

# Master Builders' 2018 election priorities

## What did the parties say?

### 1. Building Minister

It is vital that the Government-elect appoints a Building Minister for Victoria given the economic importance of the building and construction industry. Building and construction contributed 7.4 per cent of Victoria's GSP in 2016/17. Employing over 300,000 persons, it is the largest employer of full-time jobs and third largest employer across all industries.

There are major issues such as **cladding, housing affordability, shortage of skills and excessive red tape** that would benefit from a concerted focus on building issues by a peak Ministry. Lack of co-ordination and leadership in Government hampers our ability to deliver results. One of the biggest issues facing our industry is skills – and a multitude of different departments such as education, skills and training and employment deal with the issues in silos. VMIA insurance for the industry is managed through Finance, whilst Consumer Affairs manages the DBDRV. Consumer Affairs itself is located within the Department of Justice and the Victorian Building Authority within Planning. There is no single Minister responsible across these divides to cut through the fragmentation between the different departments to coordinate responses for the sector.

#### **Will your government commit to creating a Building Minister to address the future challenges the industry faces?**

- *The Labor party has given no indication it will change the current structure of the building regulation and oversight in Victoria. The Labor government has established a building unit within the planning authority, and therefore would not address the cross-portfolio issues pertaining to the industry.*
- *The Liberal party appointed a Shadow Building Minister, Brad Battin, recognising the importance of building industry issues as distinct from planning or DELWP. Matthew Guy, as a former planning Minister, understands the challenges of the sector and has recently remarked at a lunch hosted by Master Builders that the current focus on building issues in Victoria is "95% planning and 5% building." Master Builders would advocate for further structural reform of the regulatory oversight of building to improve the focus even more across a range of issues including skills.*
- *The Greens do not support the creation of a Building Ministry.*

### 2. Mandatory Trades registration

Introducing mandatory trades registration for the building and construction industry is vital to address the crucial shortages in construction trades at present and in the future. Victoria is currently experiencing record levels of

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population growth which drives demand for new housing. Forecasts show that if population growth continues, the construction of 2.2 million homes will be required by 2051.<sup>1</sup> Supply of construction trades people is needed to meet such demand. Trades registration would not only address quality shortcomings in the industry, but make trades more attractive as a career path.

Master Builders advocates for a model of subcontractor registration based on the existing domestic trades registration categories limited, at least initially, to key 'structural trades' that are important to the integrity of a building. This would include carpentry, bricklaying, waterproofing, and concreting.

*The Building Amendment (Registration of Building Trades and Other Matters) Act 2018* also sets up a model of employee licensing, which is of concern to Master Builders as the system of employee licensing does not already exist and may well be impractical. Ultimately, a cost-benefit analysis will determine whether a broader system of employee licensing is a manageable one.

### Will your government introduce mandatory trades' registration in Victoria?

- *The Labor Government has passed mandatory trades registration legislation in the last term. How the legislation will be implemented remains unclear and is subject to a regulatory impact assessment (i.e. a cost benefit analysis).*
- *There has been no formal policy on trades registration released by the Liberal party, however they have supported trades registration. The Liberal party states that the legislation, which created models for registration and employee licensing, went too far and should have been subject to a cost-benefit analysis.*
- *The Greens support Labor's introduction of Trades Registration.*

## 3. Mandatory CPD program

Introducing mandatory trades registration would be complemented by the introduction of mandatory CPD. CPD demonstrates commitment to professional development and quality in workmanship. This aligns well with the Master Builders' philosophy. It provides a development pathway for a career in the building industry and enables individuals to evaluate their learning and identify areas for improvement and knowledge gaps.

### Will your government introduce mandatory CPD for registered practitioners in Victoria?

- *Neither Labor nor the Liberals took a definitive position on mandatory CPD. However, indications are that CPD would be a consideration in any process to introduce trades' registration.*
- *The Greens stated they had supported a CPD programme for registered and licensed plumbers and indicating a willingness to consult with industry on the best way forward for CPD.*

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<sup>1</sup> Victoria in Future 2016: Population and household projections to 2051, Department of Environment, Land, Water and Planning, 2016



### 4. A stakeholder driven consumer awareness campaign

The lack of awareness about the broad variety and importance of careers in the building and construction industry is translating into a shortage of workers. The shortage includes apprenticeship level and other areas of the industry. More than just a recruitment drive, a change in cultural perceptions of careers in building and construction is required.

Entering a trade has too often been seen as inferior to a university education and this has becoming a major factor in the skill shortages found in the industry. To keep up with skills needs, a broad industry career awareness campaign is required to attract more young people in entering the industry. Indeed, with Victoria's continuingly growing population, the need for skilled tradespeople is becoming ever more important.

#### **Will your government fund a comprehensive public awareness campaign promoting careers in the industry?**

- *The Labor party has given no indication that they will fund a comprehensive public awareness campaign promoting careers in the industry.*
- *The Liberal party has not provided an answer to this question.*
- *The Greens do not support having the government fund a comprehensive public awareness campaign for the industry.*

### 5. Support industry RTOs

The delivery of industry-relevant training for building and construction is fundamental to ensure strong employment outcomes. Industry Registered Training Organisations (RTOs) provide tailored specialised training services for industry.

Master Builders is a key construction RTO (RTO 3935) and provides training courses in business management, leadership, sustainability, safety, building and compliance, industrial relations and legal requirements. In addition, Master Builders also delivers training through its Building Leadership Simulation Centre (BLSC), which is the only provider in Australia to offer experiential learning by simulation as part of construction and project management qualifications.

According to the Victorian State Government's 2018 RTO Performance report into Master Builders, 91.4 per cent of students were satisfied with training provided by Master Builders, compared to the state average of 77 per cent. It is disappointing that the Greens and Labour Governments continue to prioritise TAFE funding above industry RTOs, therefore creating an anti-competitive environment and making it more difficult for industry RTOs to operate.

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### Will your government increase current funding for industry RTOs to provide equity with TAFEs?

- *The Labor party has invested considerably in VET by making specific courses free at TAFEs. By not allowing industry RTOs the same benefit, an anti-competitive environment exists.*
- *The Liberal party recognises that industry groups like Master Builders provide training that “reduces the pressure on TAFE to deliver” the skills needed for the industry. The Liberal government states it is “vital to support both government and industry training options.”*
- *The Greens do not support funding industry RTOs and go further to say that VET “should be primarily provided through the public TAFE system.”*

### Will your government fund a comprehensive public awareness campaign promoting careers in the industry?

- *The Labor party has given no indication that they will fund a comprehensive public awareness campaign promoting careers in the industry. The Labor party noted that they are working in partnership with Master Builders to promote careers in the building industry by providing \$500,000 in funding to the Building Leadership Simulation Centre (BLSC).*
- *The Liberal party has not provided an answer to this question.*
- *The Greens do not support having the government fund a comprehensive public awareness campaign for the building and construction industry.*

## 6. Focus on skills shortages specific to the sector

There are numerous activities being undertaken across a broad range of departments and ministries to address skills and supply gaps across the Victorian economy, but many of these activities are not focused solely on the building and construction industry. While we support the establishment of the Skills Commissioner, as the industry contributes so significantly to Victoria’s GSP, it is vital that programs of research and work focus on the skills shortages in building and construction specifically.

### Will your government fund industry programmes for employers to take on apprentices?

- *The Labor party noted that they have provided a \$6 million investment in the Skills Uplift pilot program designed to help meet the labour needs of employers in the industry. They have also indicated that they have established a Regional and Specialist Training Fund which responds to industry-led demand for specific skills in regional and specialist areas.*
- *The Liberal party did not provide an answer to this question.*
- *The Greens provided no indication that they support the government in funding industry programmes for employers to take on apprentices. They noted in their answer that they support increased apprenticeships in trades, which includes those in the building and construction industry.*

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### 7. Focus on shortage of building surveyors and provision of insurance

Building surveyors are critical in providing key oversight and quality control in the building process. Despite this, the occupation is suffering from a critical skill and supply gap. Indeed, only nine completions for the Bachelor of Surveying in Victoria in 2015 occurred.<sup>2</sup> At the Diploma level, only 18 completions for the Diploma in Building Surveying occurred as of March 2018 year-to-date.<sup>3</sup>

In addition, the increasing cost of Professional Indemnity insurance for building surveyors is forcing many to exit the industry and is acting as a barrier for those that want to enter the profession. As such, it is important that there is reform that addresses insurance provision.

#### **Will your government take steps to address the shortage of building surveyors in our industry and provide specialist government-backed insurance for building surveyors?**

- *The Labor Party noted that they are aware of the demand for skilled building surveyors and the need to encourage more people in the industry and stipulated that Minister Wynne and Minister Tierney are currently working on this matter. The Labor party has indicated that they do not think that providing specialist government-backed insurance is the best approach at this point in time. They noted that this is a national issue and will continue to work with the industry and AIBS to tackle this problem.*
- *The Liberal party indicated that they are aware that the current shortage of building surveyors is a real concern for the safety and integrity of the building industry. They noted that they will work with relevant stakeholders, including Master Builders, to find solutions to this shortage. The Liberal party did not indicate whether they will support specialist government-backed insurance for building surveyors.*
- *The Greens support addressing the current shortage of building surveyors, however they noted that they will address this by providing more funding to TAFE. They did not indicate that they support providing specialist government-backed insurance for building surveyors.*

### 8. Centralised Planning scheme

The Victorian planning system is plagued with costly delays and inefficient practices. Local councils continue to be slow in decision making and have become a barrier to urban densification. Councils are not accountable for their lag costs on the economy. For example, according to the *Know your Council* website, in 2017/18 the Yarra Council took 117 days on average to make a planning decision. That is almost two months longer than the required 60 day timeframe. This exacerbates the cost of construction projects and affects housing affordability. The Victorian Auditor-General estimated that on a project with a land cost of \$5.2 million, holding costs could increase by \$100,000 per month if the process drags on past the standard 12 month project timeframe. Such poor performance by councils in efficiently delivering planning decisions warrants the need for the Government-elect to set housing and development targets and sanctions or rewards for planning delays to make Councils

<sup>2</sup> Deloitte Access Economics, 'Construction workforce in Victoria', Master Builders Association of Victoria.

<sup>3</sup> NCVER 2018





accountable. Alternatively, there should be planning hubs or other mechanisms in place so that planning decisions can be taken out of the hands of Councils (under certain circumstances like when there is a very costly and complex project, or when the Council has not adhered to the statutory decision-making timeframe).

### **Will your government set targets and sanctions or rewards to make Councils accountable for poor performance on planning and decision making?**

- *The Labor party has made no indication they intend to make councils more accountable to government or to create a framework that improves outcomes. It rejects a one size fits all approach to planning and considers the variety in planning across 79 councils in Victoria to reflect “the unique views of their local communities” and states that the Know Your Council website has been part of making councils more accountable.*
- *The Liberal party has recognised that the planning system needs to be changed to address a “backlog of planning decisions that unnecessarily hold up development and drives up the cost of housing...” but have not provided clarity around how to deal with Council planning decisions.*
- *The Greens do not support increasing accountability for Councils, believing increased centralisation has eroded community voice.*

## **9. Incentives**

Housing affordability remains a core issue for many Victorian families and first home buyers that want to buy their first home. As such, it is important that there are incentives to increase the supply of building stock that would facilitate affordable housing. Social impact investments such as loan schemes, ‘density bonuses,’ and build-to-rent schemes are examples of incentives for the building industry that can improve housing affordability and therefore should be examined. Build-to-rent schemes are commonly seen in the US and parts of Europe and allow for a more diverse range of housing options for the community. These schemes also benefit renters via security of tenure, certainty in rental increases, and better overall management of rental housing.

### **Will your government establish an incentive programme(s) in partnership with industry to encourage affordable housing options?**

- *The Labor party has noted that they have introduced the Homes for Victorians package and have made recent announcements around how to best implement the Build-To-Rent concept to encourage the construction of affordable housing.*
- *The Liberal party has not provided any indication that they will establish an incentive programme(s) together with industry to establish affordable housing options.*
- *The Greens do not support providing incentives to industry to facilitate affordable housing options. Instead they support relying on government intervention and the planning system to increase affordable housing. The example they provide is an inclusionary zoning model that makes it a condition of planning approval that all new developments include a minimum number of affordable homes.*

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## 10. Increase as-of-right codified planning approvals

As of right codified planning is a regulatory tool that allows decisions to be made quickly. Greater use of as-of-right codification will fast track planning approvals and alleviate inefficiencies associated with local councils decision making. It is important that secondary dwellings and subdivisions are entitled to as-of-right provisions to appropriately fast track non-contentious development.

**Does your government commit to introduce more as-of-right codification, including for secondary dwellings and small apartment blocks, in the planning scheme?**

- *The Labor party reports that its Smart Planning regime (which includes enhanced as of right provisions) has increased the proportion of applications eligible for 'fast track' from 10 to 23 percent.*
- *The Liberal Party does not commit to increase as of right codification but does commit to fast tracking the completion of all metropolitan Precinct Structure Plans by 2020.*
- *The Greens do not commit to more 'as- of- right' provisions but agree more could be done to fast track some planning decisions and support a fast-track planning scheme that accelerates 'affordable, sustainable, deliberative housing developments.'*

## 11. VBA increases the number of its proactive building inspections

The Building Regulations 2018 introduced a new tranche of regulatory changes for the building and construction industry, with such changes just one of many over the course of the last few years. Master Builders contends that these new regulatory changes do not necessarily provide for more improved quality outcomes in the industry. Instead a better means of improving quality outcomes in the industry is to have the VBA increase its number of proactive inspections. The Government's response to the Victorian Cladding Taskforce Chairs' Interim Report in November 2017 noted that the VBA should increase its number of inspections of Victoria's buildings each year "from less than two per cent to up to 10 per cent." Master Builders agrees with the Government's response. The VBA should also inspect a larger proportion of owner-builders sites and other high risk locations that require more oversight.

**Will your government set targets for the VBA to increase its inspections of buildings from current levels of less than 2% to our preferred target of 10%?**

- *The Labor party noted that the VBA is already committed to inspecting no less than 10 per cent of permits issued.*
- *The Liberal party provided no indication that they will set targets for the VBA to increase its inspections to 10 per cent.*

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- *The Greens agrees with Master Builders that increased VBA inspections will help increase safety and quality in the industry. However, they do not stipulate whether they agree with the target being 10 per cent.*

## 12. Greater education and information for industry and consumers

There has been numerous regulatory changes associated with the *Building Act 1993* over the last few years at such a frequency that it has become difficult to have a thorough understanding of the changes occurred. The Government should therefore consider means of providing greater education and information about the significant changes to legislation and regulations to industry and consumers.

### **Will your government fund a targeted industry awareness programme to support building practitioners dealing with comprehensive legislative change?**

- *The Labor party indicated that if re-elected, they will continue to provide information about industry changes for the building industry as they have already done via the VBA.*
- *The Liberal party provided no indication that they will fund a targeted industry awareness programme if re-elected.*
- *The Greens did not provide a clear answer on whether they support the government-funded industry awareness programme. Instead, they noted that they agree that government and the relevant government department should support practitioners to learn about and adapt to new legislative requirements.*

## 13. Practical approach to non-conforming and non compliant products

More proactive guidance is required from regulators to understand how to apply the NCC and to comply with changing building practices, and it is hoped that the State Building Surveyor will improve the guidance and communication with industry on important matters like cladding.

### **Does your government commit to improved industry partnership and consultation over non-conforming products, including involvement in advice and decision making?**

- *All parties support commit to improved industry partnership and consultation.*





### 14. Cladding

Cladding remains a major issue in building and construction industry and has created considerable uncertainty for the industry. Master Builders views the solution to the cladding issue as a whole of industry approach which includes all stakeholders in the sector as well as government. Master Builders was appointed to the Stakeholder Reference Group to the Victorian Cladding Taskforce and supported the recommendations of the Taskforce for the introduction of a State Building Surveyor. More proactive guidance is required from regulators to understand how to apply the NCC and to comply with changing building practices, and it is hoped that the State Building Surveyor will improve the guidance and communication with industry on important matters like cladding.

**Do you agree that the solution to the cladding issue (including costs) is a whole of industry approach, including government?**

- *All parties support a whole of government response to the issue of cladding.*

### 15. Infrastructure spending

Victoria is experiencing significant population growth that far outstrips that of the other states and territories. As such, it is imperative that the Government prioritises infrastructure provision to accommodate this population growth. However, long-term provision of public infrastructure can only be sustained if EBA wages and site allowances are managed in a commercially responsible way to avoid cost blowouts to projects, affecting consumers.

**Will your government commit to ensuring that EBA wages and site allowances are managed in a commercially responsible way?**

- *The Labor party noted that it will ensure taxpayers' funds are spent responsibly in public infrastructure projects. However, its view that in most circumstances, construction industry EBAs are a matter for employers and their workforce, indicates that they do not see rising EBA wages and site allowances as a matter for concern.*
- *The Liberal party has provided no indication that they will commit to ensure that EBA wages and site allowances are managed in a commercially responsible way.*
- *The Greens answer indicates that they will not commit to ensuring that EBA wages and site allowances are managed in a commercially responsible way.*

### 16. Continue cutting red tape

Red tape is prominent in the building and construction industry, with key red tape issues such as the overlap and duplication found between building and planning laws, as well as restrictive planning delays, fuelling unnecessary business costs.

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With approximately 98 per cent of the sector comprising of small businesses, this makes Victoria's building and construction industry a small business industry. As building and construction contributes so significantly to the Victorian economy, it is imperative that the Government continues to support small businesses to grow and flourish. This means keeping levels of business red tape low for small businesses as they cannot absorb the costs of doing business as much as larger businesses.

### **Does your government commit to a review of planning and building laws to ensure that overlap, duplication and inconsistencies are reduced?**

- *The Labor party has indicated that it has conducted comprehensive reviews of sector-based regulations as they impact small businesses, as seen in the Small Business Regulation Review into the construction sector. However, they did not indicate that they will specifically review planning and building laws.*
- *The Liberal party has indicated that the planning system requires adjustment to address the backlog of planning decisions that hold up development. However, they did not indicate that they will specifically review planning and building laws.*
- *The Greens indicated that they want to see a full review of the Planning and Environment Act. However, they did not indicate that they will specifically review planning and building laws.*

## **17. Reduce payroll tax thresholds progressively and extend to larger businesses**

Victoria's building prosperity is supported by builders, with the majority being small businesses. As such, it is important to keep taxes on small builders such as the payroll tax, at a level that does not impede building activity and employment growth.

This is particularly important given the context of Victoria's growing population and the requirement for an increase in housing supply to meet this new demand. Reductions to payroll tax should also be extended to large builders as many of them are contributing significantly towards current major public infrastructure projects.

### **Does your government commit to reducing payroll tax over time, including extending it to larger businesses?**

- *Labor noted that in government, it had cut the regional payroll tax to 2.425 per cent which is half the metropolitan rate and the lowest rate in Australia. It has invested \$740m in tax cuts and "will continue to look for ways to ensure our tax system can support Victorian business.*
- *The Liberal party does not have a definitive policy on the payroll tax.*
- *The Greens support reducing payroll tax and other inefficient and unproductive business taxes, and ensuring that large companies pay their fair share of tax.*

## **18. Appoint a Cross Border Commissioner**

Many Master Builders members that operate along the border between Victoria and South Australia and New South Wales experience a number of red tape burdens due to multiple dealings with interstate regulatory bodies

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and councils. A Cross-Border Commissioner for Victoria is required to reduce the burdens that relate to dealing with two state governments and two local councils. A Commissioner will be in a position to identify unnecessary cost on these builders which prevent business growth.

### **Will you appoint a Cross-Border Commissioner to deal with interstate regulatory issues and create efficiencies for Victorian business?**

- *All parties support the Cross Border Commissioner for Victoria.*

## **19. Require WorkSafe to enforce Safe Work Method Statements (SWMS)**

Health and safety should be a central focus on each and every construction site and, as such, it is integral that there is greater compliance with duties and enforcement of those duties. The OHS Regulations (Regulation 327) requires SWMS to be produced for High Risk Construction Work (HRCW) and that work must be performed in accordance with the SWMS. Greater education and awareness of those requirements and how to comply will improve adherence to the regulations. To this end, Master Builders welcomes WorkSafe Victoria's recent announcement that the regulator intends to develop an *Elevated Work Platform Industry Standard*. Master Builders stands ready to engage, in a tripartite manner, with WorkSafe and unions in the development of this important guidance for industry.

### **Will you ensure that WorkSafe properly enforce the requirements of Safe Work Method Statements (SWMS)**

- *The Labor party states that it will work with Master Builders to address the effectiveness of SWMS. WorkSafe has sought legal advice on how to take a stronger enforcement position and has agreed to a \$360k funding proposal by Master Builders to train its members on SWMS in 2018/19.*
- *The Liberal Party has agreed to a policy of supporting the application of SWMS and compliance and enforcement by WorkSafe.*
- *Victorian Greens support measures that improve the safety of Victorians working on construction sites, particularly high-risk projects. The Greens stated they want WorkSafe to properly enforce the protections and statements that are in place for workers, including SWMS.*

## **20. WorkSafe to proactively educate**

It is also important that WorkSafe continues to focus on education and prevention as part of their campaigns and activities. This can be done through providing guidance materials and modern information on new and emerging methods of construction.

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### **Do you plan to increase funding for Worksafe education and prevention campaigns to assist with onsite building safety?**

- *Neither the Labor nor the Liberal party has a definitive policy on increasing funding for WorkSafe education and prevention campaigns.*
- *The Greens support increased funding*

## **21. Arrangements for genuine independent contracting**

An efficient and effective subcontracting system is at the core of our industry's productivity. The rules around independent contractors' must continue to operate in a way that preserves this system.

### **Does your government commit to protecting and preserving the State's independent contracting arrangements in the building industry?**

- *The Labor party has indicated it will not change the subcontracting system*
- *The Liberal party and the Greens did not provide a definitive policy statement on the issue*

## **22. Security of Payment**

The SOP Act applies to most contracts for building work or for the supply of related goods and services in Victoria. Domestic building contracts between a builder or supplier and the home owner are not covered. Queensland recently introduced a project bank account (PBA) model into their legislation and the recent John Murray Report recommended that existing State and Territory SOP legislation be amended such that a deemed statutory trust accounts (STA) model apply to all parts of the contractual payment chain for construction projects over \$1million. Master Builders opposes either model due to the complexity of managing them and the additional cost burden they impose on building projects.

### **Is your government considering introducing either PBA or STA models in its SOP legislation?**

- *The Labor party has indicated it will not change the subcontracting system and is not considering either of the models mentioned above or participating in any discussions that would further lead to adoption of new models of payment.*
- *Neither the Liberal party nor the Greens has a definitive policy on the SOP legislation, with the Greens stating a preference to focus on consistency in legislation throughout states in territories.*

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## 23. Industrial manslaughter legislation should not be introduced in the OHS Act

Master Builders opposes the introduction of industrial manslaughter to the *OHS Act 2004*. For Master Builders and its members, workplace safety is a key priority and will therefore support any initiatives that genuinely aim to increase safety in the workplace. Such legislation can divert attention from other actions, like appropriate application of safe work method statements (SWMS) and compliance with duties, which are more likely to result in improved safety outcomes in Australian workplaces. The focus should be on initiatives to improve safety such as better enforcement of existing legislation and better education and guidance on achieving safety outcomes.

There is no practical reason for introducing industrial manslaughter when criminal offences like manslaughter already apply to workplace deaths. In addition, Section 32 under the *OHS Act 2004* which outlines the offence of reckless endangerment already provides prosecution for negligence in the provision of workplace safety.

The focus should instead be on safety, by improving funding of the regulator and proactive and practical education and training and enforcements regimes.

**Do you agree with us that the introduction of industrial manslaughter legislation is unnecessary because laws covering these issues already exist?**

- *The Labor party plans to create a new criminal offence of industrial manslaughter.*
- *The Liberal party is not pursuing an offence of industrial manslaughter. At a Master Builder's lunch on 25 October Leader Matthew Guy stated that the issue of industrial manslaughter is 'not on the agenda'.*
- *The Greens support the introduction of industrial manslaughter legislation.*

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