



MASTER BUILDERS
A U S T R A L I A

23 May 2025

Climate Science and Adaptation Unit
Climate Change Authority
Via: consultation@climatechangeauthority.gov.au

To Whom it May Concern

Climate Change Authority Targets, Pathways and Progress 2024 Issues Paper

Master Builders Australia (Master Builders) welcomes the opportunity to make a submission to the Climate Change Authority's (CCA) 2024 Issues Paper: Targets, Pathways and Progress consultation.

We acknowledge that the Issues Paper provides details on the CCA's approach, direction, and latest thinking on the development of both Australia's 2035 Emissions Reduction Target, and the sectoral pathways required to reach that target.

The review seeks to identify technologies (including operational changes) in each sector that best support Australia's transition to net zero based on their readiness, emissions reduction, and potential cost. It also identifies barriers, what can be done to overcome barriers and interdependencies between sectors.

Our response provides commentary regarding coordinated government action, industry readiness, interdependence across a supply chain of multiple sectors and technologies that might assist a net zero transition.


About Master Builders


Master Builders Australia (Master Builders) is the nation's peak building and construction industry association, serving as the only representative for all three sectors of the industry: residential, commercial, and engineering/civil construction.

Master Builders released Sustainability Goals in July 2023. These goals outline Master Builders' commitment to fostering a more robust and sustainable industry. By addressing critical issues affecting business performance, minimising risks, and maximising opportunities through an Environmental, Social, and Governance (ESG) framework, we aim to shape a sustainable future for businesses, workers, and communities.

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The specific ESG Goals include:



Environment

Net zero built environment

Buildings built to enable net zero emissions.

Resilient built environment

Building laws, standards, and performance are at an appropriate level to meet the health and wellbeing needs of our future population and contribute to better building outcomes.

Circular economy

The building and construction industry minimises its environmental footprint by reducing its quantum of waste, adopting best practice recycling programs, and minimising its water usage.



Social

Fair and safe workplace conditions

To achieve a sustained and ongoing reduction in fatalities and injuries within the building and construction industry.

Equality, diversity and inclusion

That the building and construction workforce reflects the Australian population.

Mental health

To ensure the building and construction industry is known as a sector that fosters and supports positive workplace mental health and has eliminated (or substantially reduced) the incidence of suicide amongst industry participants.



Governance

Business conduct

The structures, frameworks and relationships in the industry supply chain reflect a profitable and sustainable outcome for all.

Community engagement

That the industry has developed and implemented best practice standards in community engagement.

The [Building and Construction Industry Sustainability Goals 2050](#) have been set to be achieved by 2050, with specific milestones set for 2030. Supporting these goals are three-year action plans, ensuring accountability and progress towards a sustainable future.

More sustainable building practices and a commitment to achieve a net-zero built environment is part of our goal to reduce the environmental impact of the built environment.

As part of the first three-year action plan for these goals, Master Builders is establishing partnerships regarding product assurance, traceability, and net zero innovation. We have led the formation of a Building Products Coalition to develop better tools for the safe and compliant use of building products and the selection of more sustainable products. Master Builders is also part of the Building 4.0 CRC investigating automated tracking of construction materials.

Coordinated action

There are several actions being progressed by government that should be coordinated. These include the sectoral plans/pathways, the National Energy Performance Strategy, update of the Trajectory for Low Energy Buildings as well as new provisions proposed for the 2025 National Construction Code (NCC) for commercial buildings to be net zero carbon ready.

Industry is currently overwhelmed by reform, so it is imperative that processes are coordinated, add value, do not unnecessarily duplicate the work of each other and that implementation plans allow adequate time for transition, for industry to upskill and effectively respond.

We understand that development of sectoral pathways and plans is the mechanism to support Australia's transition to net zero emissions by 2050 for six sectors—electricity and energy, transport, industry and waste, agriculture and land, resources, and the built environment. We support this approach with the expectation that it will lead to more coordinated action.

Industry readiness

The CCA Issues Paper acknowledges the unique circumstances of building and construction. It identifies barriers, enablers, technologies, readiness, abatement potential and cost associated with transformation pathways for the six priority sectors. It also identifies that barriers to innovation are minimal in the built environment sector with technologies available when compared with other sectors.

The barriers identified include high upfront costs, absence of a national plan for phasing out gas, split incentives (owner/tenants), future workforce limitations, challenge and expense of retrofitting buildings, decarbonising refrigerants, difficulties implementing digitalisation.

The enablers identified include regulation and mandates, widespread commercial availability of technology, low cost and financial incentives, improving information and data, and advances in digitalisation and connectivity.

Costings have been provided for electrification, energy efficiency and digitalisation (appliances/energy usage optimisation), onsite electricity generation and storage, grid integration, thermal efficiency, refrigerants (switching to lower global warming potential).

Whilst we agree on the barriers and enablers identified, too often we are seeing enablers such as regulation and mandates occurring before a clear understanding of risks have been established and mitigated. Regulation is introduced ahead of the tools to apply that regulation and often without regard to existing regulatory requirements. Whilst the built environment might have more technologies available compared with other harder to reform areas, there are still considerable risks overlooked that are not effectively costed in development of policy, regulation, and mandates.

The nature of construction supply chains, which are often long and disconnected, is another barrier to innovation in our industry. The challenge of determining whether a particular construction product is appropriate for a specific use has been a long and intractable one for the industry. This lack of information and therefore certainty that innovative products and practices are fit-for-purpose serves as a barrier to adoption. Industry is working to address this in part through the [Building Products Coalition](#) which has prepared a guide for the *Traceability and Digitalisation of Building Product Information*.

The cost of construction has been escalating for the past few years with the average cost of building a home increasing by 40 per cent since 2019. This has happened together with productivity in the industry falling by 18 per cent over the last decade.

This situation is the result of increasingly unpredictable operating conditions that are pushing business models to the limit, and we have seen the consequence of this play out with insolvency data at record highs in the sector. Master Builders recently released the [Cost of Letting Productivity Slip](#) report that provides more information on these issues.

Any transition to net zero needs to be clear about the multitude of variables that can impact building and construction and the impact that ever-changing policy and regulation has on construction output and quality risk. If not, it will only add to the pressures constraining performance of the sector.

Adding more upfront cost to an already cost sensitive industry also needs to be considered carefully in future reform. It is upfront transformation actions that determine whether reforms will be affordable,



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achievable, and safe. In the past, we have seen risks emerge with the rush to innovate that contribute to poor building system and quality outcomes (eg. combustible cladding).

The escalation of the cost of insurance products for building and construction is increasingly recognising these risks. The Centre for International Economics (CIE) produced a report on the cost of building defects for Building Ministers alongside the Shergold-Weir Building Confidence Report into improving the effectiveness of compliance and enforcement systems for the building and construction industry across Australia. [The 2021 report](#) into the case for intervention found that costs associated with building defects are in the order of \$2.5 billion per year.

The risks we are seeing emerging with NCC 2025 changes relate to fire safety hazards associated with electric vehicle charging equipment in buildings. These are not being costed in recent NCC 2025 regulatory impact assessments but need to be adequately assessed before mandating actions. We need to understand these risks, the costs associated with them and what it means before we roll out new technology en-masse.

There are also concerns that grid capacity being upgraded is coming after building electrification occurs when this should be the other way round if we are to see a smoother transition to net zero.

Barriers can be overcome through actions that contribute to decreasing cost and enabling productivity. Change requires:

- a combination of considered and measured approaches towards regulatory intervention
- minimising construction timeframes
- effective incentives to ease cost burdens
- investment in tools and strategies that support change (e.g. traceability framework)
- a clear view on the capacity and capability of the market to deliver
- effective information and education resources for energy consumers, property owners and industry to better understand and navigate requirements and outcomes.

The COVID-19 pandemic and subsequent economic shocks prove that we need to factor contingencies for these situations into long-term planning. There needs to be a broader acceptance that additional transition periods might be needed to navigate these types of circumstances. The pressure of change fatigue needs to be managed by reasonable sequencing of reform milestones and long-term signalling. At the same time industry needs to be supported with tools for educating and upskilling for net zero transformation.

Interdependence and technology

The impact of embodied emissions in manufacture of building materials and in building performance assessment, as well as circular economy outputs will add to the multitude of variables for building and construction output. Its impact on construction supply chains will be significant. This is a key area for CCA to consider when examining interdependencies between sectors.

We note in this report that embodied emissions (scope 3) are not included in the built environment sector pathway prioritisation process but are assessed in other sector reviews. We suggest that work regarding product safety around product assurance and traceability can be expanded to include net zero innovation and should be progressed in the built environment pathway. This work can pave the way for the development of common data conventions that then underpins the development of digital platforms for products, building systems and automated tracking of construction elements that work across construction supply chains.

Master Builders, in an alliance with other construction industry stakeholders, has produced an [implementation guide for the traceability and digitalisation of building product information](#) across the Australian construction supply chain. This guide is attached for further reference and will be officially launched in July.

Whilst there is technology and standards that exist to implement digital building product traceability, we need a shared understanding of what information needs to be shared along the construction supply chain and what form that information should take.

This work can serve to benefit the safe use of building products in construction, as well as improved construction sector productivity and environmental and social performance, such as carbon reduction, moving to the circular economy and ending the use of products made under conditions of modern slavery.

Master Builders has made several submissions to government regarding net zero transformation, with links below for further information.

<https://masterbuilders.com.au/2024-25-pre-budget-submission/>
<https://masterbuilders.com.au/senate-economics-reference-committee-inquiry-into-australias-electrification-efforts/>
<https://masterbuilders.com.au/submission-on-developing-a-national-framework-for-recycled-content-traceability/>
<https://masterbuilders.com.au/building-and-construction-industry-sustainability-goals-2050/>
<https://masterbuilders.com.au/submission-to-the-national-energy-performance-strategy-consultation-paper/>

Should you have any further questions please contact, Alex Waldren, National Director Industry Policy at Master Builders Australia: Alex.Waldren@masterbuilders.com.au or 0488678848.

Yours sincerely



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