

15 November 2022

LET.6926.pb.jh.Exdir 2022

Hon Anastacia Palaszcuk MP  
Premier and Minister for the Olympics  
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Dear Premier

### **Key Issues for the Building Industry Impacting Housing**

Master Builders is grateful for the opportunity to meet with your advisor, Hamish Bessant, on 11 November 2022 to discuss key building industry matters impacting housing in Queensland.

That meeting was also attended by two Master Builders Board members: Steve Havas, Director at Garth Chapman Queenslanders and Ben Garland, National Building Manager at Coral Homes, to provide some 'boots on the ground' industry insights.

As set out in our letter of 21 October 2022, there are a few key matters your Government could progress to ease the burden on the building industry and assist with the delivery of housing. These are a longer transition period for National Construction Code (NCC) changes, delaying the rollout of project trust account requirements and easing the burden of minimum financial requirements.

Since writing that letter, some additional matters have come to light that we discussed with Hamish.

### **National Construction Code transitions**

The commencement date for the accessible housing and energy efficiency provisions for Queensland was announced as 1 October 2023, based on national consistency. However, Queensland and Victoria are the only two States where the provisions will start on this date. New South Wales, Tasmania, Western Australia, and South Australia have all announced either longer transitions or will not be implementing the accessible housing provisions at all.

Further, industry cannot yet properly prepare for the changes as NCC 2022 is still undergoing 'editorial corrections' with an updated version expected December 2022.

Even then, this version will not incorporate the required amendments to resolve uncertainty in several aspects of the accessible housing provisions. We understand that further amendments are being made and another amended version of NCC 2022 is expected in 2023.

With energy efficiency, the software tool underpinning the provisions will also not be available until 2023 and we are waiting on advice in relation to Queensland Development Code provisions for any Queensland specific elements.

While there are transition provisions in the *Building Act 1975* covering homes that have been substantially designed, this is up to a certifier's discretionary judgment for each home. Also it is not a sufficient transitional arrangement for builders to plan ahead as contracts, pricing, supply chains and marketing must also all be adjusted to meet the new requirements.

Steve and Ben both provided examples of how their businesses will be negatively impacted by the changes. Specifically, they explained how it would not be feasible for major builders to meet the 1 October 2023 deadline due to the need to make changes to thousands of designs, arrange supply chains, educate trades and adjust sales material, including constructed display homes. They also expect that the Queenslander style home will be near impossible to build under the provisions due to the inability to allow airflow as intended and the need for level thresholds.

Given the work needed to successfully manage the transition and a lack of any national alignment, and some States not adopting the changes at all, Master Builders requests a minimum of a further 12 month transition for these far-reaching changes that will add significantly to the cost of housing.

### Project trust accounts

In addition to the matters raised in our letter of 21 October 2022, Master Builders is aware the concept of deemed cascading trusts, as recommended by John Murray AM, is being considered at the Federal level.

This concept is a much simpler proposal than the statutory framework in place in Queensland for project trust accounts, which Mr Murray himself is quoted in the Australian Financial Review as saying the Queensland regime's "highly prescriptive requirements as to compliance...has made it virtually impossible for many contractors to comply".<sup>1</sup>

While project trust accounts will not apply to single detached dwellings and duplexes, they will apply to housing contracts for three or more units. From 1 October 2023 the contract threshold is scheduled to come down to \$1 million, capturing most housing contracts for three or more units.

We ask that your Government does not roll out project trust accounts to lower-value projects in 2023 in light of the catastrophic impact on small businesses in the sector, and in light of the Federal government's consideration of deemed trusts.

### Industry under stress

As discussed with Hamish, Master Builders' members are telling us that they are working 6 days a week 'on the tools' and spending nights and Sundays trying to keep up with paperwork caused by the over-regulation of the sector. Our survey data also indicates a substantial number of residential builders are planning to voluntarily exit the industry in the next year or so, largely due to excessive red tape. We are also hearing from our members that they feel the Government is not aware of the difficulties and daily stresses faced by builders in Queensland.

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<sup>1</sup> M. Bleby "Big builders want more pay up front – and more often" Australian Financial Review, 18 October 2022

In these challenging times we ask for a reasonable pause on implementation of regulatory changes affecting builders, to avoid adding further impediments to the delivery of the housing that Queenslanders need.

Regards,



**Paul Bidwell**  
**CEO**

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