

11 November 2024

The Honourable Samuel O'Connor MP
Minister for Housing and Public Works and Minister for Youth

EMAIL: bonney@parliament.qld.gov.au

Dear Minister O'Connor,

As the leading industry body for building and construction in Queensland, Master Builders represents 10,000 members across the state. We not only represent builders and tradies, but also champion the interests of apprentices, small and family businesses, large enterprises, and consumers. We share a commitment to ensuring Queensland's construction sector is well-functioning, so we are able to deliver the homes and infrastructure our growing State needs.

On behalf of the industry, Master Builders congratulates you on your appointment as the Minister for Housing and Public Works and Minister for Youth.

As you are aware, our industry is facing major challenges as we work to deliver the housing and key State Government projects for our community. Against the backdrop of the dual housing and cost-of-living crises, we have also been working to adapt to massive regulatory change, while facing stretched construction programs impacted by shortages of skilled labour and limits on productive hours on site.

In short, red tape is slowing down building, pushing up costs, and stifling productivity.

We need your help to remove the unnecessary regulation that is standing in the way of new construction. We also need the Government to work with us to create a positive environment for new construction, and to help ensure that our industry has the tools it needs to meet these challenges.

I have attached our 'Building our Future' plan, detailing the urgent reforms that we believe are needed drive change for our industry, and carry our state forward.

There are some easy wins on offer, with urgent decisions to be taken to turn things around quickly. The reviews and pledges we have welcomed from the Government, including those to be examined by the re-established Productivity Commission must be advanced as a priority, and there is other work underway that should continue.

Ahead of this there are urgent actions that we are asking the Queensland Government to consider immediately, including:

1. Halt the expansion of the project trust account regime to smaller projects. With the first tranche due in March, this must be top of the agenda to stop businesses going to the wall.
2. Remove the Best Practice Industry Conditions (BPIC) from new government tenders immediately. Government can't deliver projects on time and on budget as long as BPIC applies.
3. Action the essential changes to the National Construction Code 2022.

Congratulations again on your appointment. The Crisafulli Government's promise of a 'fresh start for Queensland' delivers the opportunity for us to work together to take urgent action to see the plan delivered.

Regards,

Paul Bidwell
CEO

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Building our future

Urgent reforms for Queensland's construction industry

As the Crisafulli Government gets to work, they will find a building and construction industry facing major challenges in delivering the enormous pipeline of work that our Queensland communities need.

Our industry has been working hard to deliver on the homes, schools and hospitals Queensland needs, while adapting to massive regulatory change and a challenging economic environment. Work programs have been stretched due to shortages of skilled labour and limits on productive hours.

The Crisafulli Government has committed to 'The Right Plan for Queensland's Future' and under that plan to ensuring that Queensland's construction sector is well-functioning and able to deliver the homes and infrastructure our growing State needs.

Under this Plan we need Government to urgently turn its attention to removing the unnecessary regulation that is standing in the way of new construction.

We also need Government to work with us to create a positive environment for new construction and to help ensure that our industry has the tools it needs to meet these challenges.

SOLUTIONS

The Crisafulli Government has made a commitment to deliver on housing targets, tackle construction industry productivity through a new Productivity Commission and refocus on red tape reduction for small business.

To achieve these goals some urgent decisions are needed before hard deadlines are passed, and some easy wins on offer for the new Queensland Government to help turn things around in the immediate future.

The first priorities:

- Halt the extension of project trust accounts to smaller private projects.
- Remove BPIC from new government tenders.
- Action the essential changes to the National Construction Code (NCC) 2022.

Beyond these first steps, there are opportunities for sustainable reform. There are reviews and pledges must be advanced as a priority, and there is work underway that should continue.

Master Builders has a plan for building our future and we need the Queensland Government to work with us to see that it is delivered.



Productivity



Restore industry productivity (Productivity Commission agenda):

- Security of Payment
- Best Practice Industry Conditions
- Queensland Building and Construction Commission (QBCC)

It is imperative that the Productivity Commission move quickly to recommend ways to restore productivity to the building industry. While the Productivity Commission reviews provide a positive path, there is the danger they could cause further delay. The reviews must proceed urgently, and the resulting recommendations implemented quickly. We already have clear evidence on what needs to be done.

As a priority the Commission should carefully and urgently consider main key issues holding our industry back.

Security of Payment

Queensland needs a security of payment system that is fair, clear, and simple. Project trust accounts do not meet these criteria and should be scrapped. They have been shown not to work; they don't protect payments in insolvency and come at a high administrative cost. In fact, the Queensland security of payment system already includes several elements designed to ensure contractors are paid on-time and in-full when owed. Understanding and access to these tools should be improved. Retention trust accounts are an element of the security of payment protections that would prove more effective.

The project trust regime is legislated to roll out to smaller projects in 2025 – those over \$3 million on 1 March 2025, and over \$1 million on 1 October 2025. Not stopping the rollout could kill many smaller construction businesses. And there is ample evidence that the project trust regime should be scrapped altogether.



Halt the extension of project trust accounts to smaller private projects.

Best Practice Industry Conditions (BPIC)

Our analysis shows that right now, if BPIC is applied to its full extent, the cost to build a two-bedroom unit blows out by 33 per cent, while up to 96 days are lost in a calendar year because of the way working days are micro-managed. [Tulipwood Economics](#) also report that BPIC (dubbed the "CFMEU tax") is costing taxpayers at least \$1 billion a year on large state-funded construction projects. Members are telling us that they will not tender for government work or subcontract on government projects if it means subjecting their businesses to BPIC, significantly reducing the pool of available contractors. Removing BPIC will not compromise worker safety or building quality which are provided for through many other mechanisms.



Remove BPIC from new government tenders immediately.

The Productivity Commission also needs to urgently recommend ways to restore industry productivity. Measures such as the re-introduction of a Building Industry Procurement Code backed by a dedicated building and construction industry watchdog with real teeth should be key recommendations of its inquiry into the building industry.

Queensland Building and Construction Commission (QBCC)

Reform of the QBCC and its processes is needed to ensure that its regulation of the industry is fair and accountable. Through immediate operational change and longer-term strategic and structural reform, the building industry regulator can be transformed to a more dynamic, transparent and risk-based regulator that focuses on its core regulatory functions supported by industry-experienced and knowledge staff.

Housing



Clear barriers adding cost and delay to housing supply:

- National Construction Code 2022
- State Planning Codes
- Fire licensing changes

National Construction Code (NCC) 2022

A review is underway into the requirements introduced in NCC 2022 which are adding cost and technical challenges to the delivery of new housing. This review must be comprehensive, covering issues that stem from both the policy and technical concerns, and continue as an urgent priority.

Master Builders has sought the feedback of builders who are currently working to these new rules and has a list of [10 essential changes](#) needed to avoid the worst of cost hikes and technical problems.



Action essential changes to the NCC 2022.

State Planning Codes

Government has made a commitment to work directly with councils to streamline housing approvals.

There is an opportunity to achieve this through ongoing efforts to develop statewide planning codes for the basic siting and design of detached houses, secondary dwellings, and small attached dwellings like townhouses and small unit blocks. The codes should be drafted to provide a consistent, mandatory set of rules for the building envelope – applying maximum building height, front, rear and side setback minimums, maximum site cover, and requirements for private open space.

Local governments would continue to manage the size of lots and character and amenity concerns such as heritage, sensitive environment areas and density requirements through their planning schemes.

Done well, these codes will set a consistent, best practice standard, allowing more housing developments to access the 'Accepted Development' approval path, delivering significant cost and time efficiencies. Existing work on the series of 'gentle density' codes must continue to set a state-wide, consistent, best practice standard.

Delay fire licensing changes

To avoid unintended consequences, there is more work to be done before the final wave of fire protection licensing legislation affecting all licensed builders is rolled out. Industry education and awareness is needed around the change, and ample lead-time to apply for and secure the new licence. The 2 May 2025 deadline is simply too soon for government and industry and there must be a delay.

Small business



Refocus on red tape affecting small business should address:

- Domestic Building Contract deposits
- Duplicate safety reporting
- Unnecessary WHS regulation
- Free Australian Standards
- Support for subcontractors
- Small business grants

As part of its “The First 100 Days” plan, the Crisafulli Government has committed to refocus the Small Business Commissioner on red tape reduction and dispute management for small businesses.

The Queensland building and construction industry comprises largely small- and micro-businesses. Our industry is structured differently from other sectors and is highly regulated. The challenges faced by small construction businesses are therefore unique to our industry. Efforts to reduce red tape must address these specific needs.

Deposit on domestic building contracts

The 5 per cent maximum deposit allowed under a domestic building contract needs to be addressed. The cap is restricting proper upfront investment in site and design assessments that play an important role in achieving high-quality, compliant projects.

Duplicate safety reporting

The duplication of safety reporting notification and investigations is unnecessary and should be removed. Work Health Safety Queensland is the safety regulator. Builders should not be penalised for failing to issue duplicate notices to the QBCC. Interventions should be focused on effecting genuine improvement in safety, and not unnecessary paperwork.

Unnecessary Workplace Health and Safety regulation

Recent changes to workplace health and safety regulations are worsening red tape without any practical benefit. Many are duplications of existing requirements, add additional administration for no benefit, and some are not workable on construction sites.

Free access to referenced Australian Standards

Standards referenced in the NCC form an essential part of the Code. Practitioners cannot meet the requirements of the Code without accessing the referenced Standards. Regulation must be readily and freely available. This could be achieved by States and territories increasing their contribution to the Australian Building Codes Board under the Intergovernmental Agreement.

Support building subcontractors

Empower the Small Business Commissioner to assist building and construction subcontractors to:

- access existing security of payment protections
- assist subcontractors resolve payment disputes, and
- navigate Queensland’s complex regulatory system for building and construction.

Small business grants

Master Builders has long advocated for grants for small-to-medium building enterprises to adopt business improvement software and welcomes the LNP's commitment to deliver these grants for small and family construction businesses. This should be implemented as a priority, and we are ready to provide input to help ensure the grant is structured to deliver real and practical benefits to small businesses in the building and construction industry.

Continue



Continue the work on longer-term priorities that is underway:

- Modern Methods of Construction
- Building product assurance
- Environmental sustainability
- Building resilience

Modern Methods of Construction (MMC)

MMC provide an opportunity to improve productivity, quality and safety through innovation in building methods. For MMC to reach its full market potential, the risks of adoption must be addressed, and a stable and reliable level of production is required. To this end, the work under the Government's current MMC program being led by QBuild and the Queensland Government Architect should continue and extend into addressing these priorities. We also ask that government looks to funding opportunities for practical learning and training in MMC opportunities, such as the proposed the Construction Innovation Hub at the Construction Training Centre.

Building product assurance

Building ministers nation-wide are working to advance a building product registration scheme to address the problem of insufficient information in building product supply chains. This work must continue, and additionally be refocused to align with the recommendations under the National Building Products Assurance Framework. Master Builders, as a founding member of the National Building Products Coalition, has been working to help advance the implementation of the Framework. To date, the industry alliance has developed a [Proposal for Change](#) to the NCC Evidence of Suitability Provisions, and an implementation guide for [Traceability and Digitalisation of Building Product Information](#). Together, these enable greater certainty of information in building product supply chains. It is important that this work continues.

Environmental sustainability

Ambitious targets have been put in place both by government and industry to improve the environmental sustainability of buildings. To date, efforts to achieve these targets have focused largely on adding additional layers of regulation to new construction, leaving those in existing buildings that do not meet the modern requirements. They also fail to provide interventions where they could have the greatest effect. Master Builders wants to work with government to develop a system-wide approach that achieves the targets in the most cost-effective and practical way.

Resilience of the building environment

Resilience is intended to be included as an objective in the next iteration of the National Construction Code (NCC 2025). As regulators consider how resilience is to be applied in practice, they must start with a detailed understanding of the risk; its nature, scale, and where it could occur. Homeowners also need guidance on how to transition existing properties to make them more resilient. To this end, the already-successful [Household Resilient Fund](#) (wind) and [Resilient Homes Fund](#) (flood) must be continued, and expanded in scale and scope.