



**MASTER BUILDERS**  
A U S T R A L I A

8th November 2023

Director  
Housing Australia Future Fund Unit  
Housing Division  
Treasury  
Langton Crescent  
Parkes ACT 2600

### **Amendments to the Housing Australia Investment Mandate Direction**

Master Builders Australia (Master Builders) welcomes the opportunity to respond to the consultation relating to Housing Australia's (HA) Investment Mandate Direction.

Master Builders is the nation's peak building and construction industry association. Our members are the Master Builders state and territory associations, which represent over 32,000 businesses nationwide, including the 100 largest construction companies. Master Builders is the only industry association that represents all three sectors of construction – residential, commercial, and civil.

This submission relates to the consultation process being undertaken ahead of proposed amendments to the National Housing Finance and Investment Corporation (NHFIC) Investment Mandate Direction 2018. NHFIC was renamed as Housing Australia in October 2023.

Master Builders Australia acknowledges the considerable set of recent government initiatives in the housing space. They will provide crucial support to demand in our industry over the coming years and contribute significantly to improving the living standards of those housed in the newly built dwellings.

We understand that the proposed amendments will direct Housing Australia in terms of how it delivers social and affordable homes under two major initiatives. These are:

- The Housing Australia Future Fund (HAFF) worth \$10 billion; and
- Affordable homes to be delivered under the National Housing Accord.

Altogether, it is proposed that a total of 40,000 new social and affordable homes will be built as part of the HAFF and National Housing Accord over a five-year period.

The details of this submission as they relate to the Investment Mandate are below. The four parts of this submission are:

- Data collected as part of the proposed quarterly reporting process;
- The design of the procurement process;
- Livability and NHAF construction compliance; and
- The Skills Guarantee and Housing Australia-supported project.

### **Data collected as part of quarterly reporting**

Master Builders notes that HA is required to deliver quarterly reports in relation to the status of projects which it finances. It is the view of Master Builders that this quarterly reporting process may represent an opportunity to fill some data gaps. Accordingly, Master Builders recommends that the remit of the quarterly reporting process is expanded to gather information including:

- Capacity constraints in the building and construction industry.
- The use of apprentices on HA-supported projects including the types of TAFE from which they are sourced. Information on the role played by migrant workers in the delivery of HA-supported projects would also be useful.
- Data on the nature of any project delays and the source of those delays.
- Data on the times taken for HA-supported project to reach key milestones (including those related to planning as well as time taken to received development/building approval).
- Details around the loans and grants provided by in supporting relevant projects.
- Information on the additional costs resulting from achieving the new energy efficiency and liveability/accessibility requirements of the 2022 National Construction Code (NCC).

Having more quantitative data resulting from the Quarterly Reporting process will allow organisations like Master Builders to better measure the performance of the building and construction industry, assist in pinpointing problems and make it easier to determine solutions.

### **Procurement process design**

In recent years, the financial position of building and construction companies has come under pressure due to unanticipated surges in the cost of materials and labour as well as delays in completing projects resulting from tradie shortages and disruption caused by lockdowns and other pandemic related restrictions. This shone a light on the balance of risk sharing in the industry. Typically, it has meant that builders have shouldered the bulk of the risk when it comes to projects.

This means that in the event of unforeseen unfavourable changes to the operating environment, the builder is required to meet the majority of the cost, if not all of it. There is an opportunity for HA-supported projects to lead the way in terms of a pioneering approach involving a fairer and more sustainable model of risk sharing with the building and construction businesses involved in the procurement process.

### **Liveability and NHAF construction compliance**

Under 28R, Master Builders proposes that subsection (b) be amended to read as follows:

*(b) either*

*(i) the dwelling complies with the standards in the NCC relating to livable housing design; or*

*(ii) if the State or Territory the dwellings are located in has a different standard applicable for livable housing design – the dwelling complies with that different standard.*

### **Housing Australia-supported projects and the Skills Guarantee requirements**

Under its Secure Australian Jobs Plan, the Federal Government has proposed an Australian Skills Guarantee. This is designed to use Government investment in major projects to help train the next generation of skilled workers. The Skills Guarantee is due to take effect from 1 July 2024 and it is proposed to initially apply to major construction and information and communication technology (ICT) projects with a total contract value of \$10 million or more. The Skills Guarantee sets minimum requirements around the employment of apprentices and women on major government-funded projects.

For many years, Master Builders has led the charge in championing the apprenticeship career pathway. In addition, the Women Building Australia program aims to increase female participation in the construction industry particularly when it comes to trades and apprenticeships.

Master Builders made a submission to the Skills Guarantee consultation process, and associated procurement policy consultation, earlier this year. To reiterate those submissions, the building and construction industry leads the way when it comes to apprenticeship training. It is also working hard to attract more women to the industry. Placing quota burdens on Commonwealth procurement is unlikely to have the effect of attracting more people to building and construction, rather it will result in a reshuffle of existing apprentices and women towards commercial companies that apply for and win Commonwealth building tenders. Master Builders shares the ambition to increase female participation in the industry, and attract more apprentices, but does not take the view that quotas will aid in achieving this ambition.

Currently, very significant changes are being digested by this industry in the form of major Industrial Relations reform and the new NCC. For small businesses in particular, the work involved in fully understanding these changes as well as the process of implementing them across the business is costly in terms of money, time, energy and morale. For this reason, Master Builders recommends the application of the new Skills Guarantee is done in such a way to provide more time and space for the many small construction businesses already grappling with significant change and regulation.

As noted in submissions to the Skills Guarantee consultation processes, the Skills Guarantee threshold on HA-supported projects must be \$50 million, not the \$10 million currently proposed. Government must also delay the start date of the Skills Guarantee from 1 July 2024 to a later date for projects supported by Housing Australia.

## Contact

---

Master Builders welcomed the opportunity to provide input to this discussion.

For further information, please contact:

Shane Garrett  
Chief Economist  
Master Builders Australia  
Phone: 0450 783 603  
Email: [shane@masterbuilders.com.au](mailto:shane@masterbuilders.com.au)