



## POLICY AND ADVOCACY **PRIORITIES 2019**

CHAMPIONING CHANGE FOR A BETTER INDUSTRY





*The home of building*



# Policy & Advocacy Priorities 2019

Connecting communities and providing for the needs of a growing Queensland, the building and construction industry delivers projects and infrastructure that positively impacts lives. From new homes and renovation projects to retirement villages, workplaces, schools, hospitals and sporting facilities, our industry is the cornerstone of the Queensland economy. Nearly one in five Queensland businesses are from our industry and they take on more apprentices than any other industry.

We're the number one provider of full-time jobs and the second largest contributor to gross state product. However, our industry is experiencing many challenges. The total amount of work available is sliding, leaving large parts of the industry out in the cold. Regional areas are especially hard hit: they have seen little to no improvement from the record lows.

The lack of affordability has restricted demand for housing, 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'. A national break has been put on finance, making it increasingly difficult to secure the money needed for new construction.

In 2019, 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:

- ✓ Increase demand for new construction
- ✓ Affordable and reasonable regulation
- ✓ Fair system for payments and disputes
- ✓ Quality documentation and project information
- ✓ Shared and reasonable liability
- ✓ Skilled workforce
- ✓ Safer workplaces
- ✓ Fairer workplaces







# Achievements

During 2018, we've helped to shape positive change that has improved the efficiency and confidence of the building and construction industry.

We ensured the industry was heard and that ideas and proposals that would have been detrimental to the industry were stopped in their tracks. At the same time, we worked to help advance policy in favour of our industry.

## **BIF legislation**

The new Building Industry Fairness legislation was the big issue of the year and through our extensive lobbying efforts we secured a number of amendments. In particular, we were able to achieve sensible changes to the payment schedule requirements, easing the administrative burden.

While the changes we achieved are important, the fact cannot be ignored that the legislation will be difficult and costly to implement, and yet it still won't provide any additional security of payment for subbies, sub-subbies and suppliers.

## **Non-conforming products**

We have long been at the forefront of pushing for sensible action on the issue of non-conforming products and this year saw the Queensland Building and Construction Commission (QBCC) implement a new non-conforming products complaints process. Contractors now have an avenue for reporting problem products and manufacturers know that the regulator has both the resources and the powers to hold them to account.

When the government sought to immediately introduce a Queensland variation to the National Construction Code

requirements for bonded laminate materials we made sure they knew the unreasonable impact this would have on industry. As a practical alternative, we've continued to push for proactive solutions where suppliers, designers, contractors and certifiers all share the responsibility for better product 'evidence of suitability'.

## **Plumbing approvals and Code**

With plumbing approvals, our push for a two day, fast-track option under the new legislation was taken up by government. The new rules also allow for a Plumbing Code which will complement national plumbing standards and ensure that all of Queensland's technical requirements are set out in a single document.

## **IR & WHS laws**

We ensured that the new labour hire licensing laws exempted traditional building industry sub-contracting, short term on-loan workers and in-house labour hire arrangements within corporate structures.

The long journey to the rationalisation of the assortment of industry disability allowances under the on-site Modern Award was completed.

We oversaw the seamless rollout of the updated requirements to the General Safety Induction and work continues on bringing the workplace health and safety Codes of Practice up to date with modern construction methods.

## **Disputes**

The QBCC acknowledged the need for improved clarity, transparency and consistency in addressing disputes and work has commenced on an improved system.

# 2019 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.

## Increase demand for new construction

Our industry keenly feels the lack of demand for new construction. Many building contractors cite lack of demand as the number one constraint on their business. The surge in demand from the large multi-unit projects in the south-east has now come to an end and many regions have not seen any meaningful recovery since the highs of 2013.

Government spending on new buildings, which should be a major driver for construction demand, remains at a historic low. Where there is government work, it is overlaid with unrealistic requirements adding unreasonable cost to new construction. There are also blockages in land supply and financing that are hindering delivery. In this environment, there must be continued support for the first home owners, especially in the regions.

### Outcomes

- Increase capital spending on new public buildings to the benchmark of the 25 year average
- Transparent application of the state government's procurement policy, especially with respect to its 'best practice' provisions
- Realistic training requirements for apprentices and indigenous workers on government jobs
- Accurate and timely information on the government's pipeline of construction work
- Demonstrate how land supply and finance problems are hindering housing market delivery
- Return the \$5,000 First Home Owners' Boost to the First Home Owners' Grant for regional Queensland.

## Affordable & reasonable regulation

Regulatory requirements, which can appear sensible add to the cost of construction in many cases. The impact on housing affordability is a major concern. In the current environment of restricted finance, adding even a small cost to the delivery of new housing can be the tipping point between the ability to secure finance for a new home or the project being shelved. This will then also have wider repercussions throughout the economy.

In regulating the industry, the government must therefore be able to quantify the costs of new regulation, both direct and indirect, and provide evidence of a clear net benefit to the community. Who carries the cost of wider social goods must also be transparent.

### Outcomes

- Rigorous cost-benefit analysis of all proposed new regulatory requirements
- Waste levy is invested back into recycling solutions for the benefit of our industry
- Mandatory, statewide Housing Code
- Practical traffic control requirements through a review of the Code of Practice
- Tackle the inappropriate use of planning laws by local councils where problems arise.

# Fair system for 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. Greater financial accountability of all licenses will add rigor to the payment system.

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 a dispute they must adopt a fair and common sense approach. This includes being able to take direct action against all licenced contractors.

## Outcomes

- Comprehensive review of the security of payment reforms, in particular Project Bank Accounts
- Developers, owners and sub-sub-contractors are brought into security of payment reforms
- Comprehensive payments dispute system that can consider issues of defective work
- QBCC, in administering its enforcement powers, applies fairness and natural justice at all times
- QBCC is able to take direct action against sub-contractors for defective building work
- Bring back 'requests to rectify' and introduce early dispute resolution that addresses both payment and defective work.

# Quality documentation and project information

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. It 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.

# Shared and reasonable liability

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

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.

Queensland 'chain of responsibility' legislation needs to be used to help ensure that building contractors can rely on the 'evidence of suitability' provided to them by manufacturers and suppliers. We need clear direction on what is the right product documentation to be provided at the beginning and then be passed through each stage, through to certification. 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

- 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
- Clear direction for the whole 'chain of responsibility' on what constitutes evidence-of-suitability, starting with the adoption and use of product technical statements
- Fair and practical implementation of the product 'chain of responsibilities' laws.
- 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.

# Skilled workforce

New builders must be equipped with the competencies that leave them well placed to succeed. Each of the technical and business core competencies required for a licence must be addressed in the builder qualification. Newly licensed builders must then be given the right guidance and support to succeed.

Similarly, our apprentices must be provided with quality training offering the relevant skills and a career pathway. A process of continual improvement then needs to carry throughout the careers of contractors by always testing and growing technical, managerial and contractual knowledge.

## Outcomes

- Raise new builder licensing requirements, in part through a review of the competencies included in the Certificate IV and Diploma in Building and Construction
- Raise the bar for licensing of new residential builders
- Work with CSQ to ensure that industry has the necessary skills and training to meet future demand.
- Industry-wide scheme of Continuing Professional Development (CPD).



## 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.

While Queensland has a strong workplace health and safety system, we should always be looking for opportunities to do better and there are Queensland Codes and guidance material that could be improved to better reflect modern methods of construction.

### Outcomes

- Ensure fair treatment under the government's new workplace health and safety enforcement and compliance policy
- Practical silica controls that reflect the scale and nature of the problem
- Bring back the requirement for union permit holders to provide 24 hour written notice when seeking to enter business premises for suspected WHS contraventions
- Continue the review the Queensland Codes of Practice.

## 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 both flexibility and a safety net of fair conditions. Once made, an agreement needs to be registered in a timely manner.

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

- Preserve the right to enter into genuine contracts and prevent the duplication of wages regulation and enforcement
- Protect the rights of contractors and employees to make enterprise bargaining agreements of their choosing
- Eliminate delays in the registration of enterprise bargaining agreements
- Further rationalisation of the Modern awards.









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## OFFICE LOCATIONS

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

### **Master Builders Brisbane**

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### **Master Builders Gold Coast**

Master Builders House  
18 Central Park Avenue  
Ashmore Queensland 4214

### **Master Builders Downs & Western**

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Toowoomba Queensland 4350

### **Master Builders Sunshine Coast**

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### **Master Builders Wide Bay Burnett**

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Hervey Bay Queensland 4655

### **Master Builders Central Queensland**

35 Derby Street  
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### **Master Builders Mackay & Whitsunday**

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### **Master Builders North Queensland**

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