



**MASTER BUILDERS**  
TASMANIA

## Master Builders Tasmania Strategic Priorities - 2018



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Master-Builders-Association-of-Tasmania-Inc

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Master Builders Tasmania's *Strategic Priorities - 2018* outlines the key advocacy matters for the Association and for the broader building and construction industry in Tasmania. If introduced, these initiatives have the potential to increase productivity, drive economic growth and generate more jobs. Master Builders Tasmania will be strong in its advocacy of its policies as they will deliver not only a strong building and construction industry, but a strong economy.

These policies include ones that have been implemented or are being implemented (and need to be carried through) as well as new matters that will need consideration and actioning.

Master Builders Tasmania looks forward to working with key stakeholders to ensure that the priorities outlined in this document are introduced for the benefit of all Tasmanians.

Master Builders Tasmania's Advocacy will be about its Strategic Policies. The Association believes that these policies are real and achievable roadmaps for a strong building industry and a strong State economy.

This Strategic Priorities paper outlines MBT's policy platform for 2018 and beyond.

## About Master Builders Tasmania

Master Builders' Association of Tasmania Inc. (Master Builders Tasmania) was established in 1891. As a registered Union of Employers under state and federal laws the Association is able to provide for its members the advantages of unity of action.

The Association has thirteen (13) employees (plus 17 apprentices under its Group Training Organisation) and operates from offices in Hobart, Launceston and Devonport. Members include commercial builders, housing builders, sub-contractors, suppliers and professionals. The Association represents 95% of all commercially orientated builders. Around 40% of all residential construction undertaken by accredited builders in the State is undertaken by MBT members.

The Association provides a wide range of services for members covering industrial relations, contractual, legal, legislative, educational and technical matters. In addition, the Association is widely represented on many industry and Government bodies and provides ongoing assistance to both industry participants and members of the public on all matters related to the building and construction industry.

As part of our mission, the Association seeks to develop and maintain standards acceptable to the industry, government and clients, to further the interests of its members and the Tasmanian community.

## Tasmania's Building & Construction Industry

The building and construction industry in Tasmania is the second largest private sector employer (FTE's), employing almost 23,000 Tasmanians. Importantly, over 80% of those jobs are full-time, unlike other sectors which employ a large proportion of part-time and casual staff.

## Master Builders Tasmania – Strategic Priorities - 2018

### Ongoing Matters

#### Building Act 2016 Framework

Master Builders Tasmania has prioritised, and will continue to do so, the implementation of the new building legislative framework to reinforce the positive outcomes for the industry from these changes. MBT continues to liaise with The Department of Justice (Consumer, Building and Occupational Services), local government and building surveyors to ensure a smooth transition to the new Act. MBT has maintained regular dialogue with the Director of Building Control throughout the implementation stages of the framework and will do what it can to ensure that the system is the best that it possibly can be.

#### Single Statewide Planning Reforms

MBT believes that the advantages of a Single Statewide Planning Scheme will extend past the direct property, building and construction sectors. Planners, councils and the broader community will all benefit as common interpretations and approaches develop over time and costs for maintaining and updating individual Schemes fall dramatically.

The Tasmanian Planning Scheme consists of State Planning Provisions and Local Provisions Schedules. Master Builders Tasmania will continue to push for the timely and appropriate introduction of the Local Provisions Schedules. MBT will continue to work through the Planning Taskforce and individually with key stakeholders to assist the progression and implementation of the Statewide Planning Scheme.

## ABCC

Master Builders Tasmania believes that the ABCC is needed on an ongoing basis to free up the industry from the restrictive and anti-competitive agreements that were thrust onto many employers in a “take it or leave it” approach by the militant CFMEU. MBT is certain that the renewed ABCC will reap benefits for Tasmania by curbing illegal and anti-competitive industrial activity in the commercial sector and promoting freedom of association principles.

## Apprentice Payroll Tax

MBT acknowledges the excellent decisions to remove payroll tax on apprentices for the first two years of their apprenticeship and the introduction of the \$4,000 apprentice bonus for smaller employers. These changes, which came into effect on July 1 2017, are already positively impacting upon the number of apprentices in training. MBT will continue to advocate for the incentives to remain after their initial two year trial period, where their success has been proven.

MBT also acknowledges the role that it must play in encouraging employers to take on apprentices and increasing the number of apprentices in the industry from their current levels.

## New Matters

### Northern Suburbs Growth Corridor

MBT believes that Hobart’s ad hoc expansion needs to be reviewed. The Association believes that there is currently a unique opportunity to master plan a Northern Suburbs Growth Corridor for the city. Such a corridor could provide an integrated approach to urban growth incorporating all forms of transport, housing, community services, infrastructure as well as meeting a range of other needs. Such a plan would also incorporate a future light rail corridor for development at an appropriate future point in time.

The growth of the corridor would be managed so that it is undertaken in a structured way over a number of decades and would hopefully absorb at least 50% of Hobart’s population increase, thereby stemming urban growth at the boundary and alleviating all of the ills associated with an expanded greater Hobart footprint.

The growth corridor master plan has the ability to tie in a number of unrelated but important developments such as the renewal of Macquarie Point, the University of Tasmania expansion into the CBD and the effects of an overall increase in tourism numbers on the city. For it to work effectively it would also tie in with Southern Land Use Strategy and state planning policies. MBT believes that a greater Hobart vision is what is required and that a Northern Suburbs Growth Corridor is the way to deliver it.

## WHS Reform

The current WHS system is overly complex and highly administrative in its nature. Master Builders Tasmania sees the refinement of the current WHS laws this as one of its highest priorities moving forward. MBT believes:

- WHS Laws are complex, burdensome and from an industry perspective, difficult to apply and administer
- The application of certain documentation (e.g. SWMS) does not necessarily help actively assist or enhance safety on building and construction sites
- Compliance costs are much higher than ever envisaged in the Regulation Impact Statement (RIS), casting doubt on the validity of the reforms
- Feedback from MBT members (of all sizes) is that the WHS regime's increase in compliance costs does not seem to have been offset by an improvement in WHS practices
- Compliance with 20+ Codes of Practice in addition to hundreds of pages of Regulations and Acts is onerous and not conducive to meeting the objectives of the WHS Act 2012, being:
  - Reduce compliance costs for business
  - Improve efficiency for regulatory agencies
  - Improve safety outcomes
- Specific WHS Issues which need addressing are:
  - Application of Safe Work Method Statements (SWMS)
  - Fall Protection
  - Site Fencing
  - Treatment of Roof Battens on residential roofs
  - Safety Management Plans (SMP's)
  - High Risk Training
  - Duplication of Roles

The building and construction industry is one of the most intensely regulated industries. Over-regulation and red and green tape is a heavy burden which saps the entrepreneurial efforts of all building industry participants. Unnecessarily complex WHS laws stop the industry from becoming more productive and driving overall economic growth and job creation.

## Occupational Licensing Amendment Bill 2016 – Roof Plumbing

MBT has maintained a consistent position on roof plumbing since 2007. Its position is that builders should be able to undertake roof plumbing work on their projects without the need to be licensed roof plumbers.

MBT believes that roof plumbing work is akin to most other trade work and there is no compelling reason to put it in the same basket of high risk trades such as electricians, sanitary plumbers or gas-fitters. Builders are contractually and legally responsible for the work that is undertaken under their supervision and roof plumbing should be included as one of the trades that falls under the builders' area of responsibility. This is currently the case with most other trades and roof plumbing should not be any different.

## Local Government Reform

MBT has consistently maintained that 29 councils serving just over half a million people is not a long-term economically viable proposition. It believes that some type of rationalisation is not only prudent, but that it is necessary. Ideally this reform would be driven by local government internally and not forced upon them. The current status quo is not only unsustainable; it is unfair on all ratepayers.

## Affordable Housing

This topic is core to much of the advocacy that MBT undertakes. Any reforms or changes that unnecessarily add to housing unaffordability should be opposed unless there is good reason for them. This especially applies where there is not a rigorous Regulatory Impact Statement (RIS) associated with the proposed changes.

Housing affordability has, in recent times, become a misnomer; the reality is that construction costs have escalated at approximately the same rate as CPI with land prices and compliance costs contributing to the current state of unaffordability in the Tasmanian housing market.

Unless compliance matters, land supply and development costs are addressed, the dream of housing ownership will continue to slip away from Tasmanians on median incomes. More worryingly, rental affordability is also becoming a greater issue with many Tasmanians on a lower income unable to secure decent, affordable rental properties.

Addressing supply and cost issues in the new homes market is the only way to address affordability and access in the housing market.

## Major Projects

MBT supports the introduction of Major Projects legislation as it believes that it will provide a better pathway for larger projects. The incorporation of the concept of in-principle approval is a key to the new legislation and will ensure that upfront costs are lower than they otherwise would be under a standard approval process for such projects, thus making this pathway more attractive for applicants.

Working through the Planning Taskforce and with other key stakeholders, MBT will promote the benefits of this innovative approval process to firstly, ensure that the legislation is passed, and secondly, to promote its virtues.

## Attracting Skilled Tradespersons to Tasmania

MBT believes that an active campaign to encourage qualified tradespersons to the state is needed. Skills shortages across most trades are in existence and will only get worse over the short to medium term. While the recent apprentice employment initiatives will have some effect, a two pronged approach to the state's current skills shortage needs to be seriously considered.

Such a program would have a dual benefit of increasing Tasmania's population as well as responding to the urgent need for skilled tradespersons. The building and construction industry has an ageing workforce and this needs to be addressed by both Government and the industry. A targeted social media campaign may provide all the impetus that is needed to recruit valuable tradespeople from interstate and help meet the industry shortage.

## Assistance to Smaller Firms

The State Government could play an active role in assisting smaller contractors to deal with the upcoming workload, especially in the Commercial sector. This could be through the guidance and resourcing of smaller firms to meet Government's pre-qualification requirements. MBT also supports ongoing training and encouragement for small businesses to move to medium or open licence categories.

## Centralisation/Co-Ordination of Government Procurement

MBT believes that the experiment of allowing government agencies to procure their own building projects has not worked. Most agencies have little, if any experience in procurement and rely too heavily on consultants for advice. The only agencies that are well resourced and have a reasonable knowledge of procurement processes appear to be Education, Health and DIER.

While the previous system, administered by the Public Works Tender Board, was slow and cumbersome it did have the advantages of providing a level of probity, surety and confidence to industry that has since been eroded. The Board also retained a degree of corporate knowledge on procurement issues which is now lacking except for the above-mentioned three agencies.

MBT calls upon the Government to abandon the current de-centralised process and establish a new system which incorporates the benefits of having a Public Works Board equivalent with oversight and input into all procurement. Under the proposed model agencies could still procure their own tenders, however they would need to have the process approved and overseen by a central procurement agency.

## Focus on the Economy

MBT believes that it is important for State Governments to have a clear pathway to economic growth and that the current budget surpluses need to be maintained except in extraordinary circumstances. Government should continue with the elimination of waste and inefficiency in public spending and reformation of the tax system to create a more business-friendly environment that restores investor confidence. The taxation system must reward entrepreneurship and reduce compliance costs for business, especially small business.

MBT considers that, ideally, all political parties should agree to a binding medium to a long-term target which would set a ceiling for maximum wages and associated recurrent costs for the public service as a proportion of the total state budget. This figure should be averaged out over an economic cycle and deflated appropriately so that it takes into account good periods of economic activity as well as poor ones. This would create a scenario whereby the size of the public sector wages (and associated costs) becomes a target amount which can be measured as a proportion of the average state budget over a period.

## Apprentice Reform

Apprentice training in Tasmania is determined nationally and is continually adjusted to suit the larger mainland states and their need for “skill sets” rather than the attainment of an overall “rounded” apprentice. As an example, a raft of changes over a number of years has resulted in the number of units in the Cert III in Carpentry being dramatically reduced. This has affected the quality of training and outcomes that Tasmanian apprentices and their employers receive.

MBT believes that all options relating to apprentice training need to be considered as part of a root and branch review. The changes that should be considered include:

- Improving/tweaking the existing apprentice system
- Radically overhauling the existing system but still containing the essence of apprenticeships
- A brand new system of training for the trades
- The ideal level of off-site training
- Looking at the level of involvement by Government – i.e. The Award System, New Apprenticeship Centres, TTAC, TasTAFE etc.

MBT believes that if after a review is undertaken a radical overhaul is required, the current outdated IR system should also be considered as part of that review.

## TasWater

Both of the major political parties have put forward models to fix TasWater.

MBT believes that the Labor model has merit and that a capital injection, funded by superannuation funds would provide the ability for TasWater to accelerate its capital works program and address its deficiencies in a much shorter and acceptable time period; much like the Liberal’s plan. Both would provide the following benefits:

- They would accelerate TasWater’s infrastructure plan and complete the work in a lesser period
- The additional investment will provide scope to address other issues such as Launceston’s combined system, Cameron Bay and Macquarie Point.
- Generate increased jobs and investment across the state which will underpin the current levels of employment in the building and construction industry.

On balance MBT favours the Liberal’s policy as there are a number of additional potential benefits that could accrue from such a model, namely:

- Ability to better co-ordinate the state’s major infrastructure through a central process.
- The state ownership model would allow government to control costs to customers and in regards to areas such as trade waste and headworks fees, allow the government to act as an enabler for business and economic development
- The current Board structure is indirectly accountable to the 29 council owners which MBT believes can compromise TasWater’s overall strategic direction and oversight.

## Security of Payments/Subcontractor Payments

MBT believes that security of payments issues are not a widespread problem in Tasmania. The *Security of Payments Act 2009* ensures that subcontractors (and builders) have an avenue to pursue for non-payment. This legislation is not used regularly and the obvious reason is that the industry is quite small and harmonious, with most players working together on a regular basis and managing their affairs amicably.

Nationally there is a push to address the non-payment to subcontractors with options such as Project Bank Accounts. MBT doesn't believe that there is a need for such options for Tasmania as there simply isn't a demonstrated problem in this area.

If non-payment through default did become an issue for the industry, MBT would encourage the investigation of products such as trade credit insurance instead of cumbersome and expensive options such as Project Bank Accounts which are less effective anyway.

## Non-Conforming Products

MBT's position on non-conforming products is that it is primarily the importer's responsibility to ensure the quality of imported goods. Likewise, local manufacturers need to take responsibility for the products that they produce.

Designers and certifiers are responsible where they have specified or approved a product or system that is incorrect. The Builder's responsibility is to install in accordance with plans and use the specified products (i.e. not substitute them) and ensure that they are purchasing from reputable suppliers.

MBT also believes that the Government needs to set clear roles and responsibilities around all of the above parties so that there is no confusion.

## Buy Locally Policy – Major Projects

MBT believes there is an opportunity for Government and important players such as the University of Tasmania to maximize local content as much as possible by implementing buy locally procurement policies on all their upcoming building projects.

This could simply be achieved by requiring all tenders to have a weighting for local employment content, which should assist Tasmanian based builders, suppliers and subcontractors to win work. The policy may also require packages to be reduced in size down to more manageable parcels that the local industry can manage. The Association has recently signed a Memorandum of Understanding with the Australian Institute of Architects which encourages the parties promote local procurement to their respective memberships.

## Access to Australian Standards

The industry is required to comply with the National Construction Code (NCC). The NCC often requires compliance with Australian Standards to meet its requirements. These Standards are known as “Reference Standards” and they cover approximately a third of the regulated requirements contained in the NCC. There are over 100 primary “Referenced Australian Standards” specified within the NCC and hundreds more “Secondary Reference Standards”. Despite these Standards being part of regulation, access to the Standards are not free. In fact the average cost of a Standard is \$120.00 per document. The significant cost for access to Reference Standards is a barrier to compliance.

Master Builders recommends that Governments provide financial support to the industry to cover the cost of regulated Standards or that Standards Australia make available to industry each and every standard that is legislated or referenced in regulation at no cost to the user.

An example of the impact that cost has on industry compliance levels can be found with reference to the NCC. Until 2015, the cost to access to the complete NCC and its Guide was over \$300 a year. There were approximately 12,000 registered users at that time. Since the NCC and its Guide has been made freely available, the number of registered users has jumped to over 140,000 – a more than ten-fold increase.