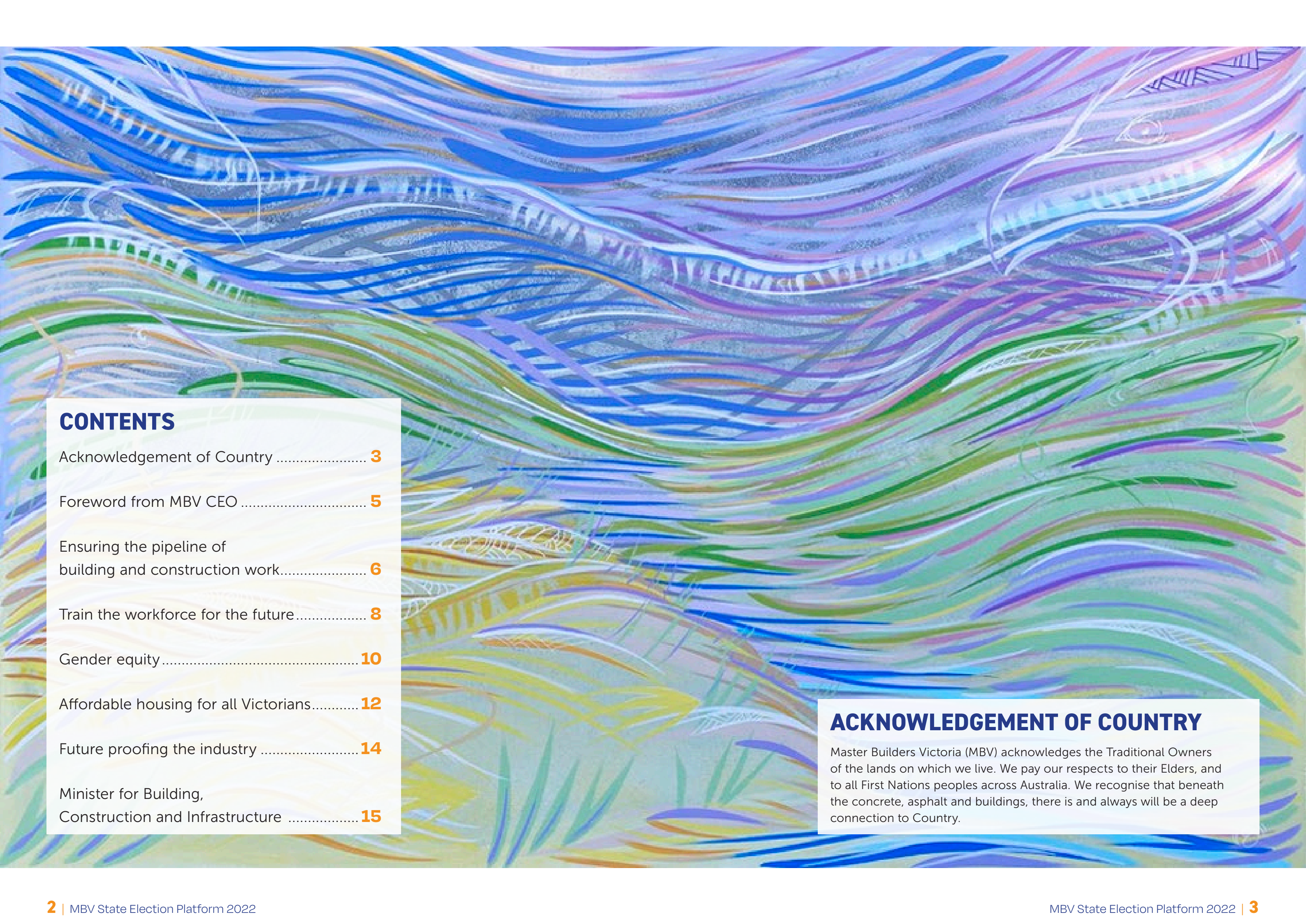




**MASTER
BUILDERS
VICTORIA**

STATE ELECTION PLATFORM 2022





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ACKNOWLEDGEMENT OF COUNTRY

Master Builders Victoria (MBV) acknowledges the Traditional Owners of the lands on which we live. We pay our respects to their Elders, and to all First Nations peoples across Australia. We recognise that beneath the concrete, asphalt and buildings, there is and always will be a deep connection to Country.



Our purpose

Master Builders Victoria: Empowering people to build a better future.

Our vision

Master Builders Victoria leads a future-ready industry that builds a better world.

Our values

- Members first – all the time, every time.
- Brave enough to be different.
- Do the right thing, even when no one is watching.
- Always find another way.

FOREWORD FROM MBV CEO

On behalf of MBV, I am pleased to deliver our election platform for the upcoming 2022 Victorian State Elections.

I also take the opportunity to highlight the value that the building and construction industry contributes to the state's economy.

Our sector is one of the most important to the state's economy. Building and construction is Victoria's second-largest full-time employer. When local government tax is included, our industry accounts for over 57 per cent of the state's tax revenue.

Our industry has one of the largest multiplier effects on the economy. Every \$1 million worth of residential building activity generates a total of almost \$3 million in economic activity, and nine full-time jobs are supported across the economy.

We enable the Victorian Government to deliver on important infrastructure and transport commitments. Our industry delivers housing, parks, schools, hospitals, and other important amenities for the liveability of all Victorians. We are critical to our community's well-being and the state's future prosperity.

Throughout the COVID-19 pandemic, the building and construction sector has been more fortunate than most to remain, for the most part, open – despite the many restrictions imposed upon it.

Despite the impacts of the pandemic, unprecedented supply chain issues and skills shortages, building and construction remained a large part of the state's

economy. The value of building and construction work done in 2020-21 accounted for 12 per cent of the state's Gross State Product.

Our industry is primarily made up of small businesses. Sole traders and businesses hiring up to 19 employees comprise 60 per cent and 39 per cent of the 113,875 building and construction businesses in Victoria, respectively. These businesses must continue to be supported post-COVID, so we can continue to play a role in our state's recovery.

Victoria has invested heavily in building and infrastructure. It will need to continue this effort as our communities work together post-COVID and rebuild Victoria as a place to invest, live and work.

This document is the result of extensive research by MBV and consultation with our members. It highlights the need for the building and construction industry to remain the backbone of our state's economy. The areas our platform covers are:

- Supply and skill shortages
- Women in Construction
- Housing affordability
- Futureproofing the industry
- Minister for Building, Construction and Infrastructure

Through this platform, we have identified 26 priorities that will help to ensure we can remain the cornerstone of our state's post-COVID economic recovery.

REBECCA CASSON

CEO, Master Builders Victoria



ENSURING THE PIPELINE OF BUILDING AND CONSTRUCTION WORK

Strengthening the supply chain

Supply and skill shortages are two critical issues for our industry that impact building and construction work. This has strained our ability to deliver anything from apartments to residential housing and other infrastructure. We applaud the Victorian Government for appointing the Commissioner for Better Regulation and Red Tape, Anna Cronin, to investigate supply shortages in our industry.

MBV was an active contributor to the development of the Commissioner's Supply Chain Review, which provided a series of recommendations for the Victorian Government. Supporting these recommendations mitigates the risk of supply shortages occurring again within the next 30 years. Creating the Residential Construction Costs Working Group has also been a positive step forward in discussing tangible short to long-term solutions for our industry.

Commitments sought

- Any recommendations from the Supply Chain Review Report should be acted on immediately to relieve pressure on the building and construction industry for the medium and long-term. These recommendations include solutions such as:
 - investment in softwood timber plantations.
 - more and enhanced local manufacturing.
 - research and development into alternative building products.

Insolvencies and business exits

Since the start of the pandemic, MBV has raised concerns that impacts of price rises, fixed-priced contracts, and challenges to profitability could result in greater insolvencies. However, our industry has remained resilient throughout the pandemic, and insolvencies remain low compared to figures in 2019, before the pandemic. Nevertheless, we are hearing more reports of businesses winding down or bringing forward retirement due to challenging business conditions.

The RBA's decisions to raise interest rates to curb inflationary pressures will dampen building activity. Builders will require a pipeline of work to establish the security of cash flow into the future.

Commitment sought

- Provisions such as cost escalation clauses, better planning delivery, and long-term investment into building, construction and infrastructure to ensure business longevity and sustainability.

Contract relief

The commercial and residential sectors are under pressure from supply and trade shortages and rising costs. Most recent ABS figures have highlighted that material prices for steel have increased by 21.1 per cent in the June quarter of 2022. Our industry cannot share rising costs immediately, like other prices found within the basket of goods and services measured within CPI. This is due to the nature of fixed-priced contracts.

Commercial Sector

Contracting relief in the form of escalations for current contracts and a fairer share of risk in emerging contracts will alleviate pressures. There are international examples of Governments providing support, such as the Irish Government, which has agreed to pay up to 70 per cent of inflation-related construction costs and allow for rise and fall provisions on Government projects. In Australia, other states are implementing support packages for Government projects. For example, the Western Australian Government now allows rise and fall contracts to be used for state projects. South Australia is also looking at similar provisions.

Commitments sought

- Rise and fall contracts to be used for Victorian Government projects, similar to agreements by the Irish, WA and SA governments.
- Reduced validity periods for project tendering to reflect volatile market conditions.
- Fairer sharing of risk in contracts.

Residential Sector

Builders are consumers too, and to protect consumers, builders must be allowed to share these unprecedented cost increases. Price increases are generally shared with consumers in many other areas, such as fuel, food, and retail.

Notwithstanding, prices generally increase slightly yearly; nothing is ordinary about the unprecedented price increases being felt right now. For example, MBV analysis of the ABS Construction Material Price index shows that the price of timber increased from June 2017-19 at a rate of 3 per cent. From June 2020-22, timber prices increased by 37 per cent. Builders and tradespeople have been expected to operate within a "business-as-usual" framework and lock in prices for 12-18 months, some even two to three years in advance.

Commitments sought

- Cost escalation clauses to be inserted in domestic building contracts, so builders are not left to hold all the risk due to price increases. This should be extended to contracts above and below the contract value of \$500,000.
- A review of the Domestic Building Contracts Act (1995) as building stages outlined no longer reflects current building practices.
- Discussions with banks to facilitate the use of cost escalation clauses.

SKILLS SHORTAGES IN BUILDING AND CONSTRUCTION



Increasing skilled migration

MBV requests that occupations in the building and construction industry be included on the target sector list for skilled visa nomination. We also welcome the Victorian Government's support to include building and construction occupations on the Priority Migration Skilled Occupation List. There are acute shortages in trades across our sector, including electricians, bricklayers, carpenters, roofers, plumbers, and construction managers. Additionally, there is a critical shortage of site supervisors, estimators, draftspeople, building surveyors, and engineers.

Commitment sought

- Support for an ANZSCO review to ensure that all building and construction occupations are understood and accounted for.

Supporting the future of our industry

MBV welcomes the introduction of Certificate IV in Training and Assessment (TAE) to the funded course list in 2022 and supports the removal of barriers to entry for those with extensive industry experience, including the upskilling requirements and more part-time study options.

Commitment sought

- Specific investment in teacher training for enterprise and industry RTOs.

Supporting apprentices

MBV welcomes the measures implemented by Apprenticeships Victoria with the ongoing programs, including Big Build Apprenticeship, Apprentice Innovation Fund and the Learn and Earn initiatives.

Commitment sought

- Further and ongoing solid financial support for apprenticeship commencements and completions to ensure the pipeline of skilled trades in building and construction is supported post-COVID-19.

Flexible pathways into the building and construction industry

Flexible pathways will assist and showcase the opportunities across the entire building and construction life cycles, such as surveyors, engineers, architects, builders and trades.

Commitment sought

- Further support and research to identify and fund flexible pathways in the building and construction industry.

Recognising and rewarding schools for supporting VET

Secondary schools are celebrated for student ATAR results and the number of students who study at university. The attainment of a pre-apprenticeship can disadvantage students from finding an employer when they want to undertake an apprenticeship. For some students, moving to an apprenticeship pathway before 18 years of age is a valid and successful career pathway.

Commitment sought

- Schools to be recognised and rewarded for the number of students who take up an apprenticeship and complete a VCAL/VCE Vocational Major or ATAR pathway, not just University pathways.

GENDER EQUITY

Women in Construction

Work done by the Building Industry Consultative Council (BICC) has proven that our industry is open to change. Implementing Victoria's Women in Construction Strategy and the Construction Industry Gender Equality Policy will guide businesses to access 50 per cent of the population. Increasing the participation of women in building and construction impacts industry sustainability and innovation and positively influences the employment choices, financial stability, and well-being of many Victorian women.

To achieve gender equity, substantial changes to industry culture, practices, attitudes, and behaviours are necessary. These changes will only be realised through collaborative and sustainable business partnerships between Government, employers, employees, industry associations and unions. Increasing the potential pipeline of women wanting to work in building and construction requires a concerted, whole-of-industry approach to sourcing, attracting, training, and retaining women workers.

Commitments sought

- To increase the diversity, equity, and inclusion of women in building and construction, MBV asks for a \$20 million investment over three years to be provided to the BICC. This investment will implement the actions in the BICC work plan that will underpin the Building Equality Strategy 2023-31. This, paired with the ongoing investment of \$1.8 million, will fund the ten fixed-term roles created to support the implementation of the building equality policy. This funding will ensure:
 - A sector review to evaluate the areas of change needed in building and construction to encourage and support diversity, equity and inclusion in our industry
 - An awareness program to support and encourage the building and construction industry to adopt changes identified in the review
 - Support and guidance to assist teachers, parents, and the broader community in understanding the benefits of a career in building and construction
 - Funding of industry programs that lead to tangible employment outcomes
 - Funding for the Building Equality Policy implementation, compliance, and monitoring.



HOUSING AFFORDABILITY

Reduce the taxation burden on housing

Eliminating stamp duty tax and replacing it with a more broad-based land tax will encourage households to upsize and downsize, benefiting both home buyers and our economy. States such as NSW and ACT are in the process of switching away from stamp duty, and Victoria should follow suit. The National Housing Finance and Investment Corporation (NHFIC) has reported that Victoria has the most to gain from removing stamp duty. Victoria has Australia's largest effective rate of stamp duty. Stamp duty tax equates to a loss of 0.34 per cent in Victoria's State Final Demand each year, compared to 0.26 per cent in NSW.

Commitment sought

- The elimination of stamp duty tax in a long-term taxation plan to be replaced with a broad-based land tax.

Greater urban densification and land supply

Urban densification remains a key long-term policy goal for MBV. As Victoria exits the pandemic and our State and international borders re-open, our community must be prepared for the surge in population. Growing housing demand means adequate land supply is needed.

Residential land is the most critical factor in developing every new home. No other input to new housing production can have a massive effect on the price and eventual volume of new home supply. Releasing more land to meet growing demand will mean land prices and new home prices can decrease. Reports of land shortages in regional Victoria have placed greater urgency on the Victorian Planning Authority (VPA) to lead, develop and deliver a pipeline of state-led land releases across Victoria, with an initial focus on Wodonga, Geelong, Ballarat, and Bendigo.

Incentives for more significant urban densification will play a crucial role in housing our State's growing population. More significant expansion of 'as-of-right' codified planning to fast-track planning approvals for non-contentious development will also support urban densification.

Commitments sought

- To take proactive steps to activate land by requesting the VPA to urgently lead, develop and deliver a pipeline of state-led releases across Victoria with an initial focus on the Wodonga, Geelong, Ballarat and Bendigo areas.
- Released land should be appropriately subdivided to ensure that energy efficiencies and savings can be maximised in designing homes.
- Incentivising development of high-density residential buildings such as apartments, secondary dwellings, and duplexes for local governments.
- Local Governments to be required to set targets to provide greater supply options and to be rewarded for good performance.
- Greater expansion to fast-track planning approvals for non-contentious developments such as secondary dwellings and subdivisions.

FUTURE PROOFING THE INDUSTRY

Investment into the circular economy for building and construction

The Building Product Assurance Framework for the building and construction industry is fragmented. This matter has been identified as a concern in the Building Confidence Report, and Building Systems Review prepared on behalf of the Federal Government and State governments. Whilst some consider this a primary responsibility of the Federal Government, MBV believes that State Governments have equal responsibility to address this matter and support the building and construction industry to deliver a better-built environment for communities.

The work of the Department of Environment, Land, Water and Planning (Recycling Victoria: a new economy 2020) and of the Australian Housing and Urban Research Institute (Inquiry into housing in a circular economy) has highlighted the vital role of circular economy principles for the building and construction industry. Applying circular economy principles to building and construction processes is critical to reducing environmental impact and process inefficiencies as a resource-intensive industry. For our industry to implement circular economy principles, the investment must be supported by a framework that includes a compulsory product certification system and the introduction of a searchable database of materials and their properties.

Commitments sought

- A compulsory product certification be developed to support our industry in making informed decisions in the design phase and ensuring product compliance, environmental impacts, embodied energy, and the reuse of building materials.
- Further investment is also required for:
 - Training across the industry - architects, designers, specifiers, and builders.
 - Establishing a complete and local network of waste transfer and recycling facilities.
 - Developing markets for recycled and repurposed materials.
 - Tracking of materials to eliminate counterfeits and product substitution.



MINISTER FOR BUILDING, CONSTRUCTION AND INFRASTRUCTURE

The building and construction industry is integral to our State's taxation revenue. It is acknowledged that during the COVID-19 pandemic, the building and construction industry was provided with excellent support through a multi-ministerial approach.

However, the appointment of a dedicated Minister with specific responsibility for the functions and outcomes of building, construction, and infrastructure would demonstrate to all Victorians, all Australians, and globally the size and importance of our sector. This appointment should be given priority for Victoria's post-pandemic recovery.

Commitment sought

- The appointment of a dedicated Building, Construction and Infrastructure Minister to oversee our industry and drive strategy and change for the benefit of all Victorians.





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