

9 August 2023

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Hon Mick de Brenni MP
Minister for Energy, Renewables and Hydrogen
Minister for Public Works and Procurement
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Dear Minister

Matters following Estimates hearing 8 August 2023

I am writing in relation to a number of issues raised at yesterday's Parliamentary Estimates hearing. Master Builders has some comments and queries, set out below.

NCC 2022 implementation – energy efficiency tools

You stated that 'With regard to energy efficiency provisions, industry in Queensland has access to the software tools required to model, assess and certify their homes'.

The most commonly-used software tool in Queensland is BERS Pro. The Australian Housing Data produced by CSIRO shows that in the past year BERS Pro was used for almost 90% of Queensland houses assessed for a NatHERS star rating, and FirstRate5 used for just over 10%. The data shows no houses assessed using AccuRate in the past year.

We have been advised the BERS software is still not available for use with NCC 2022 updates, which means energy assessors are unable to give their builder clients definitive advice on how to comply. Apparently, its release is still some weeks away – a phrase we have heard often in the last 6 months. FirstRate5 is currently a pilot tool for the whole-of-home assessment. The ABCB's whole of home calculator is not a compliance tool.

While the Government may have a view that there is another software tool available, this is impractical. We are advised by a nationally accredited assessment organisation that it is not a simple matter of switching from one tool to the other, each requires a high level of training. Energy Assessors also pay licence fees for the product they are trained on.

NCC 2022 costs to comply

You stated that, in relation to the significant changes to the NCC, 'The independent economic analysis reveals the assertion ... that there are costs in the tens of thousands – to be completely false. That is not the case.'

Our members are telling us the costs to comply range from around \$10,000 to over \$50,000, depending on the style of construction, location and orientation of the land. For a double-storey slab on ground construction, members inform us of price increases ranging from \$13,000 to \$60,000. The median is around \$20,000 to \$30,000. Members constructing raised houses (platform construction) advise costs will be more than \$30,000. We have received costed breakdowns by line item of the impacts from some members to verify the information they are providing to us.

While an independent costing may have been included in the RIS for these changes, they do not align with the actual costs builders are facing. We can only assume the changes were not properly understood by those undertaking the assessment at that time, which is understandable given the provisions of the Code were not finalised until the end of 2022, some years after the costings were done.

NCC 2022 – exemptions and transition

The limited transition for narrow lots already in subdivision process is welcomed, however is of minimal benefit for builders and will largely benefit developers.

We also query the reference to design exemptions for Queenslander-style homes and tolerances for bathrooms including step-down showers. We are not aware of these in the pending QDC MP 4.5.

NCC 2022 – alignment with other jurisdictions

Could you please clarify how Queensland is in 'lock step' with NSW in the implementation of the NCC 2022 changes? Information on the ABCB website indicates NSW is not adopting the livable housing changes and is retaining its own BASIX framework for energy efficiency.

Insolvencies

You made a comment about the level of insolvencies in the construction industry, linked to Queensland's security of payment framework. We note that insolvencies in the Queensland construction sector totalled 356 businesses in the 2022-23 financial year, the highest annual number in the previous 10 years.

In its report "Assessing the effectiveness of Queensland's minimum financial requirements for building practitioners" dated April 2022, Ernst & Young conclude that the evidence suggests that Queensland's MFRs are no more effective than other regimes across Australia, in terms of how they reduce financial failure. That assessment had regard to the industry insolvency rate in Queensland compared to insolvency rates in other jurisdictions.

Industry levy

We are disappointed you were unable to rule out a levy on builders to fund the QBCC. We maintain our position that a levy on an industry already under enormous strain would produce disastrous results without commensurate benefit.

We note the comments of the QBCC Commissioner that "the building industry in Queensland has been facing some unprecedented challenges over the last several years with the global pandemic, global material shortages and inflationary pressure. This has seen the prices of materials significantly increase. There are labour shortages."

We maintain our view that now is not the right time to introduce changes to the NCC that will increase the cost of housing.

Yours sincerely

Paul Bidwell
CEO