

# Re-building Productivity

Final submission to the  
Queensland Productivity Commission

August 2025

## 1.0 INTRODUCTION

As the peak industry body representing the interests of 10,000 members across the state, Master Builders plays an important role in supporting the health and sustainability of the building and construction sector. Our membership spans the full spectrum of the industry – from residential and commercial builders to subcontractors, manufacturers, and consultants.

Improving productivity in the building and construction industry is a central driver to building a strong Queensland economy, delivering housing targets and planned infrastructure, and increasing industry capacity over time.

We welcome the opportunity to be part of the conversation to improve productivity for the Queensland construction industry in order to be able to better delivery on the buildings that our State needs.

This submission to adds to the information provided in our preliminary submission to the Queensland Productivity Commission (QPC) and responses specifically to the preliminary recommendations and requests for information offered in the QPC's Interim Report. Where appropriate we have also provided insight and guidance on how a program of productivity reform could be implemented.

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### 3.0 IMPLEMENTATION PRIORITIES

The recommendations that will have the greatest impact on productivity and have a clear path for implementation should be prioritised. The implementation priorities for the preliminary recommendations and reform directions provided in the Productivity Commission's Interim can therefore be summarised as follows:

GOVERNMENT PROCUREMENT		
PR1	Project sequencing	URGENT
PR2	Project rationalisation	Underway
RD1	Governance and oversight	Long-term
PR3	Procurement policies	Important
RD2	Pre-qualification	Long-term
PR4	Repeal BPIC	URGENT
RD3	Industry reset	Long-term
RD4	Tendering and contracting	URGENT
LAND USE REGULATION		
PR5	Design of planning regulation	Important
PR6	Infrastructure charges	Not supported
PR7	Streamline high priority assessments	Further investigation
RD5	Amend the Planning Regulation	Long-term solution with the opportunity for some 'quick' wins to be identified.
PR8	Planning performance monitoring	Important
PR9	Ease zoning restrictions	Important
PR10	Targets for construction ready land	Important
RD6	Community support	URGENT and ongoing
REGULATION OF BUILDING ACTIVITIES		
PR11	Make NCC 2022 voluntary	URGENT
PR12	Future adoption of change to NCC	Important
RD7	Review building regulations	Long-term
RD8	QBCC performance	Long-term
-	Thresholds for insurance works	Low priority
-	Deposit caps	URGENT
PR13	Minimum Financial Requirements	Important
PR14	Trust account framework	URGENT
PR15	Modern Methods of Construction	Important
PR16	WHS enforcement and monitoring policy	Important
PR17	WHS single digital reporting	Underway

RD9	WHS reform	URGENT
LABOUR MARKETS		
RD10	Training and apprenticeship reform	Long-term
PR18	Licensing review	Long-term and ongoing
PR19	Regulatory impact of pending licensing changes	URGENT
PR20	Automatic Mutual Recognition	Long-term
RD11	Overseas migration	URGENT
RD12	Labour hire licensing	Low priority
OTHER MATTERS		
-	Taxes on foreign investment	URGENT
PR21	Utility connections	URGENT
-	Energy Queensland EBA	Long-term
-	Banks and financial institutions	Important

## 4.0 GOVERNMENT PROCUREMENT

### 4.1. Project selection and sequencing

#### PRELIMINARY RECOMMENDATION 1 - PROJECT SEQUENCING

Ensure projects are staged and prioritised to be commensurate with market capacity.

#### RESPONSE & FURTHER INFORMATION

This preliminary recommendation is supported. Project sequencing undertaken on a whole-of-government basis beyond the current 4 year budget estimates horizon will benefit government and industry. Key issues to be considered when developing a project sequencing plan are:

- Government should prepare a rolling 5 year plan with a firm project timeframes and a 10 year long term view that provides a longer-term indication of the project pipeline. The project pipeline should be updated as part of the annual budget process.
- Government departments should adhere to the published plan and pipeline to the greatest extent possible. Where changes to project timelines are necessary these should be broadcast to industry early and changes made considering the impacts on industry capacity.
- The project plan and pipeline should provide a range of project sizes (for small, medium and large contractors) and provide a geographically diverse allocation of projects, so that individual contractors have the opportunity to deliver a consistent and reliable pipeline of projects.
- When sequencing government projects consideration must be given to current and future privately funded infrastructure on the capacity of industry and disruption to community. Privately funded projects can be identified through the approval process managed by government departments and local councils.
- Early engagement with industry on capacity when defining plan is imperative. Feedback on project mix and location could be tested in an industry forum before locking projects into the 5 year plan.

#### Implementation

Given the context of the large program of work needed in Queensland over the coming 5 to 10 years, this recommendation is an important and urgent priority.

#### PRELIMINARY RECOMMENDATION 2 - PROJECT RATIONALISATION

Government review of its capital program to:

- forward work program reflects key priorities, whilst being cognisant of market factors
- scope of works is necessary to achieve the outcomes being sought and no more
- consider ways of delivering outcomes at lower cost, including through non-infrastructure solutions.

## RESPONSE & FURTHER INFORMATION

This preliminary recommendation is supported. These are important principles of good program management which the government should strive to achieve. For example, a well-defined scope of works smooths project delivery in minimising variations and unnecessary work, adding to improved productivity.

Government has recently completed this review in part under the Health Rescue Plan and a review is also underway for the Olympics venue program.

One of the key factors to be considered in the implementation of this recommendation is ensuring that the capital program is reviewed on a whole-of-government basis.

### Implementation

A whole-of-government review should be completed as part of developing a project sequencing plan and pipeline outlined in Preliminary Recommendation 1.

## REFORM DIRECTION 1 - GOVERNANCE AND OVERSIGHT OF INFRASTRUCTURE DECISIONS

Better governance frameworks and instruments for how projects are assessed, selected, sequenced and prioritised.

Embed more transparent processes in procurement decisions, including public disclosure of a cost-benefit analysis.

Other options include improved governance frameworks and oversight mechanisms.

All mechanisms cost-effective, not impose unnecessary compliance requirements, be transparent, have longevity, and able to influence decision making.

## RESPONSE & FURTHER INFORMATION

This recommendation is supported.

We note that other submissions have made comment on governance frameworks that exist in other jurisdictions and we support those suggestions being considered as part of a holistic review of governance and oversight of infrastructure decisions.

### Implementation

Implementation should occur following proper assessment of alternate governance structures and after the implementation of other more immediate recommendations made in the QPC's Interim Report.

## 4.2. General procurement policies

### PRELIMINARY RECOMMENDATION 3 – QUEENSLAND GOVERNMENT PROCUREMENT POLICIES

The government's procurement policy should have a sole objective of value for money, defined as the project's i) whole-of-life costs and ii) fitness for purpose, with due consideration for risk and quality outcomes.

Reduce administrative burden on tenderers and increase competition, particularly in regional areas. Policies that are not directly related to value for money, should be removed as requirements, including:

- Ethical Supplier Mandate and Ethical Supplier Threshold
- Supplier Code of Conduct
- Queensland Government Building and Construction Training Policy
- Local Benefits Test
- Queensland Renewable Energy Procurement Policy.

All procurement instruments that are used for the tender process should be reviewed with the aim of achieving administrative simplicity.

### RESPONSE & FURTHER INFORMATION

The general direction of this recommendation is supported, however we would like to identify some issues for consideration before certain policies are removed in their entirety from the procurement system.

Firstly, as acknowledged in the preliminary recommendation, focusing solely on value for money should not mean that government chases the lowest price tender. Consideration should also be given to *i) whole-of-life costs and ii) fit for purpose, with due consideration for risk and quality outcomes*, as identified by the QPC in the preliminary recommendation.

Our first submission to the QPC recommended all policies and provisions under the Queensland Procurement Policy (QPP) be reviewed. We support the removal of the Ethical Supplier Mandate and Threshold.

We note that the QPP is already under review, and that future reviews be undertaken of the Supplier Code of Conduct and the Queensland Government Building and Construction Training Policy.

We would support the Local Benefits Test also being subject to a detailed review. Local content rules need to be workable and provide common sense solutions. For example, the requirement for a local office is locking out regional builders because they do not have an office in a specific regional city. The rules can also have the reverse effect of restricting regional builders from working in SEQ.



We believe there is value in maintaining policy documents which outline the government's policy objectives on supplier code of conduct, industry training and maximising local benefits, however the policy outcomes may be better achieved through mechanisms other than the procurement system.

We do not have any comments to make on the Queensland Renewable Energy Procurement Policy.

### Implementation

Master Builders supports the continuation and implementation of the current review of the QPP. This review could open up the opportunity for smaller and regional businesses to tender for government work.

Future review and reform work should then commence immediately to address the remaining recommendations of the QPC.

### REFORM DIRECTION 2 - PRE-QUALIFICATION

Issues with Queensland's pre-qualification (PQC) system are that it includes unnecessary requirements, is difficult to navigate, duplicates existing requirements, is excessively risk-averse and rigid, particularly for growing or less-established firms. It is also likely to restrict competition.

There also appears to be a case for conducting a review of PQC contract value thresholds.

### RESPONSE & FURTHER INFORMATION

Master Builders supports a review and streamlining of the pre-qualification (PQC) system. The review should seek to achieve greater consistency and streamlining in three key areas:

- Consistency with other government department verification systems, for example, consistency with national PQC systems and QBCC Minimum Financial Requirements (MFRs). The PQC system is currently a more risk-adverse system because it excludes consideration of certain elements from the calculation of Net Tangible Assets, for example, related entity loans and investments (whether collectible or not collectible) to a related entity, subsidiary or an associated entity, which are included in the MFR assessment.
- Adopt a 'tell-us-once' approach so that key information necessary for the PQC assessment is submitted once and then digitally shared between (or sourced from) government departments.
- Review the timing of verification so it is not unnecessarily repeated through the tender and contract award process. Greater alignment between the PQC and MFR assessment would assist this.

We note that other recommendations of the QPC may impact the QBCC's MFR process. The outcomes of those recommendations need to be considered as part of any review of the PQC system.

### Implementation

A review of the PQC system should immediately follow the implementation of the current review of the Queensland Procurement Policy.

## 4.3. Best Practice Industry Conditions

### PRELIMINARY RECOMMENDATION 4 - BEST PRACTICE INDUSTRY CONDITIONS

Best Practice Industry Conditions (BPICs) should be permanently removed from the Queensland Government's procurement policy.

### RESPONSE & FURTHER INFORMATION

Master Builders fully supports BPICs being permanently removed as a priority action. All information we have in support of this recommendation was provided in our initial submission.

In response to the specific request for further information on the impact of BPIC on safety outcomes, there is no evidence to indicate that BPIC has led to increased safety outcomes. There has been long-term improvement in safety outcomes across the building and construction industry because of the collaborative efforts of employers, workers (including union representatives) and regulators, industry training, improved safety management systems, and improvements in industry safety leadership and culture.

Evidence of the impact of BPIC was provided in our first submission to the QPC, including the [\*QEAS Report – CFMEU EBA Impact on Apartment Prices, June 2024\*](#).

### Implementation

The BPIC's are currently on hold and their permanent repeal should proceed as a priority. Doing so will give industry confidence in their project scoping and planning.

### REFORM DIRECTION 3 - OPTIONS FOR A BROADER INDUSTRY RESET

Options for improving confidence and allowing a more competitive market:

- a revised set of policies for large construction projects that provide for higher productivity, for example by excluding firms that allow pass through of enterprise bargaining conditions to sub-contractors and/or provisions that reduce flexibility, competition or enable unnecessary or disproportionate productivity reducing practices

- guidance on managing contentious workplace health and safety issues, such as work during wet and hot weather events, processes for proportionate responses to workplace health and safety incidents, and requirements for site shutdowns
- the establishment of an independent arbiter to negotiate disagreements and/or a watchdog to reduce illegal or anti-competitive conduct on work sites.

### RESPONSE & FURTHER INFORMATION

This reform direction is supported. We would like to make the following responses to the information requested.

Improving workplace practices on large construction sites will be achieved through:

- continued collaboration between key stakeholders
- ongoing industry training across all levels of the business (workers, supervisors, managers, and employers)
- maintenance of safety legislation, with a move towards the national model safety legislation
- strong and targeted regulatory enforcement of safety laws and standards

Re-setting industry practices more broadly will be achieved through:

- continued discussions between builders, subcontractors, workers and unions on how worksite productivity can be improved and how current industrial agreements can be more flexibility applied to improve productivity.
- implementation of the CFMEU Administrator Mark Irving's response to the report (noting the recommendation to establish a consultative forum) commissioned by him from Geoffrey Watson SC into violence in the Queensland construction industry.
- what government could do to create conditions to encourage greater competition for large construction projects, including to encourage growth of existing Tier 2 construction firms – we have addressed this issue in our first, preliminary submission to the QPC.

### Implementation

The opportunities for productivity gains within an industry reset are significant and reform work in this area should proceed as a priority.

## 4.4. Contractual arrangements

### REFORM DIRECTION 4 – IMPROVING TENDERING AND CONTRACTING

Improve government tenders and contracts:

- addressing barriers to 'digital by default' approaches that would increase efficiency, facilitate information sharing and collaboration, and reduce risk
- making greater use of collaborative contracting arrangements to encourage innovation

- developing guidance around appropriate risk/profit sharing arrangements in Government contracts, including on the use of performance incentives
- adopting standard contracts to reduce administration costs
- better 'sizing' of tenders to suit circumstances — this could involve bundling of similar projects and/or breaking up large projects into smaller packages.

The Commission notes that these initiatives, at least in part, are already government policy. It is possible that, to facilitate better outcomes, agency capabilities and incentives need to be changed.

### **RESPONSE & FURTHER INFORMATION**

This reform direction is supported.

Our preliminary submission outlined the various issues with government contractual arrangements. We have also discussed the identified issues with relevant government departments over many years in an attempt to make gradual improvement.

We note that slow progress towards addressing issues identified by the QPC (for example collaborative contracting models, adhering to standardised contracts, and inappropriate risk allocation in government contracts) will slow down productivity improvements, and impact other recommendations made by the QPC. Not fully addressing these issues also disproportionality impact small businesses who have limited capacity to absorb unnecessary compliance costs and inappropriate risk allocation to small contractors.

### **Implementation**

In order to deliver on the significant pipeline of work, productivity in government tendering must be addressed as an urgent priority.

We recommend a series of collaborative workshops between the relevant government departments, a cross section of contractors, peak bodies and subject matter experts be held to find solutions to each identified issue.

## 5.0 LAND USE REGULATION

### 5.1. Design of planning regulation

#### PRELIMINARY RECOMMENDATION 5 - DESIGN OF PLANNING REGULATION

Government should:

- review to remove inconsistencies between the Planning Act and the Building Act
- local government planning schemes are consistent with the Queensland Development Code
- variations from the Queensland Development Code in local and state government planning schemes have demonstrated net benefits to the community
- amend the Planning Act to standardise zoning types across all local plans
- continue to progress standardised siting and design requirements for detached housing, secondary dwellings, and smaller townhouse and apartment buildings
- ensure that state and local government overlays are consistently applied across planning schemes.

#### RESPONSE & FURTHER INFORMATION

Master Builders strongly supports the objective to reduce uncertainty and unnecessary regulatory impost on building design to improve productivity and allow greater innovation. Too often conditions are imposed on new construction, without a full understanding of the barriers that productivity and innovation that the requirements create.

As to the specific recommendations being proposed by the QPC, Master Builders offers the following:

- *address the inconsistencies between the Planning Act and Building Act*  
As provided in our preliminary submission, Master Builders continues to support this important recommendation.
- *local government planning schemes consistent with the Queensland Development Code*  
It is essential that local government planning schemes are not only consistent with the Queensland Development Code but they are also to not speak to areas covered by the building assessment provision in both the Queensland Development Code and the National Construction Code. This has not always been the case, but current government process checks better ensure that they are and must continue to be robust.
- *variations from the Queensland Development Code demonstrate net benefits*  
All local variations to the Queensland Development Code come at a cost to delivery to construction. They need to be limited to cases where they deliver a clear local benefit.
- *amend the Planning Act to standardise zoning types*

Consistency in how planning schemes approach zoning and in how they communicate the detail of their planning schemes would be of value. It will provide greater consistency and certainty in project planning and programming. Investing in digitalisation will assist local governments in achieving this consistency.

- *standardised siting and design requirements*

A mandatory statewide Queensland Housing Code is an important productivity driver in that it will standardise siting and design requirements, allowing greater economies of scale in housing design and construction and more streamlined approval processes. It is equally important that this opportunity be extended to secondary dwellings, smaller townhouses and apartment buildings.

- *state and local government overlays are consistently applied*

Consistency in how planning schemes approach zoning and in how they communicate the detail of their planning schemes would be of value. It will provide greater consistency and certainty in project planning and programming.

Also important is greater consistency in the application of planning rules across local governments. There needs to be a clear bar for when they seek to make a local variation. While recognising the importance of reflecting community expectations in planning, this needs to occur within an agreed and consistent framework.

### Implementation

There are many opportunities for productivity gains in the design of planning regulation. A review of the inconsistencies in between the Planning Act and Building Act has the support of both local government and industry making it an important and effective first step.

## PRELIMINARY RECOMMENDATION 6 - INFRASTRUCTURE CHARGING

Review of infrastructure charging to provide:

- an efficient level of funding to support the necessary infrastructure to support development
- price signals that ensure that future development considers the efficient use and provision of infrastructure assets.

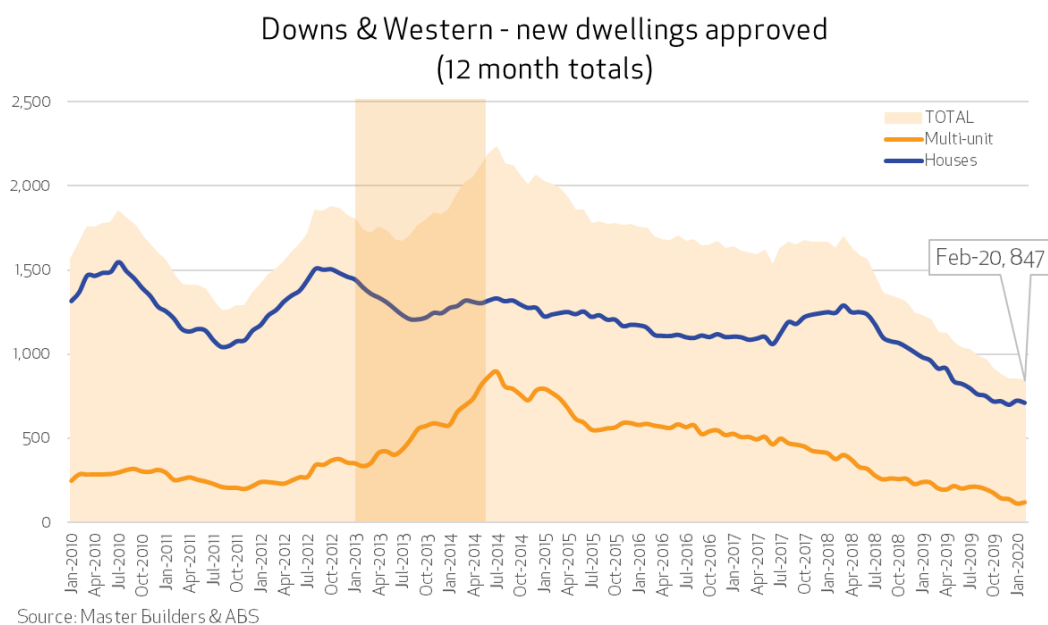
### RESPONSE & FURTHER INFORMATION

Infrastructure charges represent a significant portion of the cost of new development and can substantially affect project viability—ultimately determining whether a development proceeds or not. Any review of infrastructure charges therefore runs a significant risk of introducing uncertainty to project planning holding up projects.

The significant impact of infrastructure charging on new development can be tracked through the building approval data. When local government offers a concession to the charge for a specific type of development, it is often followed by a surge in that type of development.

Toowoomba Regional Council provides a particularly clear example from when it offered its 'Temporary Urban Consolidation Incentives' from January 2013 to June 2014. The program was aimed at stimulating unit development in existing urban areas. The policy temporarily offered discounts on infrastructure charges for unit developments within the redevelopment areas of Toowoomba City.

The ABS building approval data showed that there was a sharp improvement in the number of units approved to be built during the period of the incentive.



### Implementation

There should be no review of the infrastructure charging regime but rather there should be a focus on finding more productive ways to use the existing infrastructure funding across the public and private sectors.

## 5.2. Approval processes

### PRELIMINARY RECOMMENDATION 7 - PLANNING AND DEVELOPMENT APPROVAL PROCESSES

Alternative development assessment pathway for significant developments, including for housing which should:

- use independent planning professionals
- have objectives consistent with maximising the welfare of Queenslanders
- should have clear guidelines on the definition of a significant development but should not be subject to any other requirements.

#### **RESPONSE & FURTHER INFORMATION**

All opportunities to improve the development assessment pathways for significant developments is welcome and important contributors to productivity. The focus should be on enhancing coordination across agencies and streamlining processes.

As for how this can best be achieved, Master Builders defers to industry colleagues at the Property Council of Australia and the Urban Development Institute of Australia who have more expertise in this area.

#### **REFORM DIRECTION 5 - PLANNING AND DEVELOPMENT APPROVAL PROCESSES**

Amend the Planning Regulation to reduce procedural complexity and make the approval process more accountable.

This could be achieved by enhancing the role of building certifiers to manage the approval process, including changing requirements so that only a single development application is required for assessable developments and a third party becoming the prescribed assessment manager, with local government's role changing to a referral agency.

#### **RESPONSE & FURTHER INFORMATION**

All opportunities to reduce the procedural complexity and make the approval process more accountable are welcome and important contributors to productivity.

As for how this can be best achieved, Master Builders defers to industry colleagues at the Property Council of Australia and the Urban Development Institute of Australia who have more expertise in this area.

#### **PRELIMINARY RECOMMENDATION 8 - PLANNING AND DEVELOPMENT APPROVAL PROCESSES**

To improve approval processes, government should:

- review the Building Act and Planning Act to ensure statutory timeframes are adequate to allow for staged approval processes
- local governments to publish their performance information, including approval outcomes, time taken to approve developments and outcomes from disputes taken to court
- entity to consolidate and publish local government performance information
- 'service guarantee' to ensure approval processes occur in an efficient and timely manner



- digital planning and permitting technologies to improve the approval process.

### RESPONSE & FURTHER INFORMATION

Master Builders supports a review of the Building Act, Planning Act and Planning regulation to be more effective and better aid in the approval processes.

There is also value in greater transparency in performance metrics where it provides meaningful insights that can be acted on to improve outcomes. There is an opportunity here to link to the development targets that will be provided through the updated regional planning process about to get underway.

The planning approval process should also take in subsequent approvals required for construction, such as road closures. This will allow for more efficient project programming and will help manage community expectations through the construction process.

For example, a construction project on the Gold Coast was put on hold for 4 weeks awaiting approval for a temporary (24 hours) lane closure to pull down a tower crane. In another case the local council revoked an existing (in place for 6 months) traffic management plan with 24hrs notice. This meant deliveries were not possible, stopping all work on site until the permit was reissued. This effectively stopped work on site for 8 weeks until the permit was reissued.

### Implementation

This is a large piece of work that should be staged and programmed to achieve both 'quick wins' in the short-term and comprehensive reform into the long-term. An immediate opportunity that would unpin change in this area, is an immediate review of a relationship between building and planning and opportunities for clarity there (PR5).

## 5.3. Zoning regulations and land supply

### PRELIMINARY RECOMMENDATION 9 - ZONING REGULATIONS AND LAND SUPPLY

Measures to ease zoning restrictions in well:

- identify well located areas near where housing densities could be increased
- institute a rigorous process on how and where greater densities should be achieved
- increase the allowable densities in appropriate areas.

### RESPONSE & FURTHER INFORMATION

Master Builders supports measures which improve the supply of well-located land for development. Land being a major contributor to the ability to deliver new construction.

For how this can be best achieved, Master Builders defers to industry colleagues at the Property Council of Australia and the Urban Development Institute of Australia who have more expertise in this area.

#### **PRELIMINARY RECOMMENDATION 10 - ZONING REGULATIONS AND LAND SUPPLY**

Annual targets for the supply of construction-ready land and for the construction of new housing for each local government area and hold local governments accountable for meeting these targets. To enact this, the Queensland Government should:

- set targets that include desired outcomes for low, medium and high-density housing, and include short- and long-term targets to zoned supply, development rights, approvals and new land and dwelling supply
- require local governments to report against these targets in their annual reports, including whether targets have been met, and, where they have not been met, the reason
- require reporting on development and building approval outcomes, including acceptance/refusal, time taken to complete approvals and outcomes for cases brought to the planning court
- improve monitoring and reporting on the implementation and performance of housing supply targets across Queensland
- regularly consolidate local and state planning performance information and publish this in a public report
- consider applying financial incentives and/or penalties to local governments to incentivise them to meet any new land and housing targets.

#### **RESPONSE & FURTHER INFORMATION**

Master Builders supports measures which improve the supply of well-located land for development. Land being a major contributor to the ability to deliver new construction.

For how this can be best achieved, Master Builders defers to industry colleagues at the Property Council of Australia and the Urban Development Institute of Australia who have more expertise in this area.

### **5.4. Incentivising change**

#### **REFORM DIRECTION 6 - COMMUNITY SUPPORT FOR HOUSING DEVELOPMENT AND REFORM**

Governments better assess and build community support for housing development and reform.

- building the case for development and reform
- engaging earlier and better with the community on proposed developments
- enacting provisions to enable more local involvement in the way development occurs
- improving consultation approaches so community views are better understood and represented

- sharing the benefits of development with the community by enhancing local neighbourhoods and enacting reforms to allow greater negotiation between developers and residents on the conditions of development.

### **RESPONSE & FURTHER INFORMATION**

Support for housing density and diversity through positive and intentional community engagement and education is of critical importance for the current and future housing supply. It should be proactively fostered.

There should be proactive community engagement and education through campaigns to reduce 'Not In My Backyard' (NIMBY) attitudes towards new housing developments. These should set out to share both the consequences of restricting new housing development and the opportunities in it proceeding. The intent should be to empower feedback from the broader community and not just the vocal minority which so is often the case.

### **Implementation**

This must proceed in parallel to measures to reform the planning system for the community to see the connection and value in the changes.

Master Builders recommends the collective expertise within the Housing Diversity Community of Practice lead by Queensland Shelter as a strong source of information and evidence on how to build community for housing developments.

## 6.0 REGULATION OF BUILDING ACTIVITIES

### 6.1. Building design and codes

#### PRELIMINARY RECOMMENDATION 11 – IMPACTS ARISING FROM NCC 2022

Amend the Queensland Development Code to opt-out of these provisions (make them voluntary).

#### RESPONSE & FURTHER INFORMATION

Master Builders strongly supports this recommendation. A demonstrated net community benefit is an essential prerequisite to the adoption of good regulation.

The energy efficiency and accessibility changes introduced in NCC 2022 did not meet that standard with the regulatory impact assessments both demonstrating that they come at a net cost.<sup>1</sup>

The additional costs to new home construction are substantial. Master Builders recently commissioned a quantity surveyor to provide up to date costings of meeting the additional requirements. The quantity surveyor assessed the cost impacts on three typical housing types; single story slab on ground construction; double storey slab on ground construction; and raised 'Queenslander' dwelling. In each case, costs were provided by builders based on their actual experience and then analysed by the quantity surveyor. This analysis found that compliance with NCC 2022 (livable housing and energy efficiency requirements) added \$22,450, \$40,550 and \$44,600 respectively to the cost of these dwellings.<sup>2</sup>

Further to the additional cost, there are technical challenges in the provisions that still remain. In some of the technical detail there are conflicts with other NCC requirements (waterproofing and water ingress). In other areas, the requirements place unwarranted restrictions on consumer choice for their own homes. For example, allocating space in bathrooms over other living areas and reducing the size of windows.

The challenges with the provisions are reflected in the inconsistency that they are adopted across states and territories. The livable housing provisions have not been adopted in NSW or Western Australia and the energy efficiency changes have not been adopted in Tasmania, with NSW operating their own system. Queensland taking leadership in providing an example for the voluntary adoption to the provisions can lead to national consistency.

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<sup>1</sup> [Decision Regulation Impact Statements | ABCB](#)

<sup>2</sup> [Mitchell Brandtman: NCC 2022 Review](#)

## Implementation

This recommendation should be implemented as an urgent priority with the mechanism to do so being a relatively straightforward amendment to the Queensland Development Code (QDC).

Industry has flagged concerns with the energy efficiency and livable housing measures since they were first proposed. In response, government has made successive attempts to correct some of the extensive problems in the technical detail. In Queensland we already have QDC [MP 4.5 Liveable dwellings and grading to floor wastes](#) and [MP 4.1 Sustainable buildings](#) which have served to correct some of the most significant of these problems.

Government has committed to addressing the remaining technical problems identified by industry as part of a six month review (due in November 2024). This review is still ongoing with no clear direction on when action will be taken. Each day this continues is adding unnecessary cost and complexity to the construction of new homes.

The mechanism to issue a new QDC which make the changes voluntary, could be enacted immediately addressing both the net cost to the community and the technical concerns.

### PRELIMINARY RECOMMENDATION 12 – FUTURE REGULATORY CHANGES TO BUILDING CODES

Government should:

- only adopt future NCC changes where they have been through robust regulatory impact analysis to demonstrate they provide a net community benefit
- only adopt other building code changes where these have been assessed as providing a net benefit under the Queensland Government Better Regulation Policy
- advocate for improved regulatory processes at the national level, including for NCC.

## RESPONSE & FURTHER INFORMATION

### *Future NCC changes*

Master Builders supports the principle that changes to the National Construction Code (NCC) should only be implemented where they provide a net community benefit. To achieve this there must be improved regulatory processes at the national level for the review and adoption of change in the NCC.

This review should start with the Australian Building Codes Board (ABCB) business priorities being founded on reports from the States and territories of building defects that impact the core objectives of the NCC – safety, quality risk of building failure and hazards. Building defects are a significant drag on productivity in the cost and time lost in rectification, making it the key priority for updates to the NCC.

An industry policy forum is also needed where reform proposals are to be examined before they are developed and to assist governments with priorities for the ABCB. Prior to the

implementation of any new provisions they must be effectively tested and trialled. For significant change this should include a comprehensive assessment of net community benefit.

This process will support productivity in allowing for a flexible response to the broad range of changes being proposed for the NCC. That is changes that are well supported by stakeholders and administrative in nature can move through a relatively fast and efficient technical assessment. Often these changes are to enhance the practicality and workability of the Code and should be able to be adopted quickly. More comprehensive changes that are rooted in a policy change (as was the case with livable housing and energy efficiency in NCC 2022) would be subject to a more wide reaching assessment, with industry engaged from the beginning. This is where a full regulatory impact analysis will need to be employed.

Further, where an assessment of net benefit is to be undertaken, this cannot be undertaken in isolation. The NCC is a technical document and needs to be considered as a whole. Where changes to one part of the Code are proposed, these must be considered in light of their impact on other requirements in the Code. It is also important that as it is a technical document the practical 'buildability' of the changes are considered and addressed.

The energy efficiency and accessible housing changes in the NCC 2022 are an example where this was not the case and industry is still grappling with the resulting problems. The changes were pushed through despite the costs being greater than the benefits and they did not talk to the buildability of new construction. The result was provisions that in some cases were in conflict with other parts of the Code and for some dwelling types were prohibitively expensive to deliver.

#### *Regulatory policy and process*

As the NCC is a national document the regulatory test should be the Australian equivalent of the Queensland Government Better Regulation Policy - [Regulatory Policy, Practice & Performance Framework](#). A single national assessment does not need to be replicated at the state level unless there is going to be a significant Queensland variation.

For a robust NCC it is equally important that the ABCB is able to provide robust governance and is appropriately resourced. The Intergovernmental Agreement which provides funding for the ABCB via the states, territories and Commonwealth has not provided a funding increase for the

organisation in over five years. Housing and Construction taxes and charges are already substantial for the industry and should not be considered a funding offset<sup>3</sup>.

### Implementation

The role and function of the Australian Building Codes Board and with it the NCC should be addressed at the national level. Queensland should proactively and constructively contribute to this national process.

#### REFORM DIRECTION 7 – STOCK REVIEW OF BUILDING REGULATIONS AND STANDARDS

Given the accumulation of regulatory burden, there is likely to be value in undertaking a targeted, in-depth review of building regulations and standards, including how they are made, implemented and administered.

### RESPONSE & FURTHER INFORMATION

Master Builders welcomes a targeted, in-depth review of building regulations and standards. Much of the legislation, regulation and related standards for building and construction have not been the subject of a comprehensive review.

Examples including the design and siting requirements in the Queensland Development Code ([MP1.1 and MP1.2](#)) have not been updated since 2010 – 15 years ago. The current work to replace the provisions with a Queensland Housing Code must be completed as a priority.

The [Technical qualifications for building and construction licences](#) is another example. After a regular cadence of updates, it has not been updated since December 2022. A review of this document will be an opportunity to address many of the challenges being experienced in licensing.

This review should start with access to Australian Standards referenced in the NCC. These are regulatory documents that currently sit behind a paywall, acting as a barrier to meeting the obligations.

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<sup>3</sup> Taxes and statutory charges already make up close to 50 per cent of the cost of housing in jurisdictions like NSW (*CIE 2024*) and \$130bn in combined Australian and State Government revenues are contributed annually by the property sector (*Property Council of Australia 2024, Economic Significance of the Property Industry to the Australian Economy 2021-22*).

## Implementation

This should be seen as an ongoing process into the long-term. It should not delay the immediate opportunities for change identified in the preliminary recommendations.

### REFORM DIRECTION 8 – QBCC PERFORMANCE

Implement recommendations of the 2022 QBCC review, where relevant.

Measures to improve performance, including streamlining its licensing processes, improving its responsiveness to stakeholder and customer concerns, ensure it has sufficient presence in regional areas and continue to work to reduce compliance burdens on industry.

Consideration be given to whether the regulatory framework underpinning the QBCC provides the right incentives for ongoing improvements to regulatory performance.

## RESPONSE & FURTHER INFORMATION

Challenges with the QBCC has long plagued the industry and been a barrier to construction productivity.

### *Operational reform*

Under the new leadership, the QBCC is undergoing a period of operational reform. There is an expectation that this review will lead to improved performance in the licensing processes and improving responsiveness to stakeholder and customer concerns, reducing the compliance burden on industry.

Master Builders is awaiting a number of outcomes from this review, specifically:

1. Licensed contractor accountability across the contractual chain
2. Regulatory decisions and processes in accordance with the governing legislation
3. Consistent, fair and reasonable decision making and investigative practices
4. Regulatory outcomes are proportionate to the harm to be addressed
5. Customer service accountability through response targets.

### *Regulatory reform*

Beyond the operational change there will be a need for further regulatory reform. Many of these measures are addressed elsewhere in this submission (e.g. MFR reporting).

An area of QBCC regulatory reform that will need specific attention is the power to filter claims for defective work that are improper or vexatious. Claims without any basis are tying up contractors in unnecessary work, adding cost and time to construction. The regulator needs to limit the effect that these have on both its own operations and the industry it regulates. Builders tell of needing to deal with an unfounded complaint every month, where they need to attend the site and prepare a response. Consumers are willing to take the most minor issue through to inspection as there is no cost to them. Filtering these claims at an early stage would assist both



industry productivity and provide an early response to those consumers who do not have a good case.

#### *Governance reform*

There is also value in revising the recommendations of the 2022 QBCC governance review. It was a comprehensive piece of work that provided a ways forward for a number of the challenges the QBCC is posing to industry productivity.

An important recommendation for governance reform covers the size and composition of the QBC Board [Recommendation 3]. The Board does not include those with hands-on industry experience. This must be rectified. Also there must be an industry advisory body that is genuinely used to seek industry feedback and advice.

#### *Reporting and transparency*

In addition to requiring reporting the QBCC must be held to account. The numbers must mean something. In measuring performance they must inform future planning and direct change.

Also of value will be greater transparency in the reporting of defects found by the regulator. Building defects are significant drag on productivity both in the time and cost to rectify. Data on their nature, frequency and location should be the starting point for both regulatory enforcement and regulatory change.

#### **Implementation**

While the operational review is currently underway, structural and regulatory reform will be a long-term response.


#### **REQUEST FOR INFORMATION - THRESHOLD FOR INSURABLE WORKS**

A subcommittee of the Ministerial Construction Council (MCC) made up of government and industry stakeholders conducted a review into the Home Warranty Scheme.<sup>4</sup> It recommended that there should be an increase to the threshold subject to actuary advice. [Recommendation 1.1] It found that accounting for inflation, the original \$3,000 value set in 1980 would be equivalent to approximately \$13,600 in current dollars. This is in the same region as other jurisdictions' current thresholds. [p12]

Further it found that the threshold should be reviewed periodically to endure the Scheme keeps pace with inflation and the cost of building work. [Recommendation 1.3]

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<sup>4</sup> [Report to the Ministerial Construction Council: Subcommittee on Queensland Home Warranty Scheme Review, December 2022.](#)



For the Home Warranty Scheme threshold Master Builders expects that a threshold in the order of \$11,000 to \$12,000 is an appropriate balance between consumer protection and efficiency. This would need to be confirmed by actuary advice for the impact on premiums and the viability of the scheme.

### Implementation

The recommendations of the MCC subcommittee remain current and should be advanced.

#### REQUEST FOR INFORMATION - DEPOSIT CAPS

Master Builders' preliminary submission to the QPC provided significant evidence of the damaging impact of the current deposit caps for residential construction businesses. The challenges to cashflow for construction businesses, often small or micro family businesses, is leading to financial stress and instability. It is also serving as a brake to these businesses taking on additional projects.

Further to the evidence already provided, we can now provide updated data from our members of the current costs that must be carried by businesses to get a project underway.

## PRE-COMMENCEMENT COSTS

	Scenario 1	Scenario 2
<b>Total Contract sum including GST</b>	<b>\$428,000</b>	<b>\$769,645</b>
<b>Survey, Engineering, Drafting</b>		
Site condition searches (registered plan, planning requirements, ownership, access etc)	\$250	\$300
Under/over ground service investigation	\$250	\$500
Survey Plan (boundaries and contours)	\$1,500	\$1,634
Geotechnical Engineer / Soil Report	\$500	\$3,652
Structural engineer for foundations	\$3,850	\$3,300
Energy Efficiency rating & register report	\$195	\$1,650
Design to incorporate site conditions	\$1,200	\$3,784
Building plan copies / drafting / update	\$1,500	\$2,463
<b>Approvals and Government Fees</b>		
Plumbing/drainage plans and approvals	\$1,278	\$1,116
Building Approval & certifier	\$3,395	\$2,105
QBCC - Home Warranty Insurance	\$4,048	\$9,094
QLeave levy	\$2,237	\$3,971
<b>Builder Costs</b>		
Prepare building program and site works schedule / Estimation	\$750	\$1,650
Prepare contract / sub-contract documentation	\$660	\$2,750
Client liaison (orientation, energy efficiency options, colour and fixtures/fittings selection)	\$1,500	\$1,320
Coordinate with owner and financial institutions (cash flow report / Certificate of Currency)		
Public Liability and Material Damage Insurance	\$1,205	\$4,000
Sales Commission	\$3,000	\$12,293
Overheads (quotation costs, staffing, licensing, safety management system, advertising etc)	\$2,815	\$4,667
Builder's margin	\$5,795	\$7,561
<b>Total Costs</b>	<b>\$35,928</b>	<b>\$75,532</b>
<b>Percentage of contract total</b>	<b>8.4%</b>	<b>9.8%</b>

Not only are builders are being expected to provide the finance to get projects underway, they must continue to carry the financial burden of the subsequent costs of the initial ground work, trades, materials and overheads before receiving the first stage payment when the slab is complete. It is not until this stage that they can begin to 'balance the books'.

A solution was offered in by the Ministerial Construction Council (MMC) sub-committee, made up of key government and industry stakeholders that recommended in its second report on the review of the Queensland Home Warranty Scheme<sup>5</sup> that premiums payable under the scheme

<sup>5</sup> [Report to the Ministerial Construction Council: Subcommittee on Queensland Home Warranty Scheme Review, April 2024.](#)

should be “decoupled from deposits contractors collect from consumers and the further analysis should occur into whether the deposit percentages domestic building contracts remain contemporary and review of contractors’ upfront costs” [Recommendation 3.1].

### Implementation

Removing the Home Warranty Scheme premium from the deposit would provide an indirect solution in not requiring the premium to be paid from within the regulated deposit amount. This would have the effect of increasing the amount of the deposit available to cover other essential upfront costs. Increasing the deposit directly would be the most straightforward approach.

## 6.2. Financial regulations

### PRELIMINARY RECOMMENDATION 13 – MINIMUM FINANCIAL REQUIREMENTS

Unless it can be demonstrated that Queensland’s minimum financial requirements deliver net benefits to the community, the Queensland Government should remove the requirements.

### RESPONSE & FURTHER INFORMATION

Master Builders agrees with the QPC’s finding that MFR’s have not been effective in reducing insolvencies. In 2022, Master Builders commissioned Ernst and Young to undertake a report into assessing the effectiveness of Queensland’s minimum financial requirements for building practitioners<sup>6</sup>. The report concluded that “Queensland’s MFRs are no more effective than other regimes across Australia” when it comes to reducing financial failure in the building and construction industry.

There is value however, in maintaining a financial assessment requirement as part of the licensing system. This should be a process that drives good financial management and helps assess financial capacity to undertake work appropriate to the expedient risk. The current reporting system could be amended replaced with a system which aligns as closely as possible with existing accounting standards and the preparation of standard financial statements to minimise additional costs to businesses. It should also be consistent with other financial reporting requirements such as PQC where possible.

Done right an updated assessment could improve productivity by improving financial literacy and helping to ensure that work is only undertaken by those with the financial capacity to do so.

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<sup>6</sup> [Assessment-of-MFRs-EY-Report](#), April 2022

## Implementation

Project trust accounts are the more damaging measure and must be scrapped as a priority. Master Builders therefore argues that PR14 proceed first.

### RECOMMENDATION 14 – TRUST ACCOUNT FRAMEWORK

Pause rollout of Queensland’s trust account framework pending a regulatory impact analysis.

## RESPONSE & FURTHER INFORMATION

While Master Builders supports the recommendation that there be pause on further rollout of Queensland’s trust account framework, we are of the view that this does not go far enough. It has been long established that trust accounts do not work and do not achieve their intended objectives. They should be scrapped immediately. We welcome the QPC recommending a way forward on this important reform and urge that this be advanced as an urgent priority.

The recent EY Report<sup>7</sup> answers many of the QPC’s outstanding questions. The report found evidence to addresses each of the QPC’s requests for further information. Specifically:

### *Stakeholder experience*

“Complying with the Framework – particularly the PTA regime – involves additional costs for industry which must set up and operationalise dedicated accounts on a project-by-project basis. This process can be complex to manage, and involves additional banking, legal, and software costs. From 2021 to 2024, EY modelling estimates that the industry has incurred nearly \$165 million in additional costs to meet the regime’s. This represents an average cost to businesses captured by the regime of around \$40,000 per business, although it can be substantially higher if tailored software is purchased and implemented.” [p3]

### *Impact across project sizes*

“Smaller and medium-sized firms, which typically lack the resources to absorb these additional expenses, are disproportionately affected.”

“The costs to industry have increased due to regulatory ‘bracket creep’. Cost inflation of around 30-40% since COVID-19 pandemic has meant that many smaller projects now meet the framework’s thresholds. As a result, the Framework has indirectly expanded to include businesses that were arguably outside its original design intent. This expansion has increased the compliance

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<sup>7</sup> [EY Parthenon, The performance and efficacy of Queensland’s trust account framework , 4 July 2025](#)

burden for smaller businesses that frequently undertake projects near these thresholds, and prevents their scaling up.” [p3]

#### *Reductions in contract pricing*

There have been no observed reductions in contract pricing that can be attributed to trust accounts reducing the risk of non-payment.

#### *Impediment to undertaking construction*

The Framework can “serve to raise the barriers to entry and discourage builders from other states from taking on projects in Queensland”. [p29]

#### *Non-payment*

“The Framework has not improved security and timeliness of payments and may even have worsened outcomes”. [p18]

Specifically, the report found that “the framework primarily focuses on the relationship between head contractors and subcontractors, overlooking the critical payment timelines from principal developers to head contractors. Since principal developers are at the top of the contractual chain and typically control the funds, any delays in their payments can create financial stress for head contractors. This leads to knock-on impacts further down the contractual chain.”

“The administrative complexity of the framework and audits significantly increases compliance costs and causes delays for head contractors when establishing and managing the trust accounts. This often results in longer payment periods for subcontractors compared to the payment periods prior to the Framework being implemented.”

#### *Managed Finances*

There was some feedback from stakeholders that it helps to encourage a higher level of financial awareness within the industry and supported better record keeping practices. There are however, less costly mechanisms to achieve this end, such as Minimum Financial Requirements and targeted QBCC audits.

#### *Adequacy of alternatives*

##### Monies Owed Complaints

The QBCC monies owed complaints system was introduced in 2014 under legislation and has proven effective in assisting subcontractors to get paid promptly. The system is relatively quick and at no cost to the subcontractor or supplier. Where a debt is genuinely in dispute (e.g. claim of defect work) the applicant can apply to adjudication.

In simple terms, licensed contractors have a statutory obligation (in the form of a statutory licence to pay their undisputed debts when they are due and owing ([section 17N](#) QBCC MFR Regulation). Failure to comply with the condition may lead to licence suspension and cancellation (Section 48, QBCC Act).

A substantial proportion of non-payment complaints are resolved without further regulatory action or any cost outlaid. The [QCCC 2022-23 Annual Report](#) (pages 14-15) states that the monies owed complaint system resulted in \$6.3M in outstanding debts being paid to creditors for the financial year. The Report also identifies that the monies owed complaint system has resulted in \$50M being paid to creditors since its commenced.

Currently action can only be taken against QBCC licensees with the penalties reaching to the removal of a licence. While effective, this system does not extend to those in the supply chain who are not QBCC licensees, leaving many in the supply chain without access to this quick and effective monies owed process.

#### Adjudication

Adjudication is another effective mechanism for resolving payment disputes but it also does not extend to cover the entire supply chain.

While it can be used for payment disputes in the case of developers, non-resident owners, investors, owner builders and anyone contracting through a company or trust, builders and subcontractors there is no recourse against domestic consumers. In Queensland the only option for resolving payment disputes with residential owners is QCAT which is usually lengthy (15 months) and expensive. In NSW builders have the option to apply for a credit statutory demand provided consumers are given a warning note in the contract and payment claims are endorsed as being a claim under the Act.

The adjudication system also includes the option to place withholding requests on funds. In practice this is used instead of the Subcontractor Charge system which is overly complex.

#### QBCC Regulatory Powers

The QBCC has a range of regulatory powers that are designed to identify early and protect the industry and consumers from licensed contractors who engage in fraudulent, recklessly indifferent, or high risk financial practices.

In addition and related to the processes to resolve non-payment detailed above (monies owed and adjudication) the QBCC Act and regulations include the following regulatory powers to help ensure security of payment:

- avoidance of contractual obligations causing significant financial loss - [section 42E](#)
- disciplinary proceedings for failing to pay a subcontractor in compliance with a subcontract under section [Part 6A](#) (see [section 74B\(1\)\(n\)](#)).
- supply of financial records powers ([section 50C \(1\)\(b\)\(i\)](#)) to investigate and address reported breaches of requirement to pay debts ([section 17N](#) QBCC (MFR) Regulation).
- ability to require high risk licensees to attend mandatory financial management training through the imposition of a licensing condition ([section 36](#)).

- immediate suspension of a licence if the QBCC “reasonable believes there is a real likelihood that a person will suffer serious financial loss or other serious harm if the licence is not immediately suspended” ([section 49A](#)).

The benefit of these existing powers is that they target QBCC’s regulatory efforts at those licensees who are not paying their subcontractors, rather than imposing a regulatory burden on all the industry.

Still there is a concern that the QBCC is not using these existing powers to address non-payment effectively. This is clear in two examples:

- [Section 42E](#), QBCC Act was introduced in 2017 with the policy intent of “addressing conduct such as poor payment practices and deliberate avoidance of contractual obligations”. The QBCC has never taken a regulatory action under this section of the Act.
- Disciplinary proceedings system introduced into the QBCC Act in 2014. The system was intended to be a cost efficient administrative alternative to court proceedings. One of the grounds for QBCC to take disciplinary action is that the “licensee fails to pay a subcontractor in compliance with a building contract that is a subcontract” ([section 74B\(1\)\(n\)](#)). The disciplinary action process allows the QBCC to direct a licensee to pay compensation to a subcontractor for an unpaid debt ([section 74D\(c\)](#)). This is in addition to imposing substantive fines and a range of licensing outcomes ([section 74D](#)). The QBCC never taken disciplinary action against a licensee on the grounds stated in section 74B(1)(n).

#### *Technological solutions*

Despite continued efforts on the part of government, there continues to be few accounting software platforms which are compliant with the Queensland regime. The EY report found that this was due to several factors. “...High development costs and the limited market potential, as the software would only be purchased by Queensland’s building and construction sector. Moreover, designing accounting systems that can accurately track equitable interests and meet the reporting obligations of the PTA regime is complex, and software developers would not undertake this development without a clear commercial proposition.”

#### **Implementation**

Project trust accounts should be scrapped as an immediate priority. The mechanism to do so is straightforward. There are many protections in place that have been proven to protect the payments to sub-contractors without the need to rely on the onerous and costly trust account requirements.



### 6.3. Modern methods of construction

#### PRELIMINARY RECOMMENDATION 15 – MODERN METHODS OF CONSTRUCTION

Remove unnecessary regulatory barriers to the adoption of MMC:

- adopt a nationally consistent definition of MMC / national definitions in legislation
- amend building legislation to accept manufacturer's certificates for NCC compliance (National Voluntary Certification Scheme)
- regulatory neutrality in planning schemes and consumer protections for MMC
- NCC performance-based provisions to be production-neutral, or, where necessary, develop MMC specific guidance
- Australian Standards accommodate MMC.

#### RESPONSE & FURTHER INFORMATION

MMC offers an important opportunity to realise major productivity gains in our industry. It is an opportunity to improve quality and safety through innovation in building methods. It is an opportunity to shorten project timelines through parallel programming. It is a response to labour shortages, both reducing the need for labour and opening up opportunities for people with different skills and abilities to join our industry. It can provide a way to better manage risk such as weather that can significantly affect onsite construction. The controlled environment can also improve worker safety. It has been able to realise sufficient benefits in waste management and is an opportunity to address the growing push for improved environmental performance, such as net carbon targets.

There is an opportunity in MMC to reduce the cost of construction, though for now this opportunity is only mostly only being realised on projects with specific challenges, such rural or remote locations. Looking forward it may provide costs saving opportunities for a wider range of projects. The standardised approach of MMC can also reduce upfront design and approval process and help to provide more accurate feasibilities with fixed pricing per module.

It is therefore a very important opportunity for a transformative shift in industry productivity and should be a key point of focus for the QPC.

#### Regulation

Removing the unnecessary regulatory barriers to the adoption of MMC is an important first step toward the widespread adoption of MMC. As proposed in the recommendation, it is important the regulatory framework for MMC is harmonised across State and territory jurisdictions wherever possible. This allows for economies of scale in investment and production.

The construction regulatory system has been developed in response to traditional on-site construction methods. One example there is the requirement in the *Queensland Building and Construction Act 1991* that specifically prohibits residential building contractors claiming payment for work performed unless:

- (a) It is the allowable initial deposit; or
- (b) It is directly related to the progress of building work on the site.

Where more than 50 per cent of the work is to be completed offsite the allowable deposit is 20 per cent. The effect is to restrict what licensees can claim payment for work performed off-site (including prefabrication works), or where materials delivered to site, until they are incorporated into the works on site. Where a significant proportion of project is for work off-site this creates a financial risk and cashflow challenges to be carried by the manufacturer or builder before receiving payment.

Clarification is also required in how payments for off-site prefabricated works are secured in the event a contractor or prefabricator went into external administration. Does the Person Property Securities Register provide appropriate and adequate protection?

#### *Finance*

The challenge of receiving payment for off-site work is also a barrier in the financial sector. Banks and other financial lenders can be reluctant to lend for off-site construction. There has been some progress with the program from the Commonwealth Bank for [Assessed Manufacturers](#). This needs to become more widespread.

#### *Demand drivers*

A demand side barrier for prefabricated homes is market acceptance and an outdated perception of poor quality stemming from historic examples. Even now, there are developers who will preclude modular housing from their developments.

Government can help address this in leading by example and providing demonstration opportunities that can highlight the modular housing of today.

It is also important in any regulatory reform that modular housing is not regarded as something 'special' or 'different' and therefore not the equivalent of 'regular' housing. The usual regulatory processes are being used to approve modular housing and any change towards special treatment should be taken with great care so as to not have the unintended consequence of perpetuating the perception that a modular home is somehow less than traditional construction. If consumers see that their home will go through a special approval process it will rightly raise questions.

Also important is removing any biases towards on-site in project procurement. Currently, there is often assumptions favouring on-site construction embedded throughout procurement processes. Where this occurs it precludes MMC builders from tendering for the work. The Queensland Government can provide leadership in ensuring that their own procurement process is agnostic as to the production method.

Government procurement can also help with providing a pipeline of demand and increased volume to improve the viability of those builders investing in MMC methods.

### *Planning System*

A complication with the planning system commonly encountered by MMC builds are the large variations in the design and siting requirements across councils. This is particularly the case for housing on smaller lots (450 sqm and under), a segment of the market many volumetric MMC builders meet. This can be addressed by state planning codes that are mandatory across the state.

The government has commitment to a Queensland Housing Code. This must be followed by a Secondary Dwelling Code as an urgent priority. Preliminary Recommendation 5 is in support of this.

Another challenge for limited access to factory land that is well located to transport (Bruce Highway), labour and the supply chain. This can start with the planning system in ensuring sufficient land is zoned for this type of investment.

### **Implementation**

There is already significant work underway to clear the regulatory barriers to the widespread uptake of MMC. This work should continue as a priority. In Queensland, this will mean continuing to support the work being undertaken at a national level to adopt statewide planning codes (starting with the Queensland Housing Code) as a priority. Also important is for government to continue its leadership role through the QBuild MMC program which has provided a successful incubator for the emerging industry segment.

## **6.4. Regulation of workplace health and safety**

### **PRELIMINARY RECOMMENDATION 16 – WORKPLACE HEALTH AND SAFETY**

Review the Compliance Monitoring and Enforcement Policy to ensure that it provides adequate guidance and direction on how to ensure that compliance monitoring and enforcement activities appropriately manage risk while minimising unnecessary costs to businesses and society.

### **RESPONSE & FURTHER INFORMATION**

Master Builders supports a review examples of unnecessary costs to business and society. Of particular concern is the inflexibility in how the policy can be applied. Currently, WHS Inspectors have little or no opportunity to apply discretion and are obligated to take an enforcement action, even where the specific circumstances on site do not warrant it.

### **Implementation**

This recommendation can be referred to the WHS Board for consideration for the Construction Industry Standing Committee to conduct a review.

#### PRELIMINARY RECOMMENDATION 17 – WORKPLACE HEALTH AND SAFETY

A single incident reporting framework, with the ability for single point digital reporting.

#### RESPONSE & FURTHER INFORMATION

Master Builders has long called for a single point of reporting for WHS incidents and strongly supports this recommendation.

#### Implementation

Master Builders notes that this recommendation is already in place in practice and the pending legislative change currently before Parliament will remove the obligation completely.

#### REFORM DIRECTION 9 – WORKPLACE HEALTH AND SAFETY

Options for improving the operation of the workplace health and safety regime:

- Queensland's WHS laws reflect the National Model WHS Law
- review the powers and functions of the regulator, including provisions for the removal from worksites of any parties acting illegally
- WHS representatives are elected representatives of company workers with a cap of one per working unit, with fit and proper person tests and options for suspension where misconduct has been demonstrated, or where it can be demonstrated through a ballot
- right of entry provisions are commensurate with risk
- codes of practice that outline right of entry, agreed approaches to wet and hot weather events, appropriate responses to safety incidents, and how and when site shutdowns occur
- ensuring WHS regulators are appropriately funded, resourced and supported to undertake their designated functions
- taskforce of principal contractors, subcontractors, Industry associations and unions, to review stoppage data, resolve recurring issues and update guidelines.

#### RESPONSE & FURTHER INFORMATION

##### *National Model Laws*

On a building site, safety is everyone's responsibility. Over several years, Queensland's workplace health and safety (WHS) laws have progressively moved further away from the national model WHS laws. Compounding this, the former government's Best Practice Industry Conditions, which are reflected in the pattern CFMEU enterprise agreement, and have assisted the union to use safety to advance their industrial relations agenda.

To rebalance the safety legislative framework, amendments should be made to Queensland's WHS laws to bring them back in line with the national model laws.

To the extent it can reflect national model law. As a minimum reversing all changes to the WHS Act made by the previous government in March 2024, as outlined in the following table:

WHS Act Section	Section Name
ss.48 5	Nature of Consultation
ss.50B	Invitation to request election of health and safety representatives
s.52	Negotiations for agreement for work group
s.54	Failure of Negotiations
s.61	Procedure for election of health and safety representatives
s.68	Powers and functions of health and safety representatives
s.70	General obligations of person conducting business or undertaking
s.71	Exceptions from obligations under s71(1)
s.72	Obligation to train health and safety representatives
s.75	Health and safety committees
s.76	Consultation of committee
s.80	Parties to an issue
s.81	Resolution of health and safety issues
s.85A	Contents of a cease work notice
s.92	Contents of a provisional improvement notice
s.94	Changes to provisional improvement notice
s.100	Request for review of provisional improvement notice
s.102A	Definitions for Division ( <i>updated as required</i> )
s.118	Rights that may be exercised while at workplace
s.128	Work health and safety requirements

#### *Review of Regulator Powers*

A review of the regulator powers should include more power to address and responded to frivolous disputes.

#### *Elected Representatives company workers*

Reform that requirements the HSR to be a representative of company workers and subject to a fit and proper person test is supported. Measures to address misconduct and frivolous use of the legitimate rights of representatives are also welcome.

#### *Right of Entry*

The right of entry requirements sit within the federal Fair Work Act which will limit the extent to how they can be amended at a state level. Government has already introduced a requirement for there to be a 24 hour waiting period. Further change is best addressed in amending the requirements for HSRs.

#### *Codes of Practice*

Support a consistent approach to industry challenges wherever practical. Codes of Practice are not needed where already covered in legislation Industry reduces the ability for misuse / to be included in EBAs and minimise disputes. Develop through the Work taskforce and get alignment.

#### *WHS regulator appropriately resourced*

Government should take back sole responsibility for enforcement of safety and provide additional resources to WHS Queensland (WHSQ) for front-line safety inspectors and investigators. Specifically, additional funding is needed for additional WHS inspectors, training of inspectors, and additional funding to allow WHSQ to expand its educational role.

#### *Taskforce*

The recommendation that there be a taskforce reaching across all industry stakeholders is supported and will provide an avenue to identify where problems occurring and begin to address them. This could be the responsibility for the WHS Board which would allocate it as a key task for the Construction Industry Standing Committee after amending the terms of reference and the membership to cover key players.

#### **Implementation**

This is an urgent reform priority.

## 7.0 LABOUR MARKETS

### 7.1. Apprenticeships and training pathways

#### REFORM DIRECTION 10 – TRAINING AND APPRENTICESHIPS

Process to identify problems, reform opportunities and priorities to improve the training and apprenticeship system including:

- the attraction and retention of prospective students and apprentices, including the efficacy of pre-apprenticeship and mentoring programs
- the design, capacity and quality of the training system, and how these can be improved to meet the needs of industry and prospective and existing workers
- financial considerations for employers, apprentices and students, including whether the efficacy of apprenticeship subsidies can be improved
- development pathways to encourage a career in construction.

Attention should be given to:

- any legal or institutional barriers to reform in this area
- the appropriate sharing of funding among government, students and apprentices, individual businesses and industry generally, considering the incidence of benefits from training
- the design of measures to minimise market distortions to the construction industry and the broader economy
- broader reforms of the education and training systems, and how these interact with reforms proposed under this process
- the requirements of mature age apprentices, and other factors required to support diversity
- the requirements of regional and remote areas.

#### RESPONSE & FURTHER INFORMATION

Master Builders supports the reform direction and priorities to improve the training and apprenticeship system for the construction industry in Queensland.

Master Builders Australia has recently provided two reports to the Australian Productivity Commission which may address the QPC's request for information, namely:

- [Master Builders Australia Submission to the Productivity Commission's consultation on the Five Pillars for Productivity Reform - A Better, Safer and Fairer Building and Construction Industry, June 2025](#)
- [Master Builders Australia Policy Proposal - Lifelong Learning Envelope, August 2025](#)

## Implementation

This is an important long term reform project.

### 7.2. Occupational licensing

#### PRELIMINARY RECOMMENDATION 18 - REVIEW OF OCCUPATIONAL LICENSING

All of Queensland's construction-related occupational licensing requirements should be reviewed through a multi-year coordinated program of stock reviews by relevant agencies in consultation with relevant stakeholders. At a minimum, each review should consider whether:

- there is reliable evidence of a market failure
- market failure is better addressed by existing regulation (for example, consumer law)
- there is clear evidence the licensing requirement addresses the market failure effectively
- licensing arrangements deliver net benefits to the community
- licensing requirements deliver the greatest net benefits to the community relative to other options.

There may also be opportunities to more fully recognise prior learning and experience in assessing whether licensing requirements have been met.

#### RESPONSE & FURTHER INFORMATION

While we support the general direction of this preliminary recommendation, we recommend the following priority be given to this review:

- An immediate focus on streamlining the operational licensing application process undertaken by the QBCC to ensure licensing requirements are transparent, easy to understand, and implemented consistently by the QBCC. We note that licensing guidelines are in the process of being developed by the QBCC. We support the development of these guidelines continuing.
- An initial focus on improving the timeliness and consistency assessing licensing applications which rely on qualifications and experience gained internationally and interstate.
- A later detailed review of license classes and scope (including any new license classes), and consideration of matters identified in the preliminary recommendation.

## Implementation

This recommendation should be implemented in line with the priorities outlined above and in line with Reform Direction 8 for QBCC Performance.

#### PRELIMINARY RECOMMENDATION 19 – REGULATORY IMPACT ANALYSIS OF PENDING OCCUPATIONAL LICENSING

For any pending changes to occupational licensing that have the potential to increase requirements for the construction industry and have not been subject to an assessment under



Queensland's Better Regulation Policy, the Queensland Government should suspend their commencement until that analysis is completed.

#### **RESPONSE & FURTHER INFORMATION**

We support this preliminary recommendation. We note that proposed introduction of fire licensing and training requirements would have benefited from an assessment under the Better Regulation Policy.

#### **Implementation**

To be implemented pending any changes to occupational licensing as outlined in the preliminary recommendation.

#### **PRELIMINARY RECOMMENDATION 20 – REMOVING BARRIERS TO LABOUR MOBILITY**

The Queensland Government should:

- join other states and territories in participating in Automatic Mutual Recognition of occupational licences, at least in relation to the construction industry
- automatically recognise equivalent licensing obtained in other states for construction workers.

#### **RESPONSE & FURTHER INFORMATION**

This preliminary recommendation is supported.

Master Builders supports measures to remove the barriers to labour mobility such as the introduction of Automatic Mutual Recognition (AMR), however we note that there are a number of complicating factors that currently provide a barrier to achieving this. The most notable barrier to implementing AMR is Queensland's Minimum Financial Requirements which do not apply in other jurisdictions.

#### **Implementation**

We urge that any implementation of AMR be carefully planned out to ensure there are no unintended consequences or lowering of overall technical or quality in standards.

### **7.3. Skilled overseas migration**

#### **REFORM DIRECTION 11 – OPPORTUNITIES TO BETTER UTILISE SKILLED OVERSEAS MIGRATION**

Queensland Government to:

- advocate for an increased allocation from skilled international migration
- nominate more subclass 190 or 491 visas for construction trades
- reduce duplicative skills assessments, or to recognise equivalent overseas qualifications of potential immigrants.

## RESPONSE & FURTHER INFORMATION

Master Builders strongly supports all opportunities to increase the pool of qualified construction trades by increasing skilled migration. Shortages in skilled labour is a serious barrier to productivity. Skilled migrants represent an important part of the building and construction industry and its ability to remain robust and resilient with around a quarter of all industry participants born overseas. Migrants in building and construction are in many ways set up to fail by Australia's systems.<sup>8</sup>

The pathway to licensing in Queensland for those with overseas qualifications must be clear and easy to navigate. Comparable, or better international qualifications must be identified and exempt from hefty skills assessment processes. Having the right people here is of little value if they cannot work on Queensland construction sites. There are many reports of how challenging this process can be.

*"I am originally from the UK where I had a building company, I have worked in the construction industry for around 25 years, I have worked on large commercial jobs concreting lift shafts and stairwells, concrete slabs on nuclear power plants the size of 6 football fields and found my true home on small commercial and domestic jobs renovations extensions kitchens bathrooms. I came to Australia on a 190 permanent resident visa as a carpenter and found it takes 2 years to get a licence even though I had to show I had 8 years' experience as a carpenter to get my 190 visa. There is a massive disconnect where Australia recognises my skills but the QBCC doesn't, claiming Australian carpentry is different to the UK. Well yes - once I did my 2 years Australian experience and showed my skills I was able to apply for 7 different trade licences - carpenter, joiner, sheds carports garages, metal gutters fascias, structural landscaping, floor laying, roof and wall cladding. There are so many British trades here who feel we have been scammed to get trades here only to find out we are not allowed to work due to stupid licence requirements."*

*"I've been a carpenter my whole life, was a builder in the UK first 8 years, been jumping through hoops since I've been back trying to get my builders licence and the QBCC are no help whatsoever."*

*"Completing my Cert IV in Building & Construction and then not being able to get the QBCC licence as I completed 20 yrs of building in the UK 15 yrs ago but I cannot provide the proof required. Also asking in person at QBCC for guidance and being told they weren't allowed to answer my questions. Having to go to NSW to obtain*

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<sup>8</sup> [Master Builders Australia, The future of the Workforce: Skilled Migrants in Building and Construction](#)

*my restricted structural landscaping licence and then having to come back to QLD to get mutual recognition.”*

### Implementation

This recommendation should proceed as an urgent priority. There is an opportunity to start with reform that bridges the qualifications in countries with systems similar to Australia, such as the United Kingdom. In addition to recognising overseas qualifications, it is also important to recognise overseas experience.

The mechanism to do this could be a review and update to the [Technical qualifications for building and construction licences](#) document. It has not been updated since December 2022 and is an opportunity to address the issues with recognition of overseas requirements.

Building and construction trades would also benefit from a gap training qualification to ensure skilled migrant tradespeople who have a qualification from a comparable jurisdiction can be quickly and comprehensively upskilled for the Australian workforce.

## 7.4. Labour hire licensing

### REFORM DIRECTION 12 – LABOUR HIRE LICENSING

The Commission is considering whether existing labour hire licensing requirements should be applied to construction work, noting the rationale for labour hire licensing appears weaker for construction than for other industries.

### RESPONSE & FURTHER INFORMATION

Master Builders supports the review of the existing Labour Hire Licensing arrangements for suitability to industry. Master Builders has not identified any value created or improvements by the introduction of the licensing regime. Similarly, there has been no evidence that it has created a burden for builders or contractors. This suggests the licensing regime serves no purpose in the building and construction industry and could easily be exempt from the regulation with no impact. This model is currently operational in South Australia.

If it remains, any changes must be sure that builders and contractors maintain the flexibility to ‘lend’ their workers to another contractor to help with short-term fluctuations in work. As the *Labour Hire Licensing Regulation 2018* excludes ‘In House’ employees from its scope this practice does not fall within the remit of labour hire. It is important that this be allowed to continue.

### Implementation

This is not an immediate reform priority.

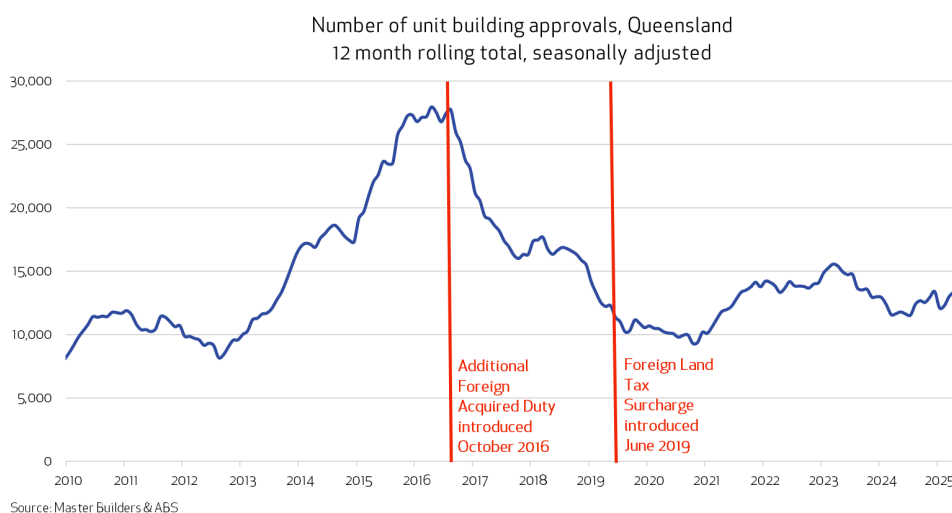
## 8.0 OTHER MATTERS

### 8.1. Taxes on foreign investment

#### RESPONSE & FURTHER INFORMATION

All taxes on new construction increase overall project costs and reduce project viability – reducing the likely of new construction proceeding. Foreign investment in new construction has enormous potential to increase the supply of housing.

We have seen this in Queensland following the introduction of the Foreign Land Tax Surcharge and the Additional Foreign Acquirer Duty. Both surcharges were brought in without a proper assessment of how they would affect the supply of new housing. Following the introduction of each of these taxes there was a noticeable decline in approvals for new unit developments.



To boost housing supply and meet the state's housing targets, it is essential to unlock the viability of new unit developments. Removing these two taxes would be a significant step toward achieving that goal.

These taxes should either be removed or, at the very least, be subject to an urgent and thorough impact assessment.

## 8.2. Utility connections

### PRELIMINARY RECOMMENDATION 21 – UTILITY CONNECTIONS

Any requirements or conditions applied by utility providers should align, as far as practicable, with existing agreed standards. Where they do not align, the utility provider should offer clear, transparent, and evidence based justifications for any differing requirements imposed.

### RESPONSE & FURTHER INFORMATION

As far as possible there must be certainty and transparency in the process of utility connections to ensure that developments for new construction must be serviced by the timely and efficient provision of utility services. As a minimum, this requires ensuring that utility providers align with existing agreed standards and operating manuals is essential.

*“More is needed. You can get a development approval and a building approval through and even got through the court system before you can get an operational works approval from Energex.”*

Master Builders has a newly instigated schedule of regular meetings with the new division of Customer Connections. These meetings have only recently commenced, so no results or progress can be reported yet.

#### *Guaranteed Service Level (GSL)*

The existing performance standards and metrics are not appropriately incentivising performance. In particular, the GSL commitment and reporting is flawed, with numerous exceptions and departures from EQL’s obligation to meet GSL connection timeframes. If a connection request is ‘defected’, or if the contractor is taken to have ‘agreed’ to an extended timeframe, the GSL no longer applies. Examples of unintended outcomes include:

- Connection request delayed by EQL. On the planned date the site was suitably clear for the connection. On the date EQL turned up, the roofer had delivered trusses to site and these were placed too close to the meter to enable connection. The connection was then ‘defected’.
- EQL sent text message to contractor to advise of delay to connection. Their lack of response or dispute the new date was taken as agreement to extended timeframe and GSL no longer applied. The message was not sent in the form of a question but rather as a statement.

In both circumstances the GSL should apply, and that the GSL should only be waived if the contractor has agreed in writing to both an extension and non-application of GSL, or if there is a defect, not caused by a delay.

#### *Transparency & recourse*

The recourse available is also not appropriate to scale of costs being reported. There needs to be metric reporting that covers new development and new construction.

Currently there is no oversight of the process or opportunity for recourse which could be addressed by:

- Developers and builders should be made a 'relevant customer' under the *Energy and Water Ombudsman Act 2006*, enabling the Ombudsman to take industry complaints and use existing powers to direct resolutions.
- Establishing a new suite of developer and builder customer KPIs for oversight by Queensland Energy and Water Ombudsman to conduct a systemic issues investigation into delays (with reference to the Electrical Safety Office) and other obstacles to rapid housing delivery.

### Implementation

The scope of the existing Queensland Ombudsman should be immediately expanded to include issues with utilities connections.

## 8.3. EQ EBA

### EXTENSION OF ENERGY QUEENSLAND'S ENTERPRISE BARGAINING AGREEMENT RATES OF PAY TO CONTRACTORS AND SUBCONTRACTORS

#### RESPONSE & FURTHER INFORMATION

The definition of 'core works' which governs the scope of the 2024 Energy Queensland Union Collective Agreement (the EQ EBA), sits within the agreement. For this reason they cannot be varied out without the agreement of all parties to the agreement, the employer and the unions. There is no expectation that this will be possible.

Going forward there should be a requirement within government that enterprise agreements cannot include clauses which bind third parties who are not signatories to the agreement (also known as 'jump up' clauses).

Change can then be affected when the next agreement is due to be negotiated in 2028.

#### Implementation

In the short term we support efforts to revise the definition of contestable works, so that subcontractors are no longer covered by the EQ EBA.

Requirements for prohibited terms and conditions should be implemented prior to the next EBA due in 2028.

## 9.0 FURTHER MATTERS FOR CONSIDERATION

### 9.1. Banks and financial institutions

Financial institutions play a significant role in creating housing productivity problems through their rigid lending practices and risk-averse behaviour. One key issue is their frequent refusal to support or recognise valuations of building works. This often undervalues housing projects, restricting borrower capacity and slowing development timelines. In turn, builders face difficulties securing the finance needed to deliver housing efficiently.

Another barrier arises from delays in the release of progress payments to builders. Banks and lenders typically require extensive checks before approving payments, leading to weeks-long delays that disrupt construction schedules. Builders, who rely on steady cash flow to pay subcontractors and suppliers, are left carrying significant financial risk. These interruptions not only inflate project costs but also extend completion timeframes, further worsening Australia's housing supply shortage.

Additionally, financial institutions rarely support flexible payment schedules (such as accepting Method B payment schedules in the Master Builders Residential Building Contract) that reflect the realities of modern construction practices. Instead, they enforce rigid, standardised milestone payments, which fail to accommodate variations in project size, complexity, or market conditions. This inflexibility reduces builder productivity and financial stability, ultimately constraining housing delivery. Collectively, these practices by financial institutions create systemic bottlenecks that undermine efficiency and exacerbate Australia's housing affordability challenges.

The Queensland government could assist the building industry to resolve these issues by convening collaborative discussions between financial institutions, builders and peak bodies, and subject matter experts (valuers, quantity surveyors) to find workable solutions to these identified problems.