

Registration and licensing of building trades – Master Builders Victoria response to Stage 1: Consultation questions

12 August 2019

Introduction

Master Builders Victoria ('Master Builders') is the leading voice in building and construction in Victoria and welcomes the opportunity to provide input into the registration and licensing of building trades. Master Builders has long supported the introduction of a domestic mandatory trade registration system that is simple, effective and practical in its approach, so as to ensure the quality of construction work conducted. This is achievable by first focusing on key existing trades identified as having significant quality gaps and deemed important to the structural integrity of the building. Introducing such a system will ensure that the Victorian building and construction industry remains an industry that prides itself in promoting continuous improvement and excellence.

However, the scope of the *Building Amendment (Registration of Building Trades and Other Matters) Act 2018* ('the Act') encompasses both the domestic and commercial sector. As a result, Master Builders believes that in order to successfully implement such a registration system, a new framework for registration must be created across the domestic and commercial sectors. The current dichotomy between domestic and commercial registration is inconsistent with the reality of how work is conducted across much of the industry.

One possible structure for registration is categories based on height of construction which can be applied across the domestic and commercial sectors:

- Builder Unlimited
- Builder Limited (medium rise)
- Builder Limited (low-rise)

Master Builders in the past has advocated for such registration categories, though this was restricted to the Registered Builder. Given that amendments to the *Building Act 1993* allow trade registration of subcontractors to encompass both the domestic and commercial sector, such a registration model would enable Victoria's registration system to align more closely with the educational outcomes and skills required to carry out building work. It will also align the system with the builder registration schemes in many other jurisdictions, which do not distinguish between commercial and domestic registration.

Master Builders has fundamental concerns with the proposed licensing scheme for employees. First, the reasons for introducing employee licensing are unclear. Extending mandatory registration to a sub-contracting sole proprietor or company is a logical step to facilitate an improvement in standards. By contrast, employee licensing, particularly under a system without comprehensive training requirements, runs the risk of adding little to no benefit in quality, while imposing immense cost on the industry, which ultimately will be borne by the consumer.

The question also remains whether such a scheme can feasibly be introduced into the industry given the lack of officially defined scopes of work currently conducted by construction employees. Defining clear work roles in the

IS YOUR BUILDER A MASTER BUILDER?



building and construction industry is an exceptionally difficult task as work roles are often multi-varied and ever changing in scope. In particular with the latter, this is due to changes in construction techniques and technology. Increasing demand for sustainable buildings and developments in pre-fabrication technology are examples of this.

As such, prior to any consideration for an employee licensing scheme, the criteria identified in Part 2 (particularly criterion 8) should be used to identify the types of work conducted in the industry which justify a licensing scheme. Any licensing scheme should only be applied in areas where sufficient deficiencies exist and where the benefits outweigh the cost of implementation.

Should employee licensing be introduced despite our strong concerns with it, knowledge and skills relevant to the work function must be the same across registered and licensed individuals. This is necessary to facilitate consistency and quality across the industry.

The aforementioned concerns will guide our responses to the following consultation questions.

1. Part 1: List of building trades and scopes of work

1.1 What building trades perform building work in Victoria? What activities are included within the work they perform?

Master Builders strongly advocates that in order to successfully implement a simple, effective and practical mandatory registration and licensing scheme, the categories of trades must be defined by the scope of work performed, rather than the traditionally accepted names of the trades.

Master Builders has analysed the potential categories and scopes of work. Our research supports the position that an approach that simply lists a trade, for example as 'Carpentry', would be unworkable in practice. This is because it does not allow for the adequate definition of the specific tasks that would be required to be performed under the new framework, nor the specific skills required to carry out these tasks.

Please refer to **Appendix 1** for an example of a trade that has been mapped which demonstrates the variety and complexity of work that this one trade performs across the industry. This shows that a carpenter's tasks range from more straightforward tasks such as hanging a door, to erecting ceilings, erecting and dismantling formwork for footings and slabs, and framing an entire house.

Master Builders recommends that DEWLP allocate resources to adequately define the relevant scopes of work.

1.2 What is the preferred method of engagement of each trade (i.e. contracted, subcontracted, employed or a combination) and why?

Within a business, there is a core group of employees, likely to consist of administrative and site personnel, supplemented by subcontractors.



These arrangements allow building contractors to draw on specific skill sets as required in the build process, meaning that the appropriate specialised skills for specific aspects of construction can be utilised across the industry.

Registration of contractors and subcontractors/licensing of employees: minimum training and experience requirements

Due to the current lack of clarity around how the scopes of work will be defined, Master Builders is not currently in a position to make recommendations on the training and experience of either registration or licensing.

Appropriate mapping of the skills, educational and experience requirements are dependent upon having a clear, unambiguous definition for the scope of work covered. Master Builders can assist in defining these requirements once a clearly defined scope has been provided.

Master Builders' analysis makes clear that if employee licensing becomes a feature of the new framework, then the level of skills and qualifications required for construction tasks for both registration and licensing must be equal in order for the successful implementation of the new system. It is recommended that, in addition to the level of skills and knowledge required for registration, appropriate units of competency that cover business management, contracts and building permit processes, are needed.

Appendix 2 shows an example of this recommended qualification framework.

Once defined scopes of work are presented Master Builders would be in a position to make more detailed recommendations.

2. Criteria to identify areas of building work

Master Builders believes the average cost of defects associated with each scope of work should be the main criterion to efficiently address market failure caused by defective building work. As such, among the listed criterions, Master Builders notes that Criterion 8 should take precedence in determining the priority areas of building work. This will ensure the implementation of these changes provides maximum benefit to both industry and consumer.

Criterion 1: The number of people in each trade currently working in the building industry. Do you agree with this criterion? Please provide reasons

Master Builders agrees that determining the number of people in each trade is a factor in ascertaining the degree to which the system can effectively adopt a mandatory trade registration/employee licensing scheme.

However, Master Builders believes the average cost of defects associated with each scope of work should be the main criterion to efficiently address market failure caused by defective building work. The Victorian Managed Insurance Authority (VMIA) or the Domestic Building Dispute Resolution Victoria (DBDRV) are bodies where such data is likely available.

IS YOUR BUILDER A MASTER BUILDER?



Criterion 2: The number of people in each trade likely to enter the industry in the future. Do you agree with this criterion? Please provide reasons.

Similar to Criterion 1, Master Builders agrees that the above criterion is a factor in ascertaining the degree to which the current system can effectively adopt mandatory trade registration/employee licensing system.

However, Master Builders reiterates that the average cost of defects associated with each scope of work should be the main criterion to efficiently address market failure caused by defective building work. The costs and consequences of any poor workmanship are a more important indicator of where to prioritise efforts in implementing this change of legislation.

Criterion 3: Availability of training pathways for each trade. Do you agree with this criterion? Please provide reasons.

Master Builders does not believe that training pathways is the determining factor when ascertaining the priority areas of work. There are areas where the cost of defective building work is high, and yet training pathways for them are not sufficiently comprehensive, such as concreting and waterproofing. It would be of great benefit to industry and consumers if these areas were prioritised, and training pathways were developed as part of implementation.

Criterion 4: The number of people in a particular type of trade already likely to have a relevant qualification. Do you agree with this criterion? Please provide reasons.

Master Builders does not agree with Criterion 4 as the number of people already qualified in a trade does not necessarily reflect greatest industry need. See our responses in Criterion 8 for more information.

Criterion 5: Risks associated with the performance of particular types of building work by trades. Do you agree with this criterion? Please provide reasons.

As noted previously, the costs of defects associated with each scope of work should be the main criterion to efficiently address market failure caused by defective building work.

Criterion 6: Complexity of work performed by the trade. Do you agree with this criterion? Please provide reasons.

Master Builders does not agree with this criterion as we are not aware of any evidence demonstrating a causal link between the complexity of work and the level or impact of defects in a given work area. Often more complex work will be carried out by more highly skilled workers, in more tightly controlled conditions.

Criterion 7: Market conditions. Do you agree with this criterion? Please provide reasons.

The Victorian building and construction industry is complex and sensitive towards economic conditions. With this in mind, care is required when introducing a new registration and licensing scheme to minimise disruption to the industry and to ensure the long-term success of this new system.

IS YOUR BUILDER A MASTER BUILDER?



Criterion 8: Issues with the performance of a particular type of work (for example prevalence of non-compliant work or defects). Do you agree with this criterion? Please provide reasons

Master Builders agrees with this criterion and that this should be the main basis for considering the priority areas.

As noted, the current costs of defects associated with poor workmanship are not only a significant financial impost on both the registered builder and consumer, but also pose issues pertaining to public health and safety.

3. Change Management

Time required to plan and prepare for registration and licensing

Master Builders considers that ratifying these timeframes is not possible until the individual scopes of work are clearly defined.

Master Builders believes that more time is required first to fully develop clearly defined scopes of work before any consideration towards the implementation of registration and licensing.

Conclusion

Master Builders have long supported the introduction of a domestic mandatory trade registration system that is simple, effective and practical in its approach to improve quality, with the initial focus on trades integral to the structure of the building. As outlined in our submission, thorough analysis of the scope of work to be included in the registration framework is required before proceeding further.

Master Builders will continue to make available our industry expertise in order to assist government in defining the scopes of work, training pathways, and other relevant elements as required.



Contact details

For further information regarding this submission, please contact the following Master Builders team members:

- Rebecca Casson, Chief Executive Officer,  rcasson@mbav.com.au  03 9411 4501
- Matthew Loughlin, Chief of Staff,  mloughlin@mbav.com.au  03 9411 4511
- Kevin Hoang, Policy Advisor,  khoang@mbav.com.au  03 9411 4531

IS YOUR BUILDER A MASTER BUILDER?



Appendix 1

Example of trade and scope of work

Trade name:	Scope of work: (defined from trade qualification units)	Skills they learn when completing the trade:	Variety of work the trade does:
Carpentry	<ul style="list-style-type: none"> • Carry out general demolition of minor building structures • Carry out setting out • Carry out levelling operations • Carry out excavation • Carry out concreting to simple forms** • Install flooring systems • Construct wall frames • Construct ceiling frames • Erect roof trusses • Construct pitched roofs • Construct eaves • Erect and dismantle formwork for footings and slabs on ground** • Construct advanced roofs • Install and replace windows and doors 	<ul style="list-style-type: none"> • Read and interpret plans and specifications • Use explosive power tools • Use carpentry tools and equipment • Handle carpentry materials • Plan and organise work • Work effectively and sustainably in the construction industry • Work safely at heights • Apply ohs requirements, policies and procedures in the construction 	<p>Management/coordination tasks</p> <ul style="list-style-type: none"> • Coordinating and supervising sub-trades • Coordinating and supervising required trades for altering sanitary plumbing, water, gas drainage and electrical works • Undertaking all required planning and preparation • Consultation with land surveyor or property owner <p>Structural – class 1 and 10</p> <ul style="list-style-type: none"> • Fixing panelling for works, including setting out, marking, measuring, cutting and fabricating timber and metal wall frames

IS YOUR BUILDER A MASTER BUILDER?



	<ul style="list-style-type: none"> • Frame and fit wet area fixtures • Install lining, panelling and moulding • Construct timber external stairs • Install exterior cladding • Install trench support • Erect and dismantle restricted height scaffolding 	<p>industry</p> <ul style="list-style-type: none"> • Conduct workplace communication • Carry out measurements and calculations 	<ul style="list-style-type: none"> • Connecting and bracing frames according to design specifications • Preparing, fabricating and installing framing • Support work associated with glazing • Constructing and erecting timber and metal wall framing and roof structures • Constructing and installing subfloor framing, including bearers, joists and stumps • Installing window and door frames • Erecting ceilings • Erecting sub floor framing • Installing sheet flooring • Placing roof trusses • Assembling and erecting partition frames. <p>Internal work – class 1 and 10</p> <ul style="list-style-type: none"> • Demolishing an existing bathroom, kitchen or laundry (knowledge of asbestos containing materials) • Altering or constructing wall framing and ceilings
--	---	--	---

IS YOUR BUILDER A MASTER BUILDER?



			<ul style="list-style-type: none"> • Installing fixtures such as baths, shower bases, spas and the like • Installing all wall and ceiling linings, including wet area lining • Selecting appropriate waterproofing and applying waterproofing systems to the bathroom, kitchen, laundry or the like • Altering windows and/or doors • Installing skylights (Flashing to be installed by registered/licensed plumber) • Installing or repairing wall and/or floor tiling, including splashbacks • Installing joinery for basins, sinks, troughs, WC suites, tapware, floor wastes etc. • Installing shower screens, mirrors • Installing all ancillary hardware • Undertaking plastering • Undertaking painting. • Estimating the costs of cabinet making work • Measuring and calculating materials and site installation location • Preparing cutting lists from job
--	--	--	---

IS YOUR BUILDER A MASTER BUILDER?



			<p>specification</p> <ul style="list-style-type: none"> • Constructing cabinets and components on site, adjusting when required, manufacturing, assembling and installing doors and windows and other finishes for joinery • Cutting and installing glass for joinery • Using aluminium, including the fabrication, assembly and construction of frameworks manufacturing aluminium grills and louvres stair construction constructing stairs, including setting out, manufacturing, assembling and installing different internal stair types and their components. • Different stair types can include straight flighted, curved and geometric, and they may be constructed of timber and non-timber materials. • Manufacturing stair components, including stringers, treads, rises, wedges, balusters, newels, nosing's, glue blocks, wreaths and scrolls • Assembling and installing stairs and
--	--	--	---

IS YOUR BUILDER A MASTER BUILDER?



			<p>stair components on site.</p> <ul style="list-style-type: none"> • Fixing strip flooring • Erecting, altering and dismantling • Formwork for stair and ramps • Erecting, altering and dismantling the • Formwork for suspended slabs, • Columns, beams and walls. <p>External work– class 1 and 10</p> <ul style="list-style-type: none"> • Dismantling existing fences and gates according to job specifications • Determining bracing on gates • Installing a prefabricated/modular fence and associated gates • Installing hardware and operable components, including opening systems • Mixing, placing and finishing concrete appropriate to the work. • Constructing private garages and carports sheds, cabanas, gazebos and shade structures • Carrying out or managing or arranging the excavations of the site required for the work establishing the levels and preparing footings
--	--	--	--



			<p>where required (including stumps, slabs, pad footings etc.) Carrying out or managing the erection of frames, floors and walls of the non - habitable building</p> <ul style="list-style-type: none"> • Installing appropriate doors and windows to specification • Constructing retaining walls when they are part of the non-habitable structure. • Removing existing window or door units and their component hardware • Ensuring adequate structural support for the window or door to be installed • Preparing the opening and frame for the installation of the window or door • Positioning new or replacement window or door units, and fixing them to the frame according to plans, drawings and specifications • Fitting appropriate flashings • Testing and adjusting the installation to meet job specifications. • Straightening and preparing exterior
--	--	--	---

IS YOUR BUILDER A MASTER BUILDER?



			walls <ul style="list-style-type: none"> • Fixing edge finishing, flashing and insulation • Setting out, cutting and fixing • Horizontal weatherboards
--	--	--	---

Note: This table only takes into consideration the work a 'carpenter' could perform on a domestic site (class 1 and 10). To broaden the scope of work to include commercial classes of building would dramatically increase the scope and complexity.



Appendix 2

Training and experience requirements

Full Registration: Individuals in nominated trades will need to be registered in order to be a sole trade or run a company i.e. subcontractors (therefore, if they use a ABN). They can engage directly with head contractor (eg DB-U) **and** can engage with a client (enter contracts and apply for permits)

Provisional Registration: Individuals in nominated trades will need to be registered in order to be a sole trade or run a company i.e. subcontractors (therefore, if they use a ABN), can **ONLY** engage with head contractor (eg DB-U)

Full Licensing: Individuals in nominated trades will need to be licensed in order to work as employees.

Provisional Licensing: Individuals in nominated trades who don't have trade papers who need to be licensed in order to work as employees.

Note: Provisional registration would sunset after 5years- this category is to assist the current workforce with the transition.

IS YOUR BUILDER A MASTER BUILDER?



Training and experience requirements: registration

		Training					Experience
		Construction Induction Training	Certificate III in Trade	Awareness Workshop or competency-based exam <i>*for trades that don't have a Cert III</i>	Short Course: CPCBC4003A: Select and prepare a construction contract CPCBC4026A: Arrange building applications and approvals CPCBC4005A: Produce labour and materials schedules for ordering <i>CPCBC4012B: Read and interpret plans and specifications</i> <i>CPCBC4004A: Identify and produce estimated costs for building and construction projects</i> <i>BSBSMB404: Undertake small business planning</i>	CPCBC4001A Apply building codes and standards to the construction process for low rise building projects CPCBC4010B Apply structural principles to residential low-rise constructions CPCBC4011B Apply structural principles to commercial low-rise constructions CPCBC4006B Select, procure and store construction materials for low rise projects	
Registration	Provisional NOT Trade Qualified	✓					5 years min
	Provisional Trade Qualified	✓	✓				Post apprenticeship
	Full NOT Trade Qualified	✓		✓	✓	✓	5 years min
	Full Trade Qualified	✓	✓		✓		2 years post apprenticeship

IS YOUR BUILDER A MASTER BUILDER?



Training and experience requirements: licensing

		Training			Experience
		Construction Induction Training	Certificate III in Trade	Awareness Workshop or competency-based exam <i>*for trades that don't have a Cert III</i>	
Licensing	Provisional NOT Trade Qualified	✓			1-year min
	Provisional Trade Qualified	✓	✓		Post apprenticeship
	Full NOT Trade Qualified	✓		✓ (eg for waterproofing or concreting)	3 years min
	Full Trade Qualified	✓	✓ Apprenticeship (Trade Papers) * no trade papers yet avail for concreting		Post apprenticeship

Note: Once defined scopes of work are presented Master Builders would be able to make a more detailed recommendation.

IS YOUR BUILDER A MASTER BUILDER?

