MASTER BUILDERS. QUEENSLAND
The home of building

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Hon Cameron Dick MP
Queensland Treasurer and Minister for Trade & Investment
GPO Box 611
Brisbane QLD 4001

Email: treasurer@ministerial.qld.gov.au

Dear Treasurer,
I am writing on behalf of Master Builders' membership in relation to the 2022-23 State Budget, in particular measures to help the building and construction industry as it continues to navigate challenging economic conditions.

The Queensland building and construction industry is one of the largest providers of jobs, employing over 230,000 Queenslanders. It contributes $28 billion to the state's income; nearly one tenth of the total. Every $1 spent on construction generates $3 of economic activity. The construction industry makes up the largest number of Queensland businesses and is heavily weighted towards micro business, with over half turning over less than $200,000 each year. Businesses that are unlikely to be well placed to weather the ongoing volatility.

2022 has turned into another turbulent year for the building and construction industry, which continues to navigate the instability of the COVID economy and now the fallout from the east coast floods and war in Ukraine.

The cost of construction materials are spiralling out of control and the lead time for materials and trades is blowing out construction programs. Imported materials are still being delayed and extensive rain has reduced the number of days on site, adding further costs.

The most recent data from the Australian Bureau of Statistics records that the increase to construction inputs was 15.8 per cent over the past year. This is the largest increase in forty two years.

These challenges have already forced a number of builders into liquidation and we are concerned that there are more to come.

As we move into the new financial year, we are urging the Government to do more to ensure that the construction industry is able to navigate these unprecedented conditions. In particular, we need Government recognise that industry has no capacity to absorb tax increases or regulatory change at this time.

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We therefore ask that as you frame the 2022-23 State Budget you consider the cost of new regulation on the industry. In particular, consider the economic impact of the upcoming changes to extend the National Construction Code (NCC) to include accessible housing and more stringent energy efficiency requirements.

The new regulation to mandate accessible housing and to increase the energy efficiency stringency in the NCC is the latest example of regulatory costs being added to new construction.

While there can be no dispute that the measures are intended to achieve important social objectives, there is also no dispute that they come at a cost to new construction. A cost that will be carried by a relatively small group of people – those buying or building a new home.

Experience from our members on the ground has shown that the cost will be in the order of $8,000 for the accessible housing provisions and $20,000 for the energy efficiency provisions for each new home. With costs already blowing out homeowners cannot afford this additional cost.

With builders already doing all they can to navigate constantly shifting sands, they cannot allocate the time needed to incorporate these changed practices into their construction programs.

For these reasons we submit to Government that the accessible housing and energy efficiency changes to the NCC must be delayed for three years, until NCC 2025.

The land tax hike being proposed through the 'interstate land tax measure' must also be reconsidered. Now is not the time to add further costs to the development of land for new construction.

Finally, we also ask that the Queensland Government takes a flexible approach, appropriate to the times, on its own construction projects. The Western Australian Government, in its budget, provides some leadership here. It has been reported that the budget includes a $30 million financial relief scheme to assist head contractors with rising costs on government projects; a flexible approach to progress payments providing cash flow support for builders; and a commitment to including rise and fall contract provisions in future government contracts. Adopting a similar approach in Queensland would provide much needed support to the industry and aid the successful delivery of government projects.

If the construction industry is to be able to navigate these unprecedented times and to continue serve as the cornerstone of our economy, the government must not be the source of additional challenges. It must not introduce any tax increases or new regulation but rather seize the opportunity to play a supportive role, especially in the administration of its own contracts.

Regards,

Paul Bidwell
CEO