



**MORE HOMES
FOR AUSSIES**

**END THE
HOUSING
CRISIS**

FEBRUARY 2025



MASTER BUILDERS AUSTRALIA IS THE NATION'S PEAK BUILDING AND CONSTRUCTION INDUSTRY ASSOCIATION. OVER 130 YEARS, THE MOVEMENT HAS GROWN TO INCLUDE OVER 32,000 BUSINESSES NATIONWIDE, 99 PER CENT OF WHICH ARE SMALL BUSINESSES, AS WELL AS THE TOP 100 CONSTRUCTION COMPANIES. MASTER BUILDERS IS THE ONLY INDUSTRY ASSOCIATION THAT REPRESENTS ALL THREE SECTORS OF THE INDUSTRY - RESIDENTIAL, COMMERCIAL AND ENGINEERING/CIVIL CONSTRUCTION.

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END THE HOUSING CRISIS

Australia's housing crisis has been decades in the making and requires a coordinated approach by governments at every level across a range of portfolios. The building and construction industry is central to the solution with the residential, commercial and civil construction sectors all playing a role to build the communities Australians need.

Ahead of the next Federal Election, the building and construction industry is urging political parties and candidates to consider the following policies to end the housing crisis.

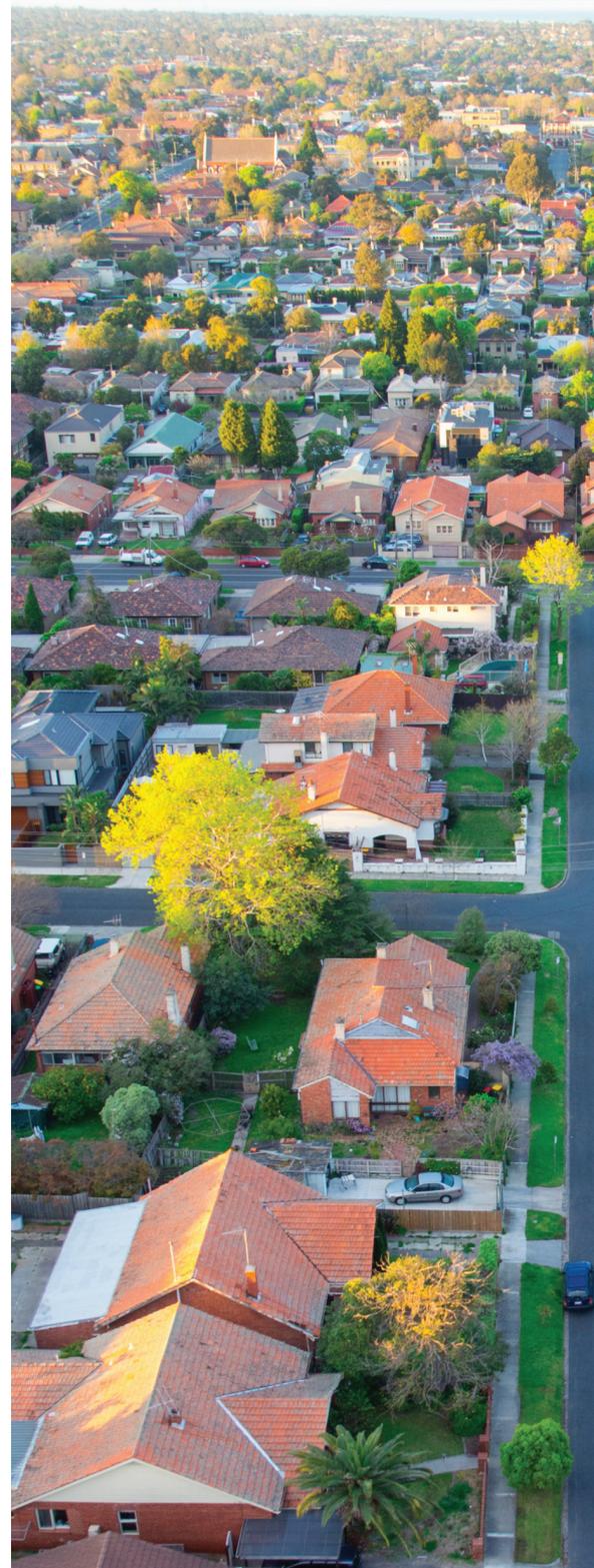
**7 out of 10
Aussies**

think the Federal Government hasn't done enough to address the housing crisis.

**1 in 3
Aussies**

have gone without essentials like food, medicine and education in order to pay for housing.

- Insightfully, November 2024



WHAT THE INDUSTRY NEEDS

- ✓ *A strong, growing economy*
- ✓ *Concrete action to ensure there's enough social, community, rental and owner-occupier housing*
- ✓ *New laws to prevent and combat illegality within construction unions*
- ✓ *Workplace laws that work for small business*
- ✓ *Keeping workplaces safe*
- ✓ *More skilled people to get the job done*
- ✓ *A migration system that works*
- ✓ *Greater focus on critical infrastructure*
- ✓ *Building roads, rail, hospitals and schools to support growing communities*
- ✓ *More resources to enforce existing laws to get rid of bad players in the industry*
- ✓ *A tax system that supports innovation, investment and productivity for businesses*
- ✓ *Investing in future building technologies and sustainability*

WHAT THE INDUSTRY DOESN'T NEED

- ✗ *Changes to negative gearing and capital gains tax that reduces the number of new homes built and drives up rent*
- ✗ *Anti-business industrial relations laws that strangle businesses and increase costs*
- ✗ *Building regulation laws that ignore practical impacts and have inadequate implementation timeframes*
- ✗ *A narrow focus on TAFE at the exclusion of industry-led Registered Training Organisations*
- ✗ *Increased red tape for small and family businesses*
- ✗ *Payment models that don't work in practice*

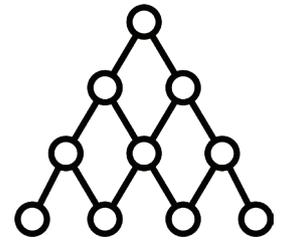


**MORE HOMES
FOR AUSSIES**

THE BUILDING & CONSTRUCTION INDUSTRY

A stronger building and construction industry means a stronger Australia.

Employing over 1.35 million Australians, the building and construction industry is relied upon to build the roads, schools, homes, facilities and hospitals communities are crying out for.



450,000+
BUSINESSES

98.6 PERCENT
SMALL/MEDIUM IN SIZE



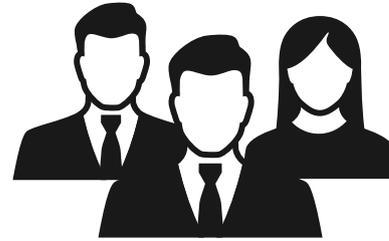
11 PER CENT
OF GDP

#5 SECTOR IN
ECONOMY



260,000

INDEPENDENT
CONTRACTORS AND
SELF-EMPLOYED TRADIES



1.3M+ WORKERS

#2 PROVIDER OF FULL-TIME
JOBS IN THE AUSTRALIAN
ECONOMY



47 PER CENT
OF TRADES-BASED
APPRENTICES

114,000
APPRENTICES AND TRAINEES



\$290+ BILLION

BUILDING WORK
EVERY YEAR



**MORE HOMES
FOR AUSSIES**

HOW TO END THE HOUSING CRISIS

**4 out of 5
Aussies**

said it's difficult to buy or rent property in Australia.

- *Insightfully, November 2024*

**1 in 4
Aussies**

say housing is their biggest concern, impacting them and their families.

- *Insightfully, November 2024*

**7 in 10
Aussies**

say the housing crisis is worse than 12 months ago.

- *Insightfully, November 2024*

87 per cent Aussies

say the Federal Government needs to get inflation and interest rates back under control to fix the housing crisis.

- Insightfully, November 2024

65 per cent Aussies

say they are struggling with the cost of living.

- Insightfully, November 2024

A strong, growing economy

Every \$1 million worth of building activity supports around \$3 million in activity across the economy. This multiplier effect is vital to keep our economy strong and avoid falling into a recession. However, high inflation and interest rates erode these efforts and hamstring the industry's ability to deliver on projects. On top of this, productivity in the building and construction industry has been in reverse, with labour productivity declining by 18 per cent over the past decade. This matters because deteriorating productivity slows down project delivery and increases overall costs. In housing alone, the average cost of building a home has increased by 40 per cent since 2019.

- ✓ *Inflation must be controlled, which requires a focus on the supply side of the economy.*
- ✓ *A better approach to the level of risk involved in building and construction, so that it is shared more fairly by everyone in the chain and not simply loaded onto the builder.*
- ✓ *Coordinate and ensure policy levers are pulling in the right direction, alongside the Reserve Bank of Australia (RBA)'s efforts to combat inflation.*
- ✓ *Commence a productivity-boosting agenda.*



**MORE HOMES
FOR AUSSIES**

Concrete action to ensure there's adequate social, community, rental and owner-occupier housing

If you want to buy a home or live in private rental, it should be your choice, and social or community housing should be available if in need. But a lack of housing supply due to government policy failures means Australians feel trapped or are struggling to meet rent or mortgage bills. Increasing housing supply is essential for providing affordable and accessible housing for households of all income levels, ensuring that everyone has a place to call home. The Albanese Government wants to see 1.2 million homes built over the next five years, but Australia will not meet this goal unless urgent action is taken to reduce unnecessary cost and time delays.

There are a range of supply barriers including labour shortages, industrial relations, regulation, and tax arrangements which are explained later in the document. Actions to address other barriers include:

- ✓ *Support for successful local housing models*
- ✓ *Reviewing planning arrangements and land availability across jurisdictions.*
- ✓ *Government rolling out measures that help expand the stock of new homes in regional areas so that migrant labour inflows can be accommodated more readily.*
- ✓ *Financial payments from the Federal Government to the states and territories being linked to how much progress they achieve in boosting the supply of new housing.*
- ✓ *Spending allocations in future federal budgets comprehensively supporting Housing Australia in delivering on its mandate.*
- ✓ *More resources provided to allow the delivery of an effective National Housing and Homelessness Plan that deals with the challenges in delivering affordable housing options for all Australians.*
- ✓ *Ensuring regional home-buyer incentive programs are targeted and directed to where there is market stagnation.*
- ✓ *Banks and other lenders upholding their responsibility to keep mortgage finance accessible to those wishing to move from renting to owning their home. Similarly, competitive conditions in the provision of insurance, legal and other services used by homebuyers must be regulated in a way that produces optimal pricing and quality outcomes for consumers.*

**81 per cent
Aussies**

say the Federal Government needs to increase housing supply to fix the housing crisis.

- Insightfully, November 2024

**79 per cent
Aussies**

say the Federal Government needs to speed up planning approvals to fix the housing crisis.

- Insightfully, November 2024



**MORE HOMES
FOR AUSSIES**



**84 per cent
Aussies**

say the Federal Government needs to introduce new laws to combat illegal behaviour in construction unions to fix the housing crisis.

- Insightfully, November 2024

New laws to prevent and combat illegality within construction unions

Fresh revelations of alleged criminal activity involving the CFMEU and organised crime have highlighted ongoing unlawful conduct in the building and construction industry. While some may be shocked, these issues are familiar to those in the sector. Unfortunately, illegal, and unlawful behaviour has long plagued the industry, with a Royal Commission exposing a “culture of systematic corruption, unlawful conduct, corrupt payments, and intimidation.”

Building and construction work is contractor-based, making the industry uniquely susceptible to disruption and delay pressures. It continues to have a culture of industrial disputation and unlawful behaviour disproportionate to other sectors.

Multiple Royal Commissions, reviews, and Federal Court judgements have identified the individuals and actions behind this culture. The appointment of a CFMEU Administrator is a welcome first step. However, the focus must now shift to taking real action to finally address and eliminate these problems. Any tangible, positive and lasting improvements in industry culture can only be realised by permanent and meaningful law reform.

- ✓ *Ensure the Administration of the CFMEU is effective and working as promised, including through the removal the individuals who drive poor culture or break the law, a greater focus on genuine workplace-level bargaining, and ensuring all divisions fall under the same administration rules.*
- ✓ *Establish a dedicated specific building and construction industry regulator with sole responsibility for enforcement of industry specific laws, underpinned by strong investigation, compliance and enforcement powers.*
- ✓ *Move to permanently change a range of existing laws to create special rules, regulations and obligations specific to the building and construction industry and its participants, in order to effectively tackle the unique practices, opportunities and historical drivers of poor industry culture.*



Keeping workplaces safe

Ensuring workplaces are safe and productive is the number one consideration for the building and construction industry. One serious injury or death is one too many. While overall safety outcomes have improved, there is always more work to do. Workplace health and safety law and policy must always be clear, concise and designed to facilitate and encourage compliance. Unsafe practices can lead to project slowdowns, legal liabilities, and higher insurance costs, which ultimately increase construction costs.

The Federal Government should ensure that safety laws:

- ✓ *Promote good culture and safety practices, and avoid creating obligations that create red-tape and take the focus away from practical and tangible improvements on the ground.*
- ✓ *Are harmonised and nationally consistent as far as possible, as intended by the Inter-Governmental Agreement for Regulatory and Operational Reform in Occupational Health and Safety, which will drive improved compliance levels and boost better overall safety outcomes.*
- ✓ *Are practical for industry and deliver real and tangible improvements on-site, by consulting with industry before making changes and ensuring things like Codes and Standards are clear, concise and easy to understand.*
- ✓ *Allocate sufficient funding to continue and expand the Office of the Federal Safety Commissioner's successful awareness and education initiatives.*
- ✓ *Create obligations that are practical, sensible and clear, especially for small and family businesses.*
- ✓ *Are underpinned and drive the notion that safety is everybody's responsibility.*



**Around 7 in 10
Aussies**

say there is a housing shortage in
their area.

- Insightfully, November 2024



**MORE HOMES
FOR AUSSIES**



**69 per cent
Aussies**

say the Federal Government needs to simplify industrial relations laws so they work for small business to fix the housing crisis.

- *Insightfully, November 2024*

Workplace laws that **work for small business**

A strong and flexible industrial relations system underpins a competitive, modern and productive economy. An approach grounded in common sense is imperative, emphasising quality over the sheer volume of legislation and regulation, so we have builders and tradies out of the back office and on the tools.

- ✓ *Recognise the need for small business and workers who want flexibility and review the current laws and award restrictions inhibiting this.*
- ✓ *Improve bargaining laws to help workers and businesses quickly and effectively put in place arrangements without ineffective red-tape and lengthy delays.*
- ✓ *Preserve freedom of association laws and avoids any change that gives unions more say or more rights than ordinary everyday workers, and make sure right of entry rules are strengthened and properly enforced.*
- ✓ *Preserve the rights of employers and managers to make business decisions, and minimise the capacity for third parties to unreasonably interfere in workplaces.*



More skilled people to get the job done

The building and construction industry is plagued by chronic and critical workforce shortages. Demand is far outpacing capacity to build, and the industry stands at the precipice of crisis. Workforce shortages need to be fixed. If they are not, then the strain on the industry, the economy, and people all around the country will tighten. While the industry is the largest it has ever been it is still not big enough. We need around 130,000 people to join the workforce over the next year, this is in addition to the new workers already needed to replace those who leave. Governments, with input from industry and employers, research, develop and fund the implementation of a rolling apprentice commencement and retention strategy.

- ✓ *Address the bias toward university, and invest in campaigns that overcome misconceptions, and overhaul the quality, funding and availability of careers education in schools.*
- ✓ *Fund an apprenticeship incentive system that awards commencement and completion bonuses to apprentices and their employers, as well as a wage subsidy throughout the apprenticeship.*
- ✓ *All Modern Awards should enable flexible work arrangements and practices that are otherwise a barrier to, or disincentive for entry for apprentices.*
- ✓ *Invest in careers education in the early years of high school, with a focus on the different styles of learning available in the tertiary sector, as well as encouraging work experience and 'try a trade' experiences to help manage the expectations of prospective apprentices and their parents.*
- ✓ *Continue funding Women Building Australia to address the gender imbalance.*
- ✓ *Funded programs and local partnerships for the regions to address the unique challenges of remote construction work and help bridge skills gaps while creating sustainable local job opportunities.*

A photograph of construction workers at night. In the foreground, a worker in a bright yellow high-visibility shirt and white hard hat is seen from behind. To the right, another worker in an orange high-visibility shirt and white hard hat is operating a piece of machinery with a red and white striped safety panel. In the background, a blue truck with a license plate '01899' is visible, along with another worker in an orange shirt and yellow hard hat. The scene is illuminated by streetlights and work lights, with a 'zap' sign visible on the left.

77 per cent Aussies

say the Federal Government needs to encourage more people to get into trades to fix the housing crisis.

- Insightfully, November 2024



**MORE HOMES
FOR AUSSIES**



1 in 2 Aussies

say the Federal Government needs to bring in more skilled migrants who are qualified in building and construction to fix the housing crisis.

- Insightfully, November 2024

A migration system that works

Skilled migrants represent a vital part of the building and construction industry workforce. Around a quarter of all workers in the industry were born overseas. While bringing more apprentices to the industry, providing them with high quality training, education, on the job experience and support remains a priority for the building and construction industry, it is clear our ability to train more apprentices domestically cannot keep up with demand.

- ✓ *Better prioritise the skilled workers who are needed to support the economy and meet construction and infrastructure goals.*
- ✓ *Invest in creating a simpler visa system with lower costs, quicker processing times, better employment outcomes, and clearer pathways to permanency.*
- ✓ *Develop a Construction Skills Pathway visa, like those in Canada, New Zealand and the UK, that will ensure skilled migrants can apply for cost effective, fast visas that will provide options for permanency and embrace mutual recognition of comparable, or better, trade qualifications from other jurisdictions.*
- ✓ *Existing employer sponsored visa pathways must become more affordable and have faster processing times.*
- ✓ *Provide free or low-cost skills assessments to people already in Australia on humanitarian or partner visas and who have building and construction qualifications and experience.*
- ✓ *Incentives to support migration in regional areas including subsidised housing, relocation allowances, and retention bonuses for those willing to work in remote and rural areas.*



Greater focus on critical infrastructure

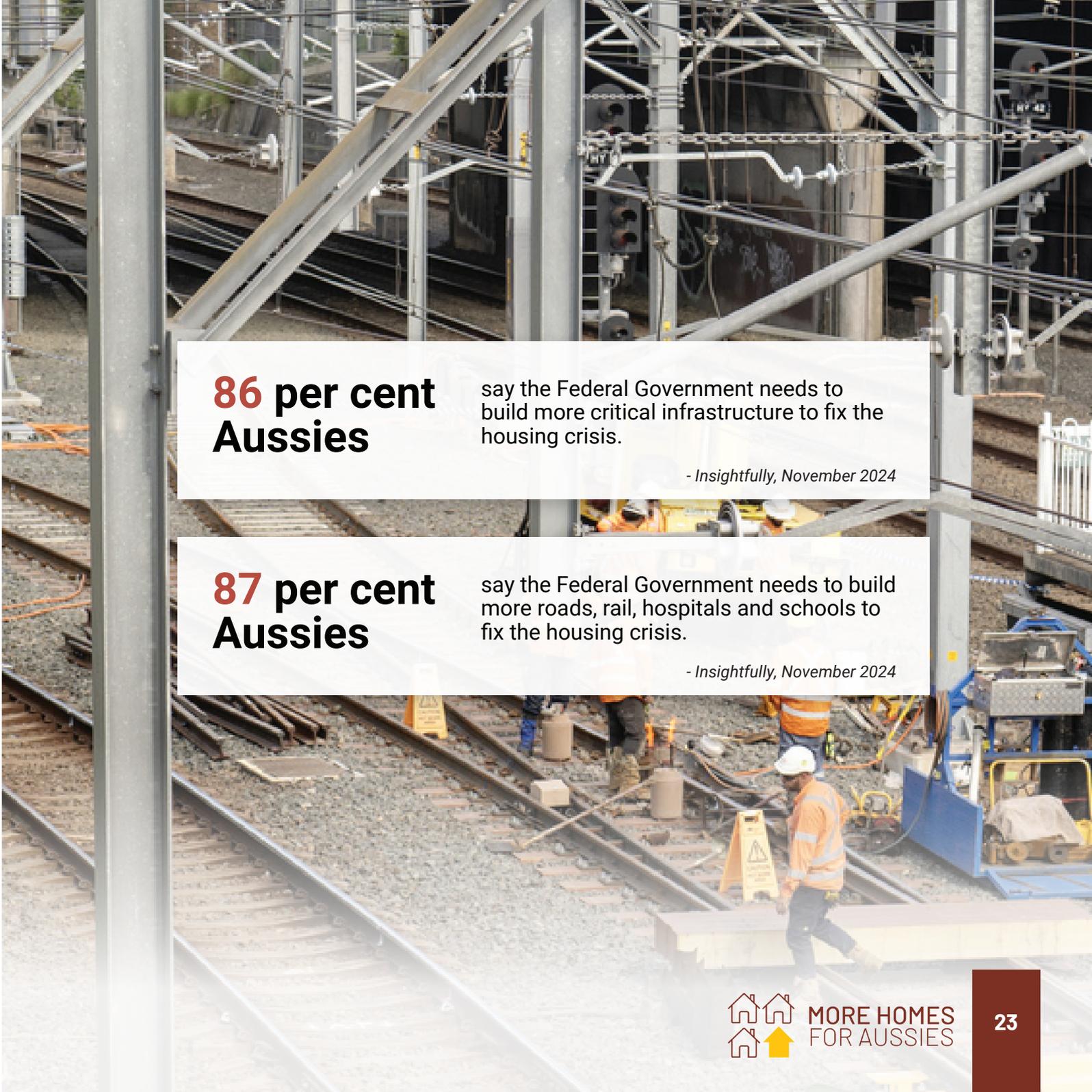
Critical infrastructure is essential to ending the housing crisis because it supports the development, accessibility and sustainability of new housing projects. One of the key barriers to building enough houses for Australians across the country is access to roads, water supply, sewerage, electricity and telecommunications in new communities. We cannot build homes until that infrastructure is in place.

- ✓ *Federal Government funding to state and local governments, and developers to ensure the timely delivery of critical infrastructure projects.*

Building roads, rail, hospitals and schools to support growing communities

Targeted infrastructure keeps us out of traffic jams, ensures we are better connected, allows us to be healthier, raises our education levels and it makes our cities more productive. It also helps create a strong building industry and a strong economy, creating job and training opportunities for more Australians.

- ✓ *Ensure a transparent 10-year rolling pipeline of infrastructure.*
- ✓ *Sufficient resources for the full implementation of the ongoing review of Infrastructure Australia.*
- ✓ *Continue community, city, and regional focused infrastructure funding programs through genuine partnerships across levels of government and with industry.*
- ✓ *Resources to ensure small businesses are not precluded from tendering for contracts with federal government and public entities.*



**86 per cent
Aussies**

say the Federal Government needs to build more critical infrastructure to fix the housing crisis.

- *Insightfully, November 2024*

**87 per cent
Aussies**

say the Federal Government needs to build more roads, rail, hospitals and schools to fix the housing crisis.

- *Insightfully, November 2024*



**MORE HOMES
FOR AUSSIES**



87 per cent Aussies

say the Federal Government needs to enforce existing laws to hold bad industry players to account to fix the housing crisis.

- Insightfully, November 2024

More resources to enforce existing laws to get rid of bad players in the industry

Businesses and unions deserve to operate on a lawful and even playing field. There are a multitude of laws and regulations in place across all levels of government that impact the industry, however, a lot of these rules are not enforced due to limited resources for regulators and law enforcement. There's an increasing tendency by policy makers to create new laws and obligations for people to report things rather than getting their own regulators to go out and enforce laws. Strengthening enforcement ensures that existing laws are followed, holds people to account and improves overall safety and standards. Governments are often tempted to regulate their way out of a problem, but this creates more confusion and adds unnecessary burdens for those doing the right thing.

✓ *Resources should be made available to Federal Government entities, including the ATO and ASIC, in order to facilitate a sensitive approach to the recovery of debt from businesses experiencing difficulties in their operating environment.*

✓ *Resources for the Australian Competition & Consumer Commission to focus on competition investigations in the industry.*



A tax system that supports innovation, investment and productivity for businesses

High business taxation levels impede activity in the industry and prevent it from reaching its full potential. This results in new buildings and infrastructure carrying a heavier price tag than they should. Housing affordability is one of the areas which suffers most as a result. A lower tax burden would reduce the cost of doing business in the industry and help drive real improvements in Australian living standards.

- ✓ *Temporarily expand depreciation allowances to non-residential building work that is productivity boosting in nature and financed by the private sector.*
- ✓ *Extend the Technology Investment Boost and Skills and Training Investment Boost with non-employed businesses eligible.*
- ✓ *Incentives to business through tax breaks for productivity enhancing investments in digital and IT system.*
- ✓ *Extend company tax cuts for businesses over \$50 million in turnover.*
- ✓ *Address market gaps in long-term debt financing that may limit institutional investment in housing.*
- ✓ *Support institutional investment in the social and community housing sector, and with build-to-rent.*
- ✓ *Better tax incentives to offset the cost of energy performance upgrades for private rental properties should be considered.*



**MORE HOMES
FOR AUSSIES**



68 per cent
Aussies

say the housing crisis is damaging quality
of life in their community.

- *Insightfully, November 2024*

Investing in future building technologies and sustainability

Master Builders supports the goal to achieve a net zero built environment by 2050 which is underpinned by appropriate transition timeframes. The construction and operation of the built environment is a major contributor to greenhouse emissions and environmental outcomes. The operation of buildings alone accounts for half of Australia's electricity use, and almost a quarter of greenhouse gas emissions. Sustainability is not just related to manufacturing processes or raw materials, but also longevity. Homes and infrastructure must be built for the long-term to be sustainable. They should last multiple generations without requiring significant rework.

Prefabricated and modular construction is a growing method internationally and could play a role in easing cost pressures and risks in the Australian market. We need to make sure we have the right skilled workers for this method of construction, and our regulatory system is fit for purpose to ensure its success.

- ✓ *Further research should be undertaken on the benefits and advantages that prefabricated and modular construction can provide, with a focus on improved environmental impact and quality control.*
- ✓ *Support and training for business and workers for the transition to modern methods of construction.*
- ✓ *The cost burden of the introduction of regulation – particularly relating to the net zero transformation and improved resilience – should be offset through grants and subsidies.*
- ✓ *Grants, guidance and assistance should be available to support existing buildings in improved environment performance and resilience.*
- ✓ *Widening the jurisdiction of the Modern Manufacturing Strategy to include the building materials industry.*
- ✓ *Allow for the National Reconstruction Fund to be fully leveraged to help expand Australia's onshore manufacturing and distribution capacity with respect to key building materials like timber, steel, modern manufacturing output and net zero transformation.*
- ✓ *Government should place a stronger focus on funding for resilient infrastructure, particularly when building back after an extreme weather event. Damaged infrastructure should be rebuilt in more adaptable and resilient ways rather than replacing damaged infrastructure with comparable outcomes.*
- ✓ *Develop national building product traceability standards to underpin a national, industry-wide traceability framework.*



WHAT WILL MAKE THE HOUSING CRISIS **WORSE**

69 per cent
Aussies

who want to buy a home fear they can't
achieve it in the next 5 years.

- *Insightfully, November 2024*

Changes to negative gearing and capital gains tax that reduces the number of new homes built and drives up rent

Changes to negative gearing and capital gains tax arrangements on investment properties is an issue that reappears from time to time as a quick fix solution to put downward pressure on house prices. This was trialled in the 1980s but was brought back quickly due to the impact of driving up rental prices.

Economic modelling shows that changes to negative gearing or capital gains tax arrangements lead to a drop in new housing supply. When the country is facing a chronic shortage of housing supply, it makes no sense to change these tax arrangements. Master Builders Australia recently modelled a range of scenarios including capping these arrangements to a certain number of properties or property types, but all will make the housing crisis worse, not better, by increasing rents and decreasing the number of rental properties available. Experts such as the Productivity Commission and Reserve Bank of Australia have said curtailing these investor incentives reduces housing supply rather than increasing it, and should not be done when there is a shortage of houses.

- ✓ *Current incentives regarding negative gearing and the capital gains tax (CGT) discount arrangements must remain in place.*
- ✓ *No principal residences should be subject to any additional taxes.*

Anti-business industrial relations laws that strangle businesses and increase costs

The Albanese Government has undertaken substantial reforms, and questions arise regarding actual advantages for workplaces. Balancing minimum conditions for workers with equal rights for employers, while promoting job creation is crucial, and any legislation or regulation should be clear and simple to understand, reducing confusion and complexity for businesses.

- ✓ *Abandon all changes negatively impacting the building and construction industry in the Closing Loopholes and Secure Jobs, Better Pay laws.*
- ✓ *Promote the effective operation of competitive market forces and fair competition. Promote the effective operation of competitive market forces and fair competition.*
- ✓ *Create an industry-specific regulator to oversee and enforce a range of industry-specific laws that target problems and conduct that only occurs in the building and construction industry.*



**MORE HOMES
FOR AUSSIES**



Building regulation laws that ignore practical impacts and have inadequate implementation timeframes

Regulations are important for ensuring high standards and safety in the building and construction industry, but some rules can have negative consequences. Simplifying regulatory requirements can improve productivity, especially for small businesses. The constantly changing regulations require costly modifications to business operations, which reduces productivity.

- ✓ *A pause on unnecessary National Construction Code changes that increase cost and complexity without meaningful improvements in standards.*
- ✓ *Commence a deregulation agenda with a meaningful impact and a mechanism where any proposed new regulation is rigorously evaluated with alternatives considered before introduction.*
- ✓ *Funding under the Australian Building Codes Board Intergovernmental Agreement to be increased to allow for Australian Standards to be accessible to builders free of charge.*
- ✓ *Implement the recommendations of the National Building Product Assurance Framework to improve compliance in building product use and to appropriately allocate responsibility along the supply chain.*



A narrow focus on TAFE at the exclusion of industry-led Registered Training Organisations and Group Training Organisations

Government must ensure that, although TAFE is important, it is not the only beneficiary of funding or flexibility and, for example, should afford industry-run Registered Training Organisations (RTOs) like those in the Master Builders network the benefit of self-accreditation. Students enrolled through Industry-led RTOs and Group Training Organisations (GTOs) have a higher chance of completing their studies than their TAFE counterparts and are currently at a financial disadvantage with minimal government support. It is crucial that the viability of industry-led RTOs is maintained so students have choice and can access additional benefits and services that may not be provided through government institutions.

- ✓ *Ensuring funding is proportionally distributed between TAFE and industry-led RTOs.*
- ✓ *Ensure all quality RTOs can access fee-free places.*
- ✓ *Government to fund the cost differential so hosting an apprentice through an industry-run GTO like those in the Master Builders network costs the same as employing directly.*



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**MORE HOMES
FOR AUSSIES**



**77 per cent
Aussies**

say the Federal Government needs to cut red tape and unnecessary regulations to fix the housing crisis.

- Insightfully, November 2024

Increased red tape for small and family businesses

The building and construction industry is comprised of a large number of small businesses. This structure brings with it great flexibility, and a sense of connection with communities around the country, however, small-scaled businesses are also vulnerable in different ways. The lack of ancillary support means that paperwork, regulation, and administrative obligations can be a huge source of stress for the people running these businesses. Amidst increasing materials costs, labour shortages, rising interest rates, disruptions and delays, the industry faces new challenges every day. These conditions have seen a significant increase in insolvencies and business shutdowns.

- ✓ *Avoid making it harder for small business by ensuring policies are sensible, practical and clear, and ensure there is adequate consultation with small business to understand unintended costs and compliance burdens.*
- ✓ *Government must offer flexibility in its contractual dealings with building and construction companies whose operations have been hampered by cost spikes, labour shortages and other supply chain complications.*
- ✓ *Greater uniformity and simplicity in security of payment regimes based on principles such as prompt payment rights, a rapid adjudication process, and a simple, informal, and flexible approach.*

Payment models that **don't work in practice**

The comparatively high level of insolvency amongst building and construction businesses is due to the way building works are performed and the contracting-based model that underpins the entire sector.

While this facilitates efficient and cost-effective delivery of the built environment, it also creates an intrinsically high level of co-dependency up and down the construction chain. This means when something goes wrong for one business, it can have broad ripple effects for others such as increased commercial, financial or other business pressures.

There are a wide range of additional factors which make this problem more acute. Some examples include governments and clients often take an unfair and unrealistic approach to risk allocation in commercial contracts; the lending practices of most financial institutions encourage the use of 'fixed-price' contracts which leave little or no margins for clients and builders if something goes wrong; laws designed to help people get paid, such as Security of Payment (SOP) legislation, are different right around the country and have become unwieldy, complex and ineffective when something goes wrong; a range of business laws and regulation are constantly changing create additional levels of uncertainty and business risk, and making it hard to plan for contingencies or unforeseen liabilities.

Addressing this complex problem isn't simple and requires a range of measures to drive genuine improvements for business fairness and security:

- ✓ *Government should lead by example as a 'model-client' and encourage better industry practices by taking a model client approach to the way it procures and manages publicly funded building works.*
- ✓ *Provide greater support for business education, to develop greater resilience and help businesses operate in a sustainable and financially stable manner.*
- ✓ *Encourage banks and other financial institutions to take a more realistic and sensible approach to lending and financing practices.*
- ✓ *Better supports increased adoption of digital business practices, which have been proven to help business better manage resources, finances and future work.*
- ✓ *Take meaningful steps to ensure effective, streamlined, and more nationally consistent regulation to ease unnecessary business costs and improve workforce mobility.*
- ✓ *A more effective system of SOP laws to ensure prompt and timely payment to everyone involved in the construction chain.*



**MORE HOMES
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WHY THESE POLICIES MATTER





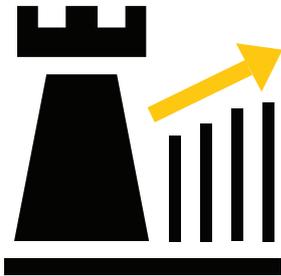
All Australians deserve to have an affordable roof over their head

The Federal Government must prioritise policies that address the fundamental right of every Australian to access affordable and secure housing. Policies must avoid picking winners and losers that pit cohorts against each other instead striving to end the housing crisis across the whole housing spectrum.

Work with industry to deliver better outcomes

When initiating or implementing policy, the Federal Government must ensure maximum consultation and engagement with industry to give policies the best chance of being successfully implemented.





No industry can thrive without a strong economy

The Federal Government must ensure that all policy measures preserve and strengthen fundamental economic principles that underpin a free, stable, and productive economy.

There are no jobs **without businesses**

The Federal Government must implement policy that supports business, reduces red-tape, encourages growth, supports innovation and rewards hard-work and entrepreneurship.



Taxpayers money must be spent wisely

The Federal Government should ensure that taxpayers' money is spent effectively, and that much needed housing and infrastructure is delivered on time and on budget.



Good intentions do not equal good policy

Law and policy makers must resist the temptation to pass laws based on 'good intentions' or wishing to 'be seen to do something.' It is important to return to an objective focus based on 'good evidence' where extra laws and regulations are made only if necessary. Knee-jerk policy designed for good headlines must be avoided.

Never forget the real world

The Federal Government and policy makers should remember that the decisions they make have the potential to make significant impact on the lives of others. Whether it be yet another form to complete or some new business compliance cost – every change has a flow-on which could lead to unintended consequences. Policy measures must therefore take a system-wide view and be sensible, practical, and reasonable.





Visit our website:
morehomesforaussies.com.au

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