

4 December 2015

Mr Bill Walker
Department of State Development
Via email: Bill.walker@dsd.qld.gov.au

Dear Mr Walker

Subject: Queensland Charter for Local Content

Thank you for the opportunity to comment on the Queensland Charter for Local Content Discussion Paper.

Master Builders is committed to strong Queensland industries. As a major provider of local jobs and local economic activity, a thriving Queensland construction sector is the cornerstone of the Queensland economy.

The reliable supply of quality building products and materials is essential to the ongoing success of our industry. Failures in the increasingly globalised supply chain are brought home in the growing problem of non-conforming products that is plaguing our industry.

The Queensland construction industry therefore recognises the importance of the “strategic benefits” the government is seeking to achieve in:

- increased leverage of spend
- improved pricing through and increasingly competitive industry, and
- reduced risk of supply failure or contractual disputes.

Adopting a “simplified principles-based” policy is a common sense approach which should maximise the benefits in the widest set of circumstances. In particular, there is value in providing a mechanism to “effectively and efficiently give consideration to a wide range of potential suppliers”. Similarly, there is value in expanding the Charter to:

- introduce local content considerations earlier in the procurement process
- reduce the threshold for non-construction procurement
- include government-owned corporations.

An effective and efficient Charter could also be used to inform a Voluntary Code of practice for adoption by the construction industry. Master Builders would be interested in exploring the potential for such a Code for commercial, large scale construction projects should it be shown to realise strategic benefits. It is likely that a different approach will be needed for the highly segmented residential sector.

Such a Code would need to focus on providing a mechanism to seize opportunities where they exist and not simply become a prescriptive form filling exercise. That is, a Code that helps contractors to use ‘best endeavours’ to deliver on the principles. The policy and Code may also wish to explore

the removal of impediments to innovation and the introduction of a 10 year warranty period in line with other states to support Queensland construction businesses in managing their liabilities.

Master Builders is also committed to standard forms of contract that seek to eliminate unfair terms. To avoid unfair terms, the Queensland Government is encouraged to use procurement processes and industry contracts that reflect best practice. This would significantly improve cash flow and risk management and balance the interests of all stakeholders in the industry. We recommend that the government refer to the expertise in the Queensland Building and Construction Commission to explore this issue.

I would be happy to discuss any of these points in further detail and look forward to continuing to work with you on supporting strong, local Queensland industries.

Regards,



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