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Angela Moody
Productivity Commissioner
Queensland Productivity Commission

Dear Angela

RE: Initial feedback relating to productivity in the residential construction industry

Introduction

Access to appropriate and affordable housing is a fundamental desire that provides economic security, independence and privacy for individuals and families and is the foundation for healthy, thriving communities.

Sadly, Queensland homebuyers are currently bearing the consequence of long-term government policies that have inadvertently made it more difficult to build the housing that Queensland needs.

Elementary economics suggests that when demand exceeds supply, the market price of that good increases, arguably the scenario that is currently playing out across the length and breadth of Queensland. To contain sharp growth in the market price of a good, supply needs to increase to meet the increase in demand.

Additionally, bringing new housing supply to market has become increasingly expensive, which puts pressure on the existing stock of homes and consequently, house prices. Reducing the deadweight cost of government interventions in the market will be key to meaningfully addressing the supply problem.

Housing is not a simple product or service: it is delivered in an overly complex regulatory and policy environment and is acquired for both the provision of shelter and as an investment. In this way, housing supply and consequently affordability outcomes are driven by a wide range of factors.

There are however many aspects of the supply of housing and therefore affordability environment over which State Government intervention can influence affordability conditions.

Makeup of Queensland Home Building Industry

In HIA's experience, governments routinely view the home building industry as one amorphous sector.

The Queensland Home Building Industry is fundamentally a small business sector. Of the approximate 72,000 licensees in Queensland, approximately 75% of them have a gross turnover of less than \$1 million per year. The 25 largest building companies in Queensland deliver approximately just 30% of the new homes built every year. The average builder in Queensland builds between 5 and 15 homes per year.

In simple terms the work undertaken under the banner of residential construction can be divided into four discreet types with a number of sub-categories:

- **Renovation and Additions**
 - Kitchen and Bathroom
- **Detached Homes**
 - Volume Builder
 - Custom Home
- **Low-Med Rise Multi-Unit Dwellings**
 - Townhouses
 - Apartments
- **High Rise Apartments**

And while the scale of business under each category can vary significantly, businesses rarely undertake work across other categories and neither do the workers. This is primarily driven by the QBCC licensing class held by the Principal Contractor and the financial backing of the business.

The failure to understand and appreciate the makeup of the industry and the associated distinct business models utilised to undertake residential construction in Queensland, has in HIA's view, led to numerous examples of regulatory overreach by all levels of government, creating a regulatory environment that is overly complex and extremely difficult for the predominantly small business players who dominate the industry to navigate, leading to costly inefficiencies in the delivery of new homes.

Adding to the complexity involved in grasping the challenges faced by the industry, there are additional separate challenges across each of the four categories of work.

For example, the biggest challenge currently for detached home builders is the supply of shovel ready land, whilst the biggest challenge for the low-med rise multi-unit builders is gaining a commercially viable approval from Local Government, and for high rise Apartment developers the uncertainty about the cost of construction driven by industrial relations and labour shortages, and the delayed impact of NCC changes is having a significant impact on the commercial viability of projects, and that is assuming they can attract one of the small pool of tier one builders currently operating in Queensland away from the commercially more attractive government infrastructure projects.

Summary of Recommendations

- 1. Simplify Planning Requirements and improve access to shovel-ready land supply:** Land values have risen sharply due to high demand and a low level of new supply coming to market. Infrastructure costs and the complexity of legislation is driving cost increases of delivering new land and is increasingly being passed on to the industry and the end customer as opposed to funded by consolidated government revenue.
- 2. Stop taxing new homes:** Taxes and restrictions on new homes make up as much as 41 per cent of the cost of a new 'house and land' package in Queensland. Increasing the cost of a new home results in fewer homes.
- 3. Attracting more investment is necessary:** Home building is a very capital-intensive, cash flow driven business. One in ten homes are built by businesses funded by foreign banks and conglomerates, which help to provide expertise and liquidity. Taxing these foreign investors out of the market will not help with productivity or housing supply.
- 4. Contractual and industrial relations reform is necessary:** The introduction of a range of reforms in recent years completely ignores the predominantly small business nature of the industry. Small business appropriate measures need to be introduced to ensure the core of the industry continues to thrive.
- 5. Stop increasing the cost of delivering a new home:** Ratcheting up the ever-increasing list of ideologically motivated new technical building requirements is driving up the cost of new housing for little to no benefit to the buyer. Customers predominantly purchase and customise homes to their needs and preferences. Raising the cost of building through the NCC pushes out the marginal customer who may not be able to afford the additional cost imposed on the typical new home.
- 6. Improve access to skilled workers in the industry:** The home building industry needs access to skilled workers, whether it is programs to attract more Australians regardless of age to take up a trade as a viable career pathway or through attracting overseas tradespeople.

Attached is a more comprehensive list of issues and recommendations for consideration as part of the Queensland Productivity Commission's round of initial feedback.

Yours sincerely



Michael Roberts

Executive Director

HOUSING INDUSTRY ASSOCIATION LIMITED

Policy/Regulation	Description of issue	Cost/Impact	Solution
1. Simplify Planning Requirements and Improve Access to Shovel-Ready Land Supply			
Absence of state-wide design rules for detached houses	There are 77 different local government areas in Queensland which specify unique requirements for the siting and design of dwelling houses through their planning schemes. Further to the above, many of the design requirements specified in planning schemes are misaligned with the contemporary house design. As such, there is a high volume of planning assessments for dwelling houses. Most master plan communities include plans of development which vary specific setbacks as developers try to resolve the issue of unworkable siting requirements in planning schemes.	Due to significant variations in design rules between planning schemes and master plan approvals, there is great uncertainty on what design rules apply to a new house in Queensland. Builders, designers and home sales staff need to wait weeks to receive tailored advice from building certifiers, council planners and planning consultants prior to designing or selling homes. In 2023, HIA estimated the cost of not having a mandatory house code in Queensland to exceed \$200m per annum. This amount is assumed to have increased further since this time.	For nearly two decades, the Queensland Government has consulted on the introduction of state-wide requirements for detached houses on residential land. The planning framework for the construction of a single detached house on residential land has become more complex to navigate and understand than a large multi-storey apartment building. Recommended change: <i>Introduce a mandatory state-wide design code for dwelling houses (Queensland Housing Code), which applies across all local government areas.</i>
Council zoning requirements that prevent new homes	The majority of residential land in local government planning schemes is allocated to a 'low density residential' zone or similar purpose (estimated as high as 80% of all residential land in LGAs). This zoning generally prohibits diverse housing types such as duplexes, townhouses and terrace homes.	The minimum lot size requirement for low density zone ties back to <i>Undue Subdivision of Land Prevention Act 1885</i> which mandated a lot size of 16 perches (404sqm). Since this time, there has been minimal innovation in lot size requirements in the vast areas of our communities zoned as low density residential.	Recommended change: <i>The Queensland Government should mandate lot size requirements for all residential zones in planning schemes as there has been minimal lot size reduction in the Greater Brisbane region since 2014.</i> The industry's output is determined

	Furthermore, low density residential zoning greatly limits the ability for subdivision in established areas. A minimum lot size between 400sqm to 600sqm or greater is applied to low density residential zoning which based on existing property sizes (600sqm to 750sqm) does not permit an additional lot for new housing.	Unlike the metropolitan areas of other states, median lot size has stagnated in the Greater Brisbane region since 2014. Since 2016, there has been a steady decline in townhouses in Brisbane. Recent averages for townhouses in Brisbane range from 600 to 800 townhouses each year. This is significantly less than historic highs which saw around 2,000 townhouses per annum delivered in Brisbane.	by the availability of land suitable for new housing which is largely dictated by council and state government regulation. Furthermore, reducing the size of land is a proven method of reducing the overall cost of housing.
Council planning scheme provisions that reduce the commercial viability of apartments and townhouses	Over the past two decades councils, through their planning schemes have introduced a wide variety of design restrictions on townhouses and apartments. This includes greater restrictions on: • The extent of property boundary setbacks; • Controls on building heights and storeys above ground level; • Resident and visitor car parking spaces; • Minimum areas for vegetation/landscaping; • Larger private open space areas; • Building height transitions; • Minimum Green Building Council Ratings; and	Since 2014/2015, building approvals for attached housing has declined in Queensland from 23,538 dwellings per annum (approximately 50% of all approvals) to only 11,098 attached dwellings in 2023/2024 (estimated a 33% of all approvals). In relation to additional requirements applying to townhouses and apartments, modern planning schemes have introduced greater requirements. For example, in 2014 Brisbane's new planning scheme introduced 22 additional requirements for townhouses and apartments.	Recommended change: <i>Introduce state-wide controls for small infill development (duplexes, townhouses and apartments) which support commercial viability and improve the efficiency of the industry.</i> The productivity of the industry would be greatly improved by builders having certainty on standardised designs for townhouses and duplexes that can be built in suitably zoned parts of Queensland.

	Provisions aimed at design excellence. These controls are reducing the number of dwellings it is possible to accommodate on a property, reducing the commercial viability of new housing projects.		
State and Local Government housing strategies misaligned with development feasibility (construction costs for apartments)	State and Local Government housing strategies seek to achieve dwelling growth via apartments around shopping centres and train stations. As construction costs have escalated this strategy has become flawed as a premium sales price cannot be achieved for properties that overlook or are adjacent to shopping centres and train stations.	Developers are reporting that they need to achieve a sales price of \$15,000 to \$20,000 per sqm to ensure new apartment projects in Queensland are commercially viable. This means that only a few inner city suburbs and locations with water views are currently viable for apartments. Most council planning schemes continue to assume apartments will be built in locations not desirable to the market. Some examples include land adjacent to Capalaba Shopping Centre (Redland City Council) and land adjacent to the Park Ridge Shopping Centre and Mount Lindesay Highway (Logan City Council) Planning schemes for regional parts of Queensland (Cairns, Townsville and Gympie) also zone properties for apartment construction despite apartments never being built at a considerable scale in these locations.	The zoning of property for apartments and high density land uses should be underpinned by economic feasibility analysis and only adopted if apartments can be feasibility delivered in these locations in the immediate future (maximum of 5 to 8 years). If not determined as suitable for apartment construction, these locations should be zoned for lower intensity housing such as townhouses, terrace homes or detached houses. Rezoning of other areas suitable for apartments should be undertaken simultaneously to ensure no net loss of future dwelling supply. Recommended change: Amend housing strategies and zoning practices to factor in the commercial viability of developing apartments.

Limited expansion of the urban footprint hinders investment and strategic planning for new growth areas	Greenfield development has been limited via an urban footprint (prevents new housing outside of the mapped areas) in Queensland since the early 2000s. The urban footprint for SEQ has had minimal expansion over the past decade. The 2017 review of the regional plan resulted in a 7% expansion of the urban footprint. The 2023 revision of the regional plan resulted in a 2% expansion of the urban footprint to promote infill housing.	For a substantial period of time there has been research confirming the inflationary effect that urban growth boundaries such as urban footprint and 'green belts' have had on property prices. This was detailed in the Federal Government's Productivity Commission's inquiry into first home ownership in 2004.	Recommended change: <i>Expand the urban footprint to encourage investment and planning for new greenfield communities.</i> This will increase future planning and financial investment in new growth areas.
Absence of a regulator or body to make decisions on key interpretation issues	The housing industry is plagued by professionals forming different interpretations of the same legislation. There are a significant number of 'grey' areas in both planning and building legislation which are applied by councils, planning consultants and building certifiers differently.	While the Court system can provide judgements relating to disputes on key aspects of legislation. Due to the cost of court proceedings, this rarely occurs for small projects such as individual detached houses or granny flats. While there is a less expensive tribunal system, the findings and outcomes of these matters are often not referred to or applied by councils and consultants. As such, many 'grey' areas for the detached housing market or smaller development are not clarified and unique interpretations have been formed across Queensland's 77 different local government areas. For example, if a secondary dwelling (granny flat) or extension to a house	The Queensland Government should play a greater role in resolving interpretation issues and aim to improve consistency on the application of Queensland planning and building legislation. This could be achieved with a technical advisory position or body. Recommended changes: <i>Introduce a role similar to the Victorian 'State Building Surveyor' to decide and publish the correct interpretation of uncertain aspects of building/development legislation.</i> <i>The Planning Act and Building Act and interconnected through referrals and provisions for building assessment provisions. There should be a review completed to resolve conflicts and complexity caused by this interplay.</i>

		is lodged with a council in Queensland, there is not a consistent view from local government planners on what type of application is required (building work or a material change of use).	
Restrictions enforced on bushfire prone and flood hazard areas	There is a growing occurrence of councils introducing strict planning controls based on overlay mapping for bushfire, projected sea level rise and flood hazard areas. This includes provisions preventing subdivision or in some case extending an existing house for an additional bedroom. Overlay mapping is completed on a macro-scale for entire LGAs or in some cases the entire state. As this mapping is created on a broad scale, it can be very inaccurate. There are examples of when these requirements are imposed on partly completed housing estates.	There are examples of new flood requirements preventing the delivery of the previously approved master plan communities (preventing delivery of in excess of 1,000 new homes). Updates to flood modelling to factor in climate change is anticipated to significantly increase the number of properties subject to flooding, therefore prevented from redevelopment and often difficult or expensive to insure. Gold Coast City Council's proposed amendment – 'Designating for Flood' is anticipated to result in 86,800 additional properties being subject to flooding.	Recommended change: <i>Implement consistent requirements for natural hazards across all Queensland planning schemes.</i> There is no need for regional issues such as bushfire, flooding and environmental management to have unique requirements in all 77 council planning schemes. Overlay mapping for natural hazard should remain a trigger for assessment to determine if the potential concern exists and if so, what mitigation measures can be implemented to ensure safety. Furthermore, any new planning requirements that reduce residential land supply should only be implemented once an equivalent parcel of land has been rezoned to offset the sterilisation of land for housing.

<i>Inclusionary zoning (quotas for social and affordable housing)</i>	Planning instruments in Queensland are being amended to include targets for social and affordable housing, typically equating to 20% or 25% of all dwellings.	Allocating a percentage of dwellings in a development to social housing or discounting dwellings to meet the definition of affordable has two potential implications: 1. Developers need to increase the price of other dwellings in the project to maintain commercial viability; or 2. Should increasing the price of other dwellings in a project not be accepted by the market, the project stalls and fewer homes are constructed.	Governments are increasingly trying to shift the burden of funding social and subsidised affordable housing onto the private sector. Inclusionary zoning (mandated targets for affordable or social housing) is not an appropriate mechanism to increase housing supply or affordability. <i>Recommended change:</i> Prevent the introduction of mandatory inclusionary zoning.
<i>Uncertainty and variations in conditions of development approvals</i>	There is no consistency in relation to the conditions imposed by councils on development approvals. While some councils have condition databases and attempt to standardise conditions of approval, there is great discrepancy between what conditions are imposed on the same types of development occurring across Queensland.	The absence of standardised conditions of approval or a database for tracking conditions, means there is often uncertainty about what will be required by a council to deliver new housing.	New South Wales has a state-wide conditions database which ensures the industry is aware of the conditions that can be imposed on a development approval. The database of conditions also has unique numbers or identification to ensure that the creation of unique conditions can be tracked. <i>Recommended change:</i> Implement a state-wide conditions database to bring greater certainty and transparency to the conditions imposed by regulators.

Land supply availability – development process and infrastructure charges	The detached housing market's output relies on the availability of land. Prior to the 1980's, infrastructure charges for new estates were charged under consolidated government revenue. Pressure on public funds has now resulted in a user-pays model which means infrastructure costs are embedded in the price of a house and land package.	The time, regulatory costs and infrastructure charges levied on development by governments add to the total price of land. In 2024, the Brisbane Greater Region recorded a 21.2% increase in median land prices, overtaking Melbourne. Regional parts of Queensland have also seen significant escalation due to the scarcity of new residential land; the Gold Coast is the most expensive regional market in Australia with a recorded price of \$1,969 per sqm.	Reforms should be made to infrastructure charges and planning processes. The South Australian Government has taken steps to streamline and more fairly fund the delivery of shovel-ready land. The timeframe in South Australia to convert unallocated land to shovel-ready land has been reduced from 54-75 months to now 36-63 months. Recommendations: <i>Queensland is overdue for planning reform aimed at streamlining the delivery of new housing. Examples of reforms have occurred in South Australia such as:</i> • <i>A state-wide planning portal for consolidated application tracking and land supply analysis;</i> • <i>Private planning professionals being able to assess small land subdivision applications;</i> • <i>Automated development assessments for simple applications.</i>
Inefficiency caused by various levels of environmental assessment	Under development and environmental legislation there are several levels of environmental regulation which can apply to removing vegetation including:	Coordination between these separate areas of environmental legislation and different regulators is poor.	Recommended change: <i>Federal Government environmental assessment under the EPBC Act should be delegated to State and Local Governments who can</i>

	- Queensland Government – Koala Vegetation, Waterway Barrier, Matters of State Environmental Significance; - Local Government – Planning Scheme (biodiversity areas, waterway overlays) and Local Laws for Significant Vegetation; - Federal Government – Native Vegetation and Threaten Species under Environmental Protection and Biodiversity Act (EPBC).	It is not uncommon to secure local and state government approval for vegetation clearing only to be subject to a 2 – 4 year process with the Federal Government to determine if vegetation clearing is supported under the EPBC Act. In many cases, EPBC approvals cannot be issued until an appropriate property for environmental offsets has been acquired. This has been recently reported to add \$10,000 to \$25,000 to the price of a new residential allotment.	<i>holistically assess all environmental components of a proposed development which would greatly improve assessment timeframes.</i>
Inconsistency on council procedures due to varying local laws	There is a great degree of variation between local government procedures and requirements through local laws. Some examples of local laws impacting builders and homeowners include those related to: - Removing street trees; - Constructing driveways; - Storing building materials on a verge; - Temporary road closure permits; and - Traffic management permits. There is no consistency across local governments regarding these essential permits which are often required to build homes.	As many builders or developers work across multiple local government areas, it often discourages these businesses developing streamlined or more efficient systems as they need to remain tailored for each council. There are examples of homeowners/builders waiting in excess of 5 months for an approval to construct a driveway or remove a street tree from council.	A review of local government processes and permits is required with a view to standardizing requirements and timeframes for common permits issued by councils. Recommended change: <i>Review and standardise local government law related permits and timeframes.</i>

Council plumbing department restrictions until new land is registered	Many council plumbing departments will refuse to issue a plumbing approval for a new house until an allotment has been registered. As there is often a long delay between planning approval, infrastructure construction and final title registration, this means that builders can be unnecessarily waiting months for lots to be registered with the titles office prior to commencing construction.	Builders are regularly waiting for plan sealing to be completed prior to commencing site works, which can unnecessarily add months to the delivery of new houses. Many council plumbing departments refuse to issue plumbing approvals prior to title registration noting difficulties with the electronic record management in their system for lots not yet registered.	The Queensland Government needs to take a greater role at improving council processes and standardizing record keeping systems. This has occurred in New South Wales and South Australia with state-wide planning/development approval portals. Recommended change: Implement a state-wide planning portal for consolidated tracking of all development related applications in Queensland.
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2. Stop taxing new homes

Policy/Regulation	Description of issue	Cost/Impact	Solution
Cumulative impact of statutory taxes and regulatory charges	Housing is one of the most heavily taxed goods in the economy. Recent reporting by the Centre of Independent Economics (CIE) confirms that 41% of the cost of a house and land package in Brisbane is made up of regulatory costs, statutory taxes and infrastructure charges. Similarly, 32% of the total cost of a new apartment in Brisbane is made up of statutory taxes, regulatory costs and infrastructure charges.	Research shows that 41% or \$348,000 of a house and land package in Brisbane (estimated at \$843,066) is a tax or regulatory charge. For apartments, taxes and regulatory charges equate to 32% or \$254,052 of the total cost of a \$747,213 apartment.	HIA supports the following tax and charges reforms: • Providing stamp duty relief on all new builds; • Abolishing surcharge taxes imposed on foreign investors; • Capping local government infrastructure charges and regulating development assessment fees; and • Suspend annual indexing of State Government taxes such as the waste disposal levy.

Annual increases to council fees and charges	Under the relevant legislation, all council fees and charges are required to be calculated on cost-recovery basis only. However, there continue to be examples of significant annual increases to council fees and great discrepancy between the fees for different councils for assessing of the same type of development. All council fees add to the cost of delivering new homes.	In 2024/2025 financial year some local governments increased their development assessment fees for particular types of development by up to 170%. For example, the council fee for assessing 4 townhouses (impact assessable) is three times more expensive in Brisbane than Toowoomba. The fee for assessing the siting of a detached house in Brisbane City Council is often twice as expensive as Ipswich City Council.	The Queensland Government should play a greater role in regulating development assessment fees and charges. There should be restrictions on how much a local government can increase a fee in a financial year. The current system of all council fees being 'cost-recovery' does not appear to be regulated or monitored. Recommended change: Review and cap local government fees and charges.
Tax on foreign investors	Additional taxes imposed on foreign investors at both state and federal government levels are limiting investing in new housing.	Since Queensland introduced the additional foreign acquirer duty in 2016, multi-unit commencements are tracking at half of previous levels. This tax also impacts the detached housing market as one in ten detached houses built in Australia are built by an oversea owned builder.	Recommended change: Remove additional/surcharge taxes imposed on foreign companies.

		These global home builders bring to Australia an investment in leading edge building technologies and products.	
3. Attracting more investment is necessary			
Policy/Regulation	Description of issue	Cost/Impact	Solution
<i>Bank lending based on staged/progress payments is a barrier to pre-fab and modular construction</i>	The current method for finance loans when building houses is based on a series of progress payments after inspection of key stages (excavation for foundations, foundation construction, frame, truss or roof installation and completion). This does not align with construction completed predominantly off-site.	For pre-fab housing, customers require the majority of their finance upfront rather than through progress payments. Very few companies can handle the financial risk associated, including short-term risk related to cash flow and long-term risk plus insurance cover.	<i>Recommended change:</i> Work with lenders to introduce staged payment options for customers purchasing pre-fab housing.
<i>Bank lending reluctance to support additional staged/progress payments</i>	Lenders are commonly reluctant to support more than 5 or 6 progress payments. As this would require additional inspections from valuers and some banks have formed a view that exceeding 5 or 6 staged/progress payments exceeds the industry standard. It is noted that no legislation restricts the maximum number of staged/progress payments.	As building homes has become more expensive and complex (noting on some high-end homes can involve individual stage payments in excess of \$1m) a significant amount of cash flow pressure and financial risk is placed on builders who will only be paid once the bank inspects and approves work as finalised. In response many builders are attempting to introduce additional progress payments to limit their	<i>Recommended change:</i> In conjunction with Australian Prudential Regulatory Authority (APRA), the Queensland Government should provide clarity and expectations to lenders that additional staged payments are beneficial and should be encourage on higher value building contracts to reduce risk for all parties.

		financial risk and also risks for their customers.	
Construction finance is difficult to access for residential development	Apartment construction has been viewed as increasingly risky by lenders. As such, most financial institutions are seeking 100% of units in an apartment to be pre-sold prior to lending for construction.	Achieving 100% pre-sales adds a significant time burden to the delivery of new apartments. While achieving 100% pre-sales limits risk for lenders, it increases the financial risk placed on developers as construction costs escalate with time, there is often no opportunity to pass cost increases onto the final price of units if all have been pre-sold.	While APRA has provided a letter of clarification on their guidelines to confirm that 100% pre-sales is not an expectation of lending, most lenders are still seeking high levels of pre-sales prior to lending for construction.

4. Contractual and industrial relations reform is necessary

Policy/Regulation	Description of issue	Cost/Impact	Solution
Project trust accounts framework	The project trust account (PTA) framework places a significant additional administrative burden on builders and developers for specific projects. While currently PTAs only apply on private sector contracts in excess of \$10m, the complete roll-out will eventually capture building contracts of \$1m if involving 2 or more dwellings.	Recently even prominent and experienced developers have been fined for failing to meet the PTA legislation. It is unreasonable to apply this complex legislation to small projects/businesses. The PTA legislation was introduced to ensure subcontractors are paid when a builder enters administration. There are numerous examples of PTA failing to achieve their purpose of subcontractors being paid.	Recommended change: PTAs should be abolished from all private sector contracts.

Payment protection – expanding legislation to support residential builders	Currently, the only avenue for small to medium builders to resolve payment issues with homeowners is through the Queensland Civil and Administration Tribunal (QCAT).	Resolving disputes through QCAT can take many years to resolve, leaving building businesses financially vulnerable. For example, the building dispute in <i>Sovereign Homes Qld Pty Ltd v Edwards</i> was filed with QCAT in December 2015 with a decision made in August 2018. Such lengthy time delays in decisions being made are far from unique.	Recommended change: Amend legislation to allow for arbitration clauses under domestic building contracts. The Queensland Government can provide access to timely payment resolution without incurring any additional cost to the government. This can be done by amending the Building Industry Fairness (Security of Payment) Act 2017 or Building and Construction Commission Act 1991. Arbitration clauses work successfully in other jurisdictions such as South Australia as a timely dispute resolution mechanism.
Energy Queensland Union Collective Agreement 2022	A new enterprise bargaining agreement has expanded ‘contestable works’ which means all contractors and subcontractors working on subdivisions will be covered by the agreement increasing wages for those not even employed by Energy Queensland. In some cases this covers non-electrical works such as retaining walls and excavating trenches.	The changes to the enterprise bargaining agreement have been estimated to add approximately \$10,000 to new housing allotments.	Recommended change: Amend the definition of ‘contestable works’ to ensure developers are able to employ any appropriately qualified contractor to complete subdivisions and not be subject to costly employment agreements which utility providers offer to employees.

The Queensland Building and Construction Commission (QBCC) procedure for non-structural defects and directions to rectify	The QBCC will often issue a direction to rectify on multiple occasions within the 12-month warranty period for non-structural defects.	This means that builders and inspectors are making multiple visitors to the same home which comes at a financial cost and loss of productivity for builders and government employees.	Recommended change: All directions to rectify for non-structural defects should be held over until a later period to enable a single consolidated rectification of all issues within the prescribed warranty period.
QBCC – Home Warranty Scheme – Threshold for insurable work	The current threshold for insurable work is \$3,300 which is significantly lower than other states and adds to the administrative burden on minor works.	A materially higher threshold would remove some of the current unfairness where there is a high proportion of non-payment of premiums on lower value work. Consumers remain protected as they would still have access to the protections provided through the QBCC's dispute resolution services and the consumer dispute area of QCAT which handles disputes up to \$25,000.	Recommended change: Increase the threshold for insurable works to a minimum of \$20,000, the current threshold for Tier 2 contractors. Thresholds in all other states and territories are significantly higher than the \$3,300 that has been the Queensland threshold for many years. They range from \$12,000 in South Australia, the Northern Territory, and the ACT to \$20,000 in New South Wales and Western Australia.
QBCC – Home Warranty Scheme – Claims paid to consumers without a Direction to Rectify	There are frequently instances reported where a consumer has received an insurance claim without a builder receiving a Direction to Rectify.	This results in builders not being made aware of faults in their procedures or give them an opportunity to fix identified mistakes. This could result in a situation where a builder continues to adopt a process which results in the same defect on other projects without being aware of the issue.	Recommended change: All claims paid under the Home Warranty Insurance Scheme should be tied to a Direction to Rectify to ensure that builders can defend or be educated on potential issues with their construction practices or methodology.

QBCC – Home Warranty Scheme – Assessment of incomplete works	HIA has been advised from builders who undertake insurance work that there is often an issue of voracity in the assessment of incomplete works. This could be due to a lack of skill and knowledge of the staff involved in the claims process.	Some consumers can game the claims process, resulting in additional works being included in the claim that were not part of the original contract. This is placing an unwarranted drain on the Scheme and is fraudulent.	Recommended change: <i>The QBCC should review incomplete works claims with a panel of appropriate builders.</i>
Inconsistent timeframes for warranties	Statutory warranties, Home Warranty Insurance, <i>Limitations of Actions Act 1974</i> , and QBCC defects policies and directions all have different start and finish dates for their application, even though they are all addressing the same fundamental objective.	There is an immense degree of confusion for homebuyers and builders relating to their record keeping, administration processes and overall warranty obligations.	Recommended change: <i>Review and standardise the various timeframes for warranties based on the statutory warranties for homes.</i>

5. Stop increasing the cost of delivering a new home

Policy/Regulation	Description of issue	Cost/Impact	Solution
National Construction Code (NCC) 2022 – Livable Housing requirements	Amendments to the NCC introduced several measures aimed at increasing accessibility such as step-free entry, wider hallways, larger and accessible showers and toilets, entry toilets. These changes were adopted in Queensland despite the independent Regulatory Impact Statement commissioned by the Australian Building Codes Board (ABCB) noting a net cost to the Australian economy of \$3.12 billion which outweighs the benefits.	The cost implications of these changes vary depending on the size of the building and any unique site challenges. HIA members are commonly reporting additional costs from \$9,000 to \$30,000 to achieve these requirements including larger joists to set down bathrooms for level thresholds, structural ply to bathrooms and wider/ larger floor areas.	HIA supports less frequent amendments of the NCC to give industry greater certainty. There is significant training of designers, builders, certifiers and trade contractors each time changes occur to the NCC. Recommended changes: <i>Remove mandatory compliance with the livable housing design standard in the following circumstances:</i>

		The final adoption and implementation of the NCC is left to individual jurisdictions to decide. For example, NSW is not adopting the livable housing requirements. Many SEQ builders also work in Northern NSW which results in significant variations between mandatory requirements in each state.	• <i>It is illogical to require accessible internal features in a new home when entry into the dwelling is only available via stairs;</i> • <i>On all additions and extensions where the original dwelling was constructed prior to the adoption of NCC 2022; and</i> • <i>On all lots less than 250sqm to support entry level housing.</i>
NCC 2022 – Increase to energy efficiency requirements	The latest increase to a mandatory '7 star' energy rating for all residential buildings. This was adopted despite the independent Regulatory Impact Statement commissioned by the Australian Building Codes Board noting a net cost to the Australian economy of \$547 million which outweighs the benefits.	The cost implications vary depending on the particular allotment, building design and climate zone. HIA members are commonly reporting an additional cost of \$8,000 to \$30,000 in Queensland. In some problematic circumstances such as raised Queenslander style houses in cooler climate zones (Toowoomba), costs in excess of \$50,000 have been reported.	As detailed above, the NCC should not be amended when the regulatory impact statement confirms the costs outweigh the benefits. Recommended change: <i>Energy efficiency software does not allow for the assessment of additions and alterations in isolation from the existing dwelling, significantly adding to the cost of simple renovations. Until appropriate software is available, alterations and additions should be exempt from being required to achieve this requirement.</i>
NCC references to Australian Standards	The NCC makes refers to various Australian Standards for specific design requirements. The Australian Standards are not freely	HIA constantly receives calls from builder members questioning the detail of Australian Standards and raising the cost impact of purchasing the viewing rights of	The Australian Standards are enforced as a legal requirement for construction and therefore any Australian Standards referenced in the NCC should be made publicly

	available to builders or the general public. These standards are often updated or amended which makes re-purchasing to the latest version costly. Revisions of the Australian Standards requires builders and other professionals to re-educate their staff on these changes and amendments have often greatly increased the cost of construction.	hundreds of different Australian Standards that apply to different construction projects. In addition to the administrative burden and costs, minor changes to the Australian Standards can greatly increase the cost of construction. For example, the latest update to AS1288 requires glass barriers above 5m to be annealed. On a Queensland apartment project this could add close to \$1 million to the total construction cost.	accessible free of any charges. As detailed earlier, HIA supports a pause to the NCC provisions at this time of great difficulty for the housing industry. A pause to the NCC has been adopted by the South Australian Government. Recommended change: <i>Provide industry with free access to the Australian Standards.</i> <i>A cost benefit analysis should occur on all changes to Australian Standards to ensure housing affordability is not further eroded.</i>
NCC – Expanded purpose, increasing complexity, time to build and now a tool for ideological pursuits	The NCC was created to mandate minimum standards for construction aimed at keeping occupants safe and buildings structural sound. Recently the NCC has been utilised as a method of enforcing ideological goals such as inclusivity, diversity, resilience to climate change and net zero. For example, in 2024 the ABCB commenced consultation on proposed amendments to the NCC to replace the word ‘sex’ with ‘gender’ and ‘unisex’ with ‘accessible’.	Expanding the purpose of the NCC to beyond the safety of occupants and structural stability of buildings has resulted in additional costs through a more complex building to construct which has ultimately eroded housing affordability. Increased costs occurred when accessibility and sustainability were added to the purpose of the NCC. It is proposed to expand the purpose of the ABCB and NCC to include climate resilience as an objective, which will ultimately increase construction costs. The Federal Government’s	HIA notes that there is nothing to prevent a homeowner from constructing a 10-star energy efficient or net zero home or a house completely from resilient building materials. However, these best practice innovations should not be mandated on all homes as minimum standards. Recommended change: <i>The Queensland Government should not commit to future updates of the NCC without support from the building industry. This has occurred in South Australia.</i>

		Productivity Commission confirmed the labour cost to build a typical home has increased by 41% between 1988 to 2020, from 5610 to 7925 hours. The original Building Code of Australia was a 209-page document. The current NCC 2022 consists of 3 volumes and supplementary documents equating to over 2,000 pages of documents (this excludes references to Australian Standards).	
Grading to floor wastes – Queensland Development Code (QDC MP4.5) and NCC	The Queensland Government has mandated specific falls or grades for areas that have a drainage floor waste. While achieving a fall to a floor waste is common practice inside a shower area (wet area), it was not previously required outside of the shower area.	The Queensland Government failed on its promise to provide education about the changes to the industry. Many builders and building certifiers are struggling to educate floor tilers on this new requirement resulting in a high level of non-compliance. This now common defect during construction is resulting in the need to redo bathrooms.	Recommended change: Remove the requirement for mandatory falls to floor wastes which are outside of wet areas. Alternatively, amend QDC MP4.5 to introduce 5mm tolerances to consider the variations that occur during the manufacturing and construction process.
Energy Queensland requirements for inner city suburbs to have chamber pad-mounted transforms	Energy Queensland has significantly expanded the locations that a chamber pad-mounted transformer is required to installed to include most inner-city areas of Brisbane and the Gold Coast. This appears to be a blatant cost shifting exercise aimed at pushing the cost of trunk infrastructure onto new apartment	A chamber pad-mounted transformer is significantly larger and more expensive than a standard pad-mounted transfer. Developers are reporting an additional construction cost of \$200,000 and in some cases the removal of several basement car	At this time of extreme difficulty for commercial viability of new housing projects, utility providers should not be adding unnecessary costs to new development. Recommended change: Amend the Joint Supply and Planning Manual – 3056869 to remove the need for

	buyers.	parking spaces to accommodate sub-surface infrastructure.	<i>chamber</i> <i>pad-mounted transformers.</i>
<i>Building approvals and owners consent requirements for properties encumbered by easements</i>	Due to poor drafting during amendments of the <i>Building Act 1975</i>, for properties subject to an easement there is now a requirement to seek consent from the beneficiary of all easements prior to commencing building work on that property. Consent is even required from the beneficiary of an easement if the proposed building work is located a significant distance from the easement and does not conflict with the terms of the easement.	This can add significant delays and cause disputes during the granting of building approvals. Additionally, this requirement has been poorly communicated to industry and not understood or applied by all building certifiers. As such, if some building approvals are scrutinised there is the possibility they would be deemed unlawful.	In comparison to other development related legislation, the <i>Building Act 1975</i> has had very few amendments or revisions aimed at improving procedures. For comparison the planning framework in Queensland has had 3 different acts with substantial reworks since 1997, a substantially lesser period. <i>Recommended change:</i> Amend Section 65 of the <i>Building Act 1975</i> to only require consent from the beneficiary of the easement if building work is in the easement area or will contravene the terms/function of the easement.
6. Increase access to skilled workers in the industry			
Policy/Regulation	Description of issue	Cost/Impact	Solution
<i>Growing workforce through overseas and interstate workers</i>	With a significant pipeline of infrastructure, health, government and Olympics related projects in Queensland, there is anticipated to be immense competition for workers.	Failure to address the acute, persistent and potentially worsening shortage of skilled trades will leave a major constraint, not just on housing affordability but on broader productivity and economic growth.	<i>Recommendations:</i> In conjunction with the Federal Government, the Queensland Government should: <i>Undertake targeted programs and provide financial and</i>

	The residential construction industry often struggles to complete with other sectors as wages are capped by the market price for homes.		<i>mentoring support for mature aged apprentices;</i> • <i>Support industry to expand recruitment into overseas and interstate markets;</i> • <i>Streamline immigration pathways for workers in construction trade occupations;</i> • <i>Enable overseas students to undertake apprenticeships in construction trades; and</i> • <i>Provide clear pathways to permanent residency for temporary workers in construction trade occupations.</i>
Boosting apprenticeships & mature aged workers	To achieve the home building targets of the National Housing Accord, HIA estimates that a 30% increase of the workforce across trades is required. This equates to an additional 83,000 trade workers nationally.	As detailed above, failure to address our acute shortage of skilled trades will hinder productivity and economic growth.	Recommendations: <i>In partnership with industry and the Federal Government, the Queensland Government should implement the following:</i> • <i>Provide greater subsidies to employers who take on apprentices;</i> • <i>Invest in industry-based mentoring programs to support apprentices; and</i> • <i>Increase the current \$1,000 tool bonus program starter kit to</i>

			\$3,000 and provide a \$500 supplement per year for apprentices.
<i>Simplified and streamlined training for trade occupations</i>	There are several trades that require a 4-year apprenticeship which should be reviewed with an aim of streamlining. For example: • Plastering – a 4 year apprenticeship; • Painting – a 4 year apprenticeship; and • Steel Framing – requires a 4 year carpentry apprenticeship which is predominantly focuses on timber methods of construction.	The length of training and apprenticeships for some trades is a barrier to attracting new workers.	<i>Recommendation:</i> Review all QBCC licensee requirements and length of apprenticeships for trade occupations.