

# 2024 POLICY & ADVOCACY AGENDA

CHAMPION YOUR INDUSTRY



# A snapshot

2024 will be another challenging year for the Queensland construction industry.

Our advocacy efforts will be centred on ensuring the construction industry is well-placed to weather these challenges, as well as making some changes that will see the industry positioned to meet emerging challenges and make our industry a better place to work for all participants.

An enormous pipeline of work will continue to place pressure on supply chains, keeping labour in short supply – and still more regulatory change is on the way.

In response, Master Builders will centre our advocacy on ensuring both new and existing regulation does not increase the cost of construction without a demonstrated net benefit.

We will also work to ensure the industry has the information and tools it needs to meet the challenges.

The 2024 Policy and Advocacy Agenda will continue our focus on:

- Sustainable businesses
- Better building practices
- Fair and reasonable regulation.

We will do this by tackling a number of key deliverables in each of these areas, while also seizing the opportunity to advance other priorities when the opportunity arises.

We will build on the many achievements of 2023 (detailed on page 6).

The Future Builders Program introduced in our 2023 Agenda is well-progressed, and the ongoing deliverables are incorporated into this year's Agenda.



# Policy & Advocacy Agenda 2024

## Sustainable businesses

In 2024 we will continue to focus on the importance of builders being paid enough to cover all expenses and overheads, and making sufficient profit to sustain their businesses in the face of a very challenging environment.

Queensland has an enormous pipeline of non-residential work planned for 2024 and beyond, including Queensland Health capital works projects, Olympic and Paralympic projects, water infrastructure, and renewable energy projects.

The skills shortage is therefore predicted to continue across the industry. We must continue to attract new people to our industry, and also work to retain those who are already a valued part of it. We must do more with less and develop new ways of delivering buildings without burning out our workforce.

It is also important to support the physical and mental health of our workforce.

The majority of businesses in the construction industry are small or micro businesses. Healthy profit margins, fair risk allocations, and sufficient skilled labour to enable timely builds are all necessary to maintain a sustainable sector. Builders need adequate cash flow, certainty of overhead costs and predictable labour and material costs to manage fixed-price contracts. Frequent regulation changes are resulting in additional administration costs for builders, and reducing business efficiency, crippling the sector.

For larger businesses, a transparent pipeline of work and surety of productive working hours onsite are necessary to plan and carry out projects.

Owing to Queensland's unique working environment, builders constructing major projects including multi-storey apartment towers cannot accurately predict productive working hours on site. This leads to an inability to accurately price work on a lump sum basis, which developers typically require to commit to a project. Without unit projects proceeding, Queensland will not meet its housing targets.

In addition, delays and blockages in planning approvals hamper the delivery of new housing. A consistent set of rules across the state would improve timeframes for new housing supply. We also need to build a substantially higher number of new dwellings each year to address the current housing need and keep up with Queensland's growing population.

Contracts, and the particular working environment in Queensland, are placing too much risk on contractors, which cannot be adequately priced up front. Some tendering practices drive a 'race to the bottom' resulting in insufficient contingency, cash flow, and profit.

## What we are going to work to deliver in 2024

### ADVOCACY WITH GOVERNMENT:

1. Better contractual risk allocations, tendering processes and contract administration procedures on government building contracts.
2. Grants/rebates for small-to-medium enterprises in the building industry to adopt business improvement software solutions.
3. The ability for builders to achieve reasonable and productive daily working hours on larger commercial building sites.
4. Increased deposits for builders for domestic projects to support contractors' ability to properly fund construction work up front and manage their cash flow.
5. A single, mandatory state-wide Housing Code for greater certainty and efficiency in housing development.

### MASTER BUILDERS-LED INITIATIVE:

6. Appoint regional Industry Champions to promote the profile of the sector as a career of choice.

## What we are also going to advocate for

- > Incentives for new housing construction, including taxation concessions.

## Better building practices

Master Builders takes pride in the work that we do, the support we provide to our members, and our advocacy on behalf of the construction industry. The unprecedented scale of new construction of homes and infrastructure needed to meet Queensland's soaring population growth means that work has never been more important.

Despite this, we are facing a decline in approvals for new dwellings in Queensland. This issue is being exacerbated by the labour shortages the industry continues to face. To deal with these shortcomings, we need to find new and more productive ways to build that don't compromise quality or affordability.

Net zero carbon by 2050 is now a legislated target and priority for governments. This will mean additional challenges for the sector as obligations to meet the net zero target are placed directly on our industry, across the wider supply chain, and the economy.

The industry will also be called on to build with greater resilience in the face of increased incidents of extreme weather.

2024 will bring full implementation of changes to the building code in the National Construction Code (NCC) 2022. The changes introduced in NCC 2022 are the most significant made to the Code, impacting builders, suppliers, and homeowners.

At the same time, work has begun on NCC 2025 which will focus on commercial buildings and energy efficiency. We need to be informing the direction of that change, with the practical realities of construction.

Meeting these challenges will require regulation to be practical and workable, and applied at the right point in the building supply chain. Access to that regulation must be readily available and free.

### What we are going to work to deliver in 2024

#### ADVOCACY WITH GOVERNMENT:

1. Commitment from government to provide support and training for builders to transition to modern methods of construction.

2. Government incentives for property owners to engage licensed contractors to increase the environmental sustainability and resilience of existing dwellings and commercial buildings.
3. Upskilling of the industry through the introduction of compulsory continuing professional development (CCPD) for Queensland Building and Construction Commission (QBCC) contractor licensees.
4. In conjunction with Master Builders Australia, incorporate into the work program of the Australian Building Codes Board (ABCB), the Building Products Coalition's Proposal for Change to the NCC in relation to evidence of suitability.
5. In conjunction with Master Builders Australia, improve transparency and accountability in the process for implementing changes via the NCC.
6. All energy assessors required to be accredited (and audited) to ensure a level playing field for builders.

#### MASTER BUILDERS-LED INITIATIVES:

7. Through the Building Products Coalition, publish an industry guide for the traceability and digitalisation of building product information.
8. Education for members on building practices for more resilient and environmentally sustainable buildings.
9. Continue Master Builders' voluntary continuing professional development (CPD) program until a CCPD program is introduced.

### What we are also going to advocate for

- > Active involvement in the development of NCC 2025, aligned with member feedback, so proposed changes do not hamper productivity or affordability.
- > In conjunction with Master Builders Australia, free access to Australian Standards referenced in the NCC.



## Fair and reasonable regulation

There must be fair regulation of the entire construction industry supply chain to ensure accountability and responsibility of each relevant part of the chain.

Government red tape must be addressed where it is constraining industry without a sufficient corresponding benefit. Continual, ill-considered changes to the rules around how buildings are constructed are adding complexity and costs, and hampering productivity.

Incentivisation is a more effective tool in many instances, allowing industry to achieve the desired outcomes in ways that do not reduce productivity or create unfair burdens on builders, as opposed to other participants in the supply chain.

### What we are going to work to deliver in 2024

#### ADVOCACY WITH GOVERNMENT:

1. Oppose new regulation and seek to roll back existing regulation that increases the cost of construction without a demonstrated net benefit (including the NCC 2022 changes that increase the cost of housing – falls to floor waste, livable housing, and 7-star/whole-of-home changes).
2. Publication of government-approved software compliance systems for project trust accounts.
3. Reintroduce special purpose financial statements for minimum financial requirements (MFR) reports.
4. A security of payment framework that is fair to all parties, nationally consistent, and does not involve project trust accounts.

5. Continue reform of the QBCC and its processes to ensure that its regulation of industry is fair, transparent and accountable, including:

- a. Disincentivise vexatious claims of defective work, such as prescribing a fee to make a complaint or giving the QBCC the ability to recover costs from a vexatious complainant.
- b. Transform the QBCC to a leaner, more dynamic, and financially sustainable regulator that focuses on its core regulatory functions supported by industry-experienced and knowledgeable staff.
- c. Greater procedural fairness in Home Warranty Scheme matters, including ensuring builders are given a direction to rectify defective work before a claim is approved under the Scheme.
- d. Reform the QBCC licensing system to remove unnecessary and unreasonable barriers to obtaining a licence, including barriers that unfairly target the industry's most experienced licensees to prevent them from changing their grade of licence.
- e. Ensure that the QBCC takes appropriate regulatory action against the responsible party in the contractual chain, such as subcontractors responsible for defective work or owners causing substantial financial harm by breaching their contractual obligations.

### What we are also going to advocate for

- > Only one regulator responsible for workplace health and safety investigations, with a single portal for notifying safety incidents.

# What we achieved in 2023

Master Builders helped to shape positive change throughout the year, improving the efficiency and confidence of the building and construction industry.

The rollout of project trust accounts to lower-value projects has been further delayed until 2025 and government has agreed to publish compliant software solutions.

We campaigned hard on the NCC 2022, as government failed to ensure the changes were ready to be implemented. We achieved a delay to the introduction of energy efficiency changes and a Queensland Development Code with additional solutions for falls to floor wastes, enclosed showers, bathroom renovations and accessible toilets on ground floor with no habitable rooms.

When it comes to the QBCC regulation of our industry there is now a more practical approach to regulatory action on many fronts and a new early dispute resolution process. Subcontractor accountability continues to be a focus. The Home Warranty Insurance scheme review has placed our request for increased deposits for builders on the table.

We published a Guide to Pricing Margins to assist industry to understand the breadth of costs that need to be taken into account when pricing quotes or tenders, as well as to help clients understand the need for a healthy margin.

Long-fought improvements to the development assessment and planning systems were achieved with the new Planning Act Bill introduced into parliament. The Bill limits the extent to which building work can be regulated in the planning system and provides a quick and inexpensive means for assessing minor, low-risk alternatives to acceptable solutions.

Government has also heard our calls for a state-wide mandatory Housing Code for consistent setback and siting rules. Consultation has commenced on a new Code.

Strong representations were made to government on the challenges of meeting subcontractor prequalification requirements for Best Practice Principles projects, resulting in a simplified process. We held a webinar for our members jointly with government explaining the new process and how to comply.

Industry Champions have been appointed in a number of our regions and have been working with our Regional Managers to promote our industry as a career of choice.

Master Builders' voluntary CPD scheme commenced, and participating members will receive an electronic 'badge' on completion of six units.

We started the Building Products Coalition with national industry partners to achieve the goals of the National Building Product Assurance Framework including better building product compliance information and traceability.

We have called for support for the industry in transitioning to greater adoption of Modern Methods of Construction including the establishment of a construction innovation centre in Queensland.

While much has been achieved, we believe that much more needs to be done to ensure that the construction industry is able to continue in its role as the cornerstone of the Queensland economy.