ *Manage payments and disputes*
- ✓ *Use the right products*
- ✓ *Affordable & sensible regulation*
- ✓ *Quality documentation*
- ✓ *Contain liability & risk*
- ✓ *Stronger workforce*
- ✓ *Safer workplaces*
- ✓ *Fairer workplaces.*







# Past achievements

During 2017, Master Builders helped to shape positive change throughout the year to improve the efficiency and confidence of the building and construction industry.

We made sure the industry was heard in the government's Queensland Building Plan. Ideas that would have been detrimental to the industry were stopped in their tracks while we worked to help advance others.

Security of payment was the big issue of the year. As a result of our campaign efforts a number of changes were made to the Building Industry Fairness legislation before it was signed into law.

The government has also committed to an independent review of project bank accounts at the end of the year and prior to the system being applied in the private sector. Licensing demerit points will now only be applied after there has been a failure to comply with a Direction to Rectify.

While the changes we achieved are important, the fact cannot be ignored that the new legislation will still not provide any additional security of payment for subbies and sub-subbies.

In the most significant event for the commercial construction sector in recent times, 2017 saw the return of the Australian Building & Construction

Commission (ABCC). Master Builders supported the original ABCC, opposed its abolition, and have called for its restoration ever since. We now have an industry watchdog in place to assist in normalising workplace behaviours on Australia's construction sites, serving the best interests of the community, taxpayers and people who work in our industry.

Master Builders has been at the forefront of pushing for action on the issue of non-conforming products and in 2017 new Queensland legislation was enacted that will hold the entire product supply chain to account for the first time. We are now working to ensure practical and effective implementation of the new law.

The first outcome of the non-conforming products legislation is a ban on the sale of plumbing products in Queensland which do not have a current Watermark. There has never been a compliant use for these products in buildings so removing them from sale closes a significant loop hole and minimises a risk for builders.

The government responded to our call to improve workplace health and safety Codes of Practice. The inadequacies were identified and work begun to bring them up to date with modern construction methods.

# 2018 priorities

While much has been achieved, challenges remain and must be tackled if we are to ensure that our industry is well placed to continue in its role of delivering the buildings our Queensland communities need.

## Stimulate demand

Our industry keenly feels the lack of demand for new construction. While the statewide statistics report demand is strong, many building contractors cite 'lack of demand' as the number one constraint on their business. The large multi-unit projects in the south-east which have been unpinning demand are now coming to an end and most of the regions, while improved, continue to struggle.

Government spending on new buildings, which should be a major driver for construction demand, remains at a historic low. Also affecting demand are spiralling land costs and government taxes and charges which add significantly to the cost of new construction. In this environment, there must be continued support for the first home owners who are often affected most directly by rising prices and vigilant monitoring of housing supply.

## Outcomes

- Increase the capital spend on new public buildings
- Accurate and timely information on the government's program of building construction
- End the stamp duty double dip for house and land packages and off-the-plan unit development; charging it only once on the land and exempting the cost of construction
- Continue the \$5,000 boost to the First Home Owners Grant
- Retain the South East Queensland Housing Supply Expert Panel.

## Manage payments & disputes

Security of payment is vital to maintaining trust and confidence in our industry. All parties in the building chain need to have confidence that they will be paid what they are owed. Solutions need to be all-inclusive and involve the owner, builder, sub-contractors, sub-sub-contractors, suppliers and consultants. Controls and protections for one party cannot be introduced at the cost of another, nor hinder the efficient delivery of new construction.

Recent changes to payment schedule requirements provide no benefit for builders or subcontractors, but add unnecessary additional costs. Our rapid adjudication system is inflexible and blinkered to so much of the dispute that it cannot guarantee fair outcomes. When the QBCC becomes involved in resolving dispute they must adopt a fair and common sense approach.

## Outcomes

- Comprehensive review of the security of payment reforms, in particular Project Bank Accounts
- Resolve the major administrative burden of changes to payment schedule requirements
- Replace BCIPA with a comprehensive dispute resolution system
- Bring back 'requests to rectify' and introduce early dispute resolution for commercial projects.

# Use the right products

A number of high profile construction product failures highlight an ever-present challenge for our industry in choosing the right building products. As the pathways for establishing 'evidence of suitability' become more complex, we must find ways to better manage risk, while not losing the opportunity for innovation.

New Queensland legislation recently established the product supply 'chain of responsibility' and should help ensure that building contractors can rely on the evidence of suitability provided to them. However, this information still needs to be easy to access, comprehensive and reliable. Plus, the legislation provides sweeping new powers to the QBCC that must be wielded fairly. Where failures are found, they must be addressed within the existing industry 'rule books' of the National Construction Code (NCC), Queensland Development Code and within the building certification system. Products for which there is no compliant use must be removed from sale.

## Outcomes

- Fair and practical implementation of the new product 'chain of responsibilities' laws
- Judicious use of the new QBCC powers
- Comprehensive, easy-to-access product certification system
- Amend the NCC to ensure the safe use of polyethylene (PE) core aluminium composite panels.

# Affordable & sensible regulation

Onerous regulation is responsible for a significant proportion of the cost of new construction, eroding affordability. Regulatory requirements, which can appear sensible on the surface, can have prohibitive cost implications. In regulating the industry the government must be able to quantify the costs of new regulation and provide evidence of a clear net benefit to the community.

The industry also needs a regulatory approach that facilitates good compliance practices, while allowing for ongoing innovation. Where regulation is warranted, it must be clearly and consistently applied.

## Outcomes

- Rigorous cost-benefit analysis of all proposed regulatory requirements prior to being introduced
- Mandatory, statewide Housing Code
- Realistic requirements, specifically for apprentices, on government jobs
- Workable rules for cranes in protected airspace
- Practical traffic control requirements
- Formal pre-lodgement process to resolve any fire management issues prior to the lodgement of the building application.

## Quality documentation

Well-crafted and fair documentation allows for the efficient delivery of a project and heads off disputes. Measures are needed to make contracting between the parties to a building contract fairer, to ensure that all building contractors are held accountable for their work and timely payment is made for that work. The state government should be leading the way in its own contracting and setting the example and should be a model client for fair contracts, fair practices and timely payment.

Standard form contracts and the Australian Standards covering general conditions of contract also need to ensure contractual responsibilities are allocated to the party best able to manage the risk and include fair payment terms. Building Information Modelling (BIM) systems represent a good opportunity to improve documentation provided they are implemented in a way that is practical and cost effective.

### Outcomes

- Identify and promote fair contract terms
- Review of all state government contracts
- Update the Australian Building Industry Contracts (ABIC) and the Australian Standards
- BIM obligations, where implemented, are practical and cost effective.

## Contain liability & risk

Building is inherently risky and building contractors must be supported in managing their risks and legal liabilities. Likewise, construction is a shared responsibility and each professional in the delivery chain needs to be held accountable for their work. If innovation is to flourish they need to have confidence in their risk management and their exposure to risk must be fair and proportionate.

Currently contractors have no limits on their common law liability, leaving them exposed to lawsuits well into the future; often leaving them with little choice but to close successful companies.

### Outcomes

- Contractors, engineers, architects, suppliers and other building professionals are all held accountable for their work
- Cap builders' liability for latent defects at 10 years under the common law of negligence.



# Stronger workforce

A process of continual improvement needs to carry throughout the careers of contractors by always testing and growing technical, managerial and contractual knowledge. The trade licences that govern our industry must be set at a high level and reflect modern building techniques and practices.

New entrants to our industry, particularly our apprentices, must be provided with quality training that offers relevant skills and a career pathway. We need to adopt the benefits of new training delivery technology, but not at the expense of the quality of training. Each of the technical and business core competencies required for a licence must be addressed in the builder qualification and it must be possible to verify competencies across all work activities with ease and confidence.

Businesses that embrace diversity will benefit not only from improved productivity and healthier bottom lines, but will be better placed to cultivate new and innovative ways of thinking.

## Outcomes

- Industry-wide scheme of Continuing Professional Development (CPD)
- Work with the QBCC to raise contractor licensing requirements
- Review the competencies included in the Certificate IV and Diploma in Building and Construction (Building)
- Explore capstone testing for trade licences
- Review the effectiveness of the recent General Safety Induction changes
- Develop a framework for verification of competencies, starting with machinery operation
- Expand the national High Risk Work licence scope
- Construction industry is a career of choice for young people and people from diverse backgrounds.

## Safer workplaces

Health and safety needs to be a central focus on each and every Queensland construction site and a positive safety culture must be promoted on all worksites. This is best achieved with a proactive, rather than punitive approach, to managing safety issues and solving safety problems. There can be no scope for the misuse of workplace health and safety laws for industrial relations agendas.

There should be an efficient, modern and comprehensive workers' compensation scheme, balancing the interests of employers, employees, principal contractors and host employers. While Queensland has a strong workplace health and safety system, we should always be looking for opportunities to do better and there are some Queensland Codes and guidance material that could be improved to better reflect modern methods of construction.

## Outcomes

- Bring back the requirement for union permit holders to provide 24-hour written notice when seeking to enter business premises for suspected WHS contraventions
- Unwind the unnecessary changes to Queensland's workplace health and safety laws, in particular, the new offence of industrial manslaughter and the Queensland Industrial Relations Commission's role in resolving workplace health and safety disputes
- Restore the 5 per cent impairment threshold for all common law injury claims
- Review the Queensland Codes of Practice, guidance and health and safety support material.

## Fairer workplaces

To remain competitive in a global economy we need an industrial relations system that enhances and encourages genuine bargaining, at both the enterprise and individual level; and one where employers and employees can freely enter into agreements that provide flexibility for employers and a safety net of fair conditions for employees. Disputes within agreements should be able to be resolved at a workplace level, without mandating external party involvement.

Modern awards must be truly modernised to allow efficient use of capacity, while remaining fair and balanced. Award conditions should be minimised and facilitate flexible working times and remuneration arrangements.

## Outcomes

- Seek amendments to the enterprise bargaining provisions of the *Fair Work Act 2009*
- Rationalise the content of the modern awards.







*The home of building*

## OFFICE LOCATIONS

With nine offices throughout Queensland, Master Builders regional footprint is unmatched by any other industry organisation in Queensland.

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