



MASTER BUILDERS SA

STATE ELECTION CAMPAIGN SUBMISSION 2022



MASTER BUILDERS
SOUTH AUSTRALIA

WHO WE ARE.

Master Builders Association of South Australia Inc ("Master Builders SA") was established in 1884 as the peak body representing South Australia's building and construction industry.

Master Builders SA is an apolitical organisation committed to building a productive industry and a prosperous South Australian community and economy. The Association works with governments at all levels and is represented on many statutory committees and working parties.

During the 2020-21 financial year, South Australia's building and construction industry carried out \$12.78 billion worth of work, with about \$1 in every \$9 worth of economic activity in SA being directly generated by building and construction.

The "multiplier effect" of construction is virtually unmatched. For example, the \$3.62 billion worth of residential building performed in SA during 2020-21 ultimately supported a further \$6.87 billion worth of economic activity.

As at August 2021, there was more than 76,650 people directly employed in the industry across all sectors, including residential, commercial, civil engineering, land development and building and completion services. This represented 8.4 per cent of total employment in South Australia, and our industry makes up 11.8 per cent of total full-time employment.

Indirectly, the industry supports tens of thousands of jobs outside of construction. The residential building sector alone is estimated to sustain 32,565 South Australian jobs.

Master Builders SA is proud of the industry we represent, the jobs it creates, the 13,700 new homes built for families over the past year, the outstanding health, education and sporting facilities it has constructed, and the offices it has built for South Australian businesses.

THE LATEST DATA

Total construction employment	August 2021	76,661
Full-time construction employment	August 2021	66,992
Construction share of FT employment in SA	August 2021	11.8%
Total value of construction work done (billion)	2020-21 FY	\$12.78
Number of businesses with 1 - 9 employees	July 2020	23,219
Share of businesses with 1-19 employees	July 2020	98.6%

ANNUAL TURNOVER OF CONSTRUCTION BUSINESSES

JULY 2020

\$0 to less than \$50,000	4,437
\$50,000 to less than \$200,000	9,564
\$200,000 to less than \$2 million	8,065
\$2 million to less than \$5 million	902
\$5 million to less than \$10 million	268
\$10 million or more	246

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INTRODUCTION.

A strong building and construction industry has always been crucial for South Australia's economy. However, that has never been more evident than the past 18 months. The challenge now is implementing policies that will allow our building led social and economic recovery to continue.

Now is the time to capitalise on what South Australians have always known - we are one of the safest and most liveable places in the world. We need to drive sustained growth by creating a stable and business-friendly environment.

Few industries are as connected to every South Australian as ours. Building and construction creates jobs, trains apprentices, drives wider economic growth and builds better communities.

Our next State Government will have responsibility for creating the right macro environment to prosper post-pandemic. That means putting in place policies that create jobs, not just for now, but for future generations who will be paying off the state debt created by COVID-19.

According to the Australian Bureau of Statistics, the industry's 'bang for the buck' is virtually unmatched (see table, right).

Master Builders SA's vision for South Australia is a "business utopia". The best way to create a business friendly state and employ more South Australians is having lower business taxes and less red tape. Barriers to employing South Australians must be identified and removed. New barriers that discourage employment should not be advocated by any political party.

This election platform focuses on three key areas:

- **Employing and educating the next generation of workers:** building South Australia's apprenticeship system and building industry culture to support future generations.
- **Ensuring all South Australians have a safe and affordable home:** creating reasons to stay and live in South Australia.
- **Encouraging a strong economic recovery from COVID-19:** building South Australia's strong recovery out of COVID-19 and celebrating the most liveable city in Australia.

Master Builders SA will assess other State Election policies on their ability to deliver on these measures. Public support for an individual policy should not necessarily be regarded as an endorsement of the relevant party or candidate.

TOP 10 INDUSTRIES WITH THE LARGEST PRODUCTION MULTIPLIERS¹

Basic non-ferrous metal manufacturing	2.53
RESIDENTIAL BUILDING CONSTRUCTION	2.49
NON-RESIDENTIAL BUILDING CONSTRUCTION	2.48
Meat and meat product manufacturing	2.48
Dairy product manufacturing	2.46
Grain mill and cereal product manufacturing	2.45
Electricity generation	2.36
Tanned leather, dressed fur and leather product manufacturing	2.35
Oils and fats manufacturing	2.29



Will Frogley,
Chief Executive Officer

¹Source. ABS cat. no. 5209 Fy18 estimates. Total requirement coefficients (direct allocation of imports method).



PART ONE.

ENCOURAGING EMPLOYMENT & EDUCATION FOR FUTURE GENERATIONS

Driver's licence assistance for apprenticeships.

The past year has exposed serious skill shortages in the building and construction industry. Master Builders SA is committed to identifying roadblocks that are stopping young South Australians from successfully applying for apprenticeships. One of the key barriers we have identified is the ability to gain a driver's licence.

Since January 2020 Master Builders SA has turned away 92 applicants because they did not have their driver's licence. This figure is likely to be proportionally similar in other GTOs.

In many roles having a driving licence is an essential skill for the apprentice. Apprentices are required on site early in the morning and may have to attend multiple sites daily, making public transport impractical. Apprentices may also be required to transport equipment and PPE, which also makes public transport impossible. The issues are compounded in country locations where public transport is not available. Distances are also greater, so if there is nobody in the home town going the same way or to the same workplace, carpooling is not an option.

There are a number of barriers to young people getting their licence, including access to lessons, access to suitable cars, the number of driving hours required and the cost of driving tests.

In the past 12 months used cars have increased in price significantly. In April 2020 the average used car price in a dealership was \$23,000 and by June 2021 had increased to \$31,500². This has been driven by increased demand caused by COVID-19 and a shortage of computer chips for new car manufacturing. This price increase and market demand has made purchasing a car too expensive for many apprentices.

An additional barrier to gaining a driver's licence is the number of hours required. In South Australia a learner driver must have 75 hours' practical experience, including 15 hours of night driving, before sitting a test. The Australian standard graduating licensing system (GLS) requires 50 hours supervised driving. South Australia has set a higher standard in order to keep our roads safe. While Master Builders SA agrees this is important, due to the increased requirements, support should be given to those who are struggling to gain their licence. Something as simple as assisting young South Australians gain their licence will generate increased educational outcomes and employment opportunities.

While 75 hours does not seem a lot, some young South Australians have indicated their family situations are not conducive to getting their licence as they do not have a suitable person at home to assist them.

Recommendation:

The State Government, in conjunction with TAFE SA and Master Builders SA, implements funding for high schools and TAFE SA to run driving courses for disadvantaged youth who have been identified as meeting the requirements of an apprenticeship. This programme can be assisted by volunteers, such as retirees looking to give back to the community, to ensure the program is run economically. The students must undertake an assessment by the Master Builders SA GTO to ascertain suitability for an apprenticeship and on gaining their licence will be placed with a host employer.

²Source: premium.goauto.com.au/used-car-prices-8000-report

PART ONE.

Encouraging indigenous and female trade apprentices through 'Born To Build' program.

The building and construction industry is experiencing a significant skills shortage. In the last 12 months there has been a record number of applications for new homes and extensions. While many of these homes and extensions have been due to the HomeBuilder grant, since the grant finished the market has remained buoyant. This is due to low interest rates, less travel and people spending more time at home.

While there has been significant effort to attract South Australians to apprenticeships, and we commend the State Government on the success of these initiatives, more applicants are needed. Currently in South Australia there are only 166 female trade apprentices making up 3.3% of total trade apprentices. With females making up 50% of the population, this is a significant portion of the labour force that is not being targeted or attracted to trades.

The building and construction industry is a well-paid profession with many career pathways. Encouraging more women and indigenous people to work in the construction trade, is key to closing pay gaps.

Master Builders SA is advocating for a program that shows construction is an attractive and viable career option for women and indigenous people. This includes proactively recruiting to ensure they have access to strong career pathways.

Data shows recruitment isn't the only issue and retention needs to have a greater focus. Part of the change that needs to occur is making workplaces more inclusive and adaptive to ensure apprentices stay in the industry. More diversity on our worksites makes our industry stronger.

Master Builders SA is calling for a program that provides funding for mentors to go to schools and provide strong, positive encouragement to apply for trades. This needs to include specific training for career counsellors to address bias. Many school counsellors do not know what daily tasks are required for each trade and therefore do not feel comfortable recommending girls for trade careers. When counsellors and teachers know someone who works in a trade-based industry and are more familiar with it, they are far more likely to encourage both men and women. Young women have no or little exposure to trades at schools, and this needs to be addressed within school culture.

Recommendation:

In conjunction with the building and construction industry, provide funding and support to introduce a program that addresses the issue of women and indigenous people in construction across multiple platforms, educational levels and at workplaces. This program will address the fundamental barriers that are preventing entry into trades. The funding will help support a school mentoring and advertising program directed at employers and a commitment from GTOs, schools and tertiary education institutions such as TAFE SA to work towards changing the attitude and culture in the building and construction industry. Master Builders SA's proposed Born To Build program (mbasa.com.au/publications-media/news), which supports mentors in schools and could be supported by CITB, is the perfect platform for supporting young people entering the construction industry.

In addition to the education program, Master Builders SA advocates for a greater wage subsidy to encourage employers to consider a female apprentice, similar to the subsidies available for Indigenous apprentices.

PART ONE.

Improving industry culture.

The State Government must lead the way when it comes to ensuring the mental health of not just its employees, but the many contractors and clients that it engages with on a day to day basis.

It is an unfortunate side-effect of the election cycle that government departments are at times under pressure to deliver projects quicker than they should. There is relentless pressure to deliver buildings faster within poorly planned project timelines, for less money and compromised quality, underpinned by heavily modified contracts, which shift project risks and unfair conditions onto designers, contractors and trade contractors. This puts an enormous amount of pressure on the industry from the top down.

Heavily modified contracts are a significant contributing factor to the decline in industry culture. These unnecessarily complex contracts place unreasonable financial risk on contractors. The danger is good builders will not want to do government work. The government should act as a model client and acknowledge there needs to be a shared risk profile. The constant threat of liquidated damages, which are attached to unreasonable timeframes, forces workers to engage in unreasonably long work hours. It is now the norm in the industry to work a six-day week.

While Master Builders SA acknowledges our industry is well paid, money is not everything and this can be demonstrated by the significant exodus of experienced workers. Also, while individual workers may be paid well, the downward pressure is testing the financial viability of businesses. Furthermore, the pressure put on by government contracts may lead to shortcuts and work that is substandard. It also raises the issue of work health and safety both on and off the site. In an industry that has the unfortunate mantle of leading all other professions (bar vets) for suicides per year, addressing this issue should be front and centre for not just the industry, but the government

and other large clients. The risk of suicide for construction workers is 53% higher than the risk for other employed men in Australia. Between 2001 and 2015 a total of 3000 construction workers died by suicide³. This number needs to be proactively addressed by all participants in the construction industry, including clients.

While the Master Builders SA has seen some desire to change from within government departments, change must ultimately come from the top. Strong leadership from ministers is required to ensure safe and reasonable work principles are not only adhered to but seen as the gold standard of how to engage with business.

Recommendation:

Master Builders SA recommends the government works towards creating a construction industry where ethical practice and quality are valued. This will result in a sustainable sector that retains talented people. The State Government needs to be prepared to share risk and support an appropriate procurement practice. Value for money is more important than lowest price. This means a project that is finished on time, budget and free of defects. The industry must move towards working collaboratively with a best for project approach. This includes an immediate review of the one-sided contractual terms commercial builders are required to sign and reverting back to unamended Australian Standard contracts.

Master Builders SA supports a government who will commit to addressing cultural change in the commercial sector.

³Blueprint-for-Better-Mental-Health-Report.pdf
(constructionblueprint.com.au)

Create an apprenticeship for concreting.

Concrete is the foundation of our building industry – quite literally. This is why it is very concerning very few young South Australians are looking to move into this area of work. Many are attracted by formal apprenticeships in areas such as carpentry, plumbing and electrical.

There is a misconception concreting is a simple labourer's job and this is reinforced by the lack of trade qualifications. Buildings are becoming larger and more complex. When the structural integrity of a building relies on the work of a concreter, it is important the person laying the concrete is properly trained.

In their everyday tasks concreters are required to undertake mathematical calculations, read and interpret construction drawings, carpentry skills and finishing techniques. Concrete is ever evolving and is a key building product integrating the use of green technologies.

Increased use of recyclable products are being mandated in building codes. The introduction of machine grade aggregate and the use of fly ash, ground granulated iron blast furnace slag and amorphous silica fume, (all recyclable products used in the production of concrete) is forcing architects and designers to use greater amounts of concrete in residential and commercial applications to meet green star requirements for modern building structures.

The construction industry must keep pace with the ever evolving building and design processes. This inevitably places greater demands on the concrete contractors and their workforce and it is the role of all stakeholders in the construction industry to support the development of a workforce that can meet these requirements.

Western Australia and Tasmania have implemented concreting apprenticeships of three years. In WA, after the implementation of the apprenticeship, the number of people undertaking training in this area increased significantly.

Recommendation:

Work with industry experts, TAFE SA and CITB to design and implement a three year concreting apprenticeship.





PART TWO.

ENSURING ALL SOUTH AUSTRALIANS HAVE A SAFE AND AFFORDABLE HOME

Improve housing affordability by removing stamp duty for first home buyers on new builds.

South Australian house prices are significantly increasing and demand for rental properties is unprecedented.

Houses are regularly selling for well over reserve price and many South Australians are offering significantly higher rent just to secure a property due to an undersupply of rental properties.

In Adelaide the vacancy rate (the share of unoccupied rental properties) is under 1.0%, according to SQM Research, which is incredibly low.

In the 2021 June quarter, Adelaide's median house price reached another record high of \$540,000 with prices in some suburbs increasing by more than 70 per cent⁴. This is the result of reduced housing supply, with a fall in listings in the last 12 months and increased demand from interstate.

Low interest rates have fuelled demand with the Reserve Bank of Australia continuing to stand by its prediction that the record low cash rate will not rise significantly until 2024. The average variable rate in Australia is now at 3.28% and 2.31% fixed over 2 years. Lending volume in South Australia increased significantly with the number of housing loan applications (excluding refinancing) increasing 31.5% over 12 months⁵. These factors have led to the banking sector predicting property prices will increase by 20% over the next two years, which will see the median price in Adelaide increase a further \$100,000 or more⁶. This has led to house prices increasing faster than new buyers can save for a deposit.

While finance has never been cheaper, due to the GFC and the fallout from the Banking Royal Commission, it is now harder to get. This has been made worse by Australia's banking regulator, APRA, introducing new lending rules that will reduce the maximum amount some people can borrow. When borrowers apply for a mortgage, lenders are required to assess their ability to repay the loan not on the actual interest rate, but on the interest rate plus a buffer. Previously, the buffer was a minimum of 2.50 percentage points; now, APRA required lenders to increase it to 3.00 percentage points. Therefore, for a loan with an interest rate of 2.09%, lenders would have to assess whether you could repay the loan if the rate increased to at least 5.09%. APRA expects this change will reduce the average person's borrowing capacity by about 5%.

In short, record low interest rates don't mean much if you can't get a loan approved. Ensuring South Australians are not priced out of the market is essential.

In addition to the recent post-COVID environment, housing affordability is negatively affected by ongoing, historical factors. These include inefficient land release strategies, excessive development levies, taxes and charges, and excessive planning and building requirements.

Master Builders SA recommends a stamp duty exemption for first homebuyers on new builds up to the median house price (\$540,000 for the June 2021 Quarter). Most first homebuyers borrow to pay for stamp duty, which results in longer mortgages and greater costs over the life of the loan. In some circumstances, it is the difference between being eligible for finance or rejection from the bank.

PART TWO.

As stamp duty is calculated on the value of the property, the government is receiving a windfall as house prices increase and the HomeBuilder grant boosts the number of houses being built. Whilst this might be attractive to government in the short-term, this risks killing the goose that lays the golden eggs as building a home becomes too unaffordable for too many South Australians. This additional stamp duty revenue should be used to offset a reduction in stamp duty for those who cannot afford housing. As well as boosting building activity over the short term, having more homeowners will also increase demand for renovations and higher end housing over coming decades.

We encourage the South Australian Government to provide similar incentives to other states. For example, from 1 July 2017, in Victoria, stamp duty for first home buyers with a value under \$600,000 was abolished and in New South Wales stamp duty was abolished on homes worth up to \$650,000.

Since COVID-19 there has been a number of additional changes to stamp duty. NSW increased the stamp duty concession for new home buyers for newly built properties up to \$800,000. And now, along with the ACT, NSW are moving away from the stamp duty model altogether with a property tax alternative. The Victorian Government announced discounts on stamp duty in the 2020-21 budget with new and off-the-plan properties receiving a 50% waiver and established property a 25% discount.

Every state besides South Australia and Tasmania has a stamp duty exemption scheme for first home buyers. Independent research shows there are positive economic impacts to removing stamp duty. Hudson Howells conducted a report into the financial and economic impacts of stamp duty exemptions on new house/land packages and state taxation generated from the housing sector associated with a potential stamp duty reduction.

The report, available on the Master Builders SA website (mbasa.com.au/publications-media/news), shows abolishing stamp duty on newly built homes would:

- Stimulate construction of up to 1,960 additional houses;
- Create up to 4,700 new full time jobs;
- Create a Net State Government Gain of between \$17.6 million and \$43.5 million.

There is consensus between academics, economists, the building industry and other advocacy groups that stamp duty is an inefficient tax that is a major impediment to jobs and economic growth. It is estimated stamp duty on residential property costs the economy over 70 cents for every dollar raised.

As it is an inefficient tax, it seems a simple solution to remove stamp duty for those who cannot afford it, while the State Government continues to benefit from the windfall of high property prices.

Recommendations:

From 1 January 2023 to 31 December 2023, implement a trial stamp duty exemption for first homebuyers on new builds up to the median house price and a temporary 12 month stamp duty exemption for investors who build new homes up to the median house price.

Regional buildings grant.

Master Builders SA calls on the State Government to implement a grant for regional first home buyers. A regional home building incentive will help South Australians who want to enter the market for the first time remain in their region as well as the local construction industry which provides important jobs and apprenticeships.

Many other states have already implemented similar schemes with Queensland offering \$5,000 to regional home owners, WA providing discounted land through the HomeBooster Scheme and there is a \$20,000 grant for people buying or building a new home in regional Victoria. More than 8,800 regional First Home Owner Grants have been provided, saving regional Victorian families \$176 million.

With attractive offers from the Victorian Government, many regional communities, such as those on the border, will see young residents who want to buy their first home move to Victoria.

If the government is serious about supporting our regional areas and stopping the brain drain from both regional areas and South Australia generally, this is an important step. This will also support the regional building and construction industry from 2023 onward, once the effects of the Homebuilder grant have subsided.

Recommendations:

From 1 January 2023 implement a \$10,000 grant for the construction of new homes in regional South Australia.



PART TWO.

Increase government spending on social housing.

Master Builders SA encourages the State Government to address the concerning social housing shortfalls. Social housing is a term used to describe the combination of public housing (owned and managed by a government housing authority) and community housing. The majority of community housing is owned or managed by registered Community Housing Providers (CHP) although the term may also include homes that are owned or managed by charitable, church or community organisations.

While Master Builders SA has supported the HomeBuilder scheme, it supports a different demographic to those who need social housing. The banks were willing to lend money to applicants of the HomeBuilder scheme. The next step is to support those who cannot get into the rental market, let alone purchase a house.

At 30 June 2020, there were 17,051 applicants on the public housing waiting list (excluding applicants for transfers between houses).

This number included 2,721 new “greatest needs” applicants. The number of homeless people in South Australia increased in 2020, and there is a large number of people who are currently under rental stress where 30% or more of their income is spent on housing costs.

South Australia has had a decline in social housing over the last 10 years with the total number of social housing dwellings falling by 2,845 (5.8%) from 2011 to 2019 – the only state to have an absolute decline in social housing numbers.

Of the social housing numbers, public owned housing has fallen by 9,491 public houses (22.8%) in the 10 years to 2020. While some were transferred to community housing, others were sold and are no longer in the social housing system.

In 2020 South Australia had:

- 32,147 public housing dwellings
- 1,388 state-owned and managed indigenous houses
- 12,151 community housing tenancies
- [in 2019] 619 indigenous community houses.

A major commitment is needed to address the long term decline in public housing. Investment in public housing is a win-win for the State Government. The building of housing creates jobs, increases the government's assets and ensures every South Australian has a home. There are standard products that can be quickly rolled out after the HomeBuilder scheme and the industry will have the skills and capacity to deliver. Unlike major infrastructure such as roads, a social housing plan can be perfectly timed to coincide with the end of HomeBuilder and will not need a large lead time.

The Victorian Government announced in its last State Budget a \$5.3 billion social housing package that will create 12,000 new homes over the next four years. If South Australia invested a similar amount on a per capita basis, it would see a \$1.4bn package to build 3,270 homes. This equates to \$361m per annum over the next term of government (offset by \$33.6m in rent from the new properties). Such an investment would raise the total public housing stock (all other things being equal) to around 35,000 houses, and meet the needs of the 2751 greatest needs applicants.

Funding social housing won't inflate house prices. It will keep construction workers and apprentices employed whilst helping vulnerable South Australians.

The Marshall Government Apprenticeships Pilot Program is proving to be a big success, and an excellent value add to the 1,000 Affordable Homes Program.

Recommendation:

The State Government invest in social housing to address the concerning social housing and rental property short falls.

In addition, all contracts to build social housing must include the engagement of apprentices from key disadvantaged groups.



PART TWO.

Review land supply in South Australia.

The assumption there is enough land supply for 15 years is flawed and at the very best has not been reviewed by the parties most affected by this decision. The review of land supply has been based on data from 2010-2020. This means the review of the “broader Adelaide” region neglects to acknowledge one of the most dramatic shake-ups of the pattern of living choice in recent history, the effect of a global pandemic.

Adelaide Hills’ townships and some regional towns and communities have experienced demand for property not seen for decades. There is deficiency of land supply in areas people want to live, further constrained by an Environment Food Production Area Overlay.

The dynamic with regards to infill has changed. Pre-pandemic patterns showed significant preference for living closer to the city and within established suburbs. Housing typologies trended towards unit-type development, townhouses and courtyard homes on subdivided allotments.

Master Builders SA engaged Mr Bernard Salt AM, Executive Director of The Demographics Group, to conduct research into future land requirements based on changing social trends, population and supply⁷. According to Mr Salt, people are now seeking more space and detached houses that can accommodate working from home. HomeBuilder delivered record building approvals with demand highest in the northern and southern suburbs, and the Adelaide Hills. People do not necessarily need to live close to a workplace due to substantial improvements to remote working capability. This leads to the concept of the 20 minute city, where people can live, work, play and access services such as schools within their local area.

⁷mbasa.com.au/wp-content/uploads/2021/11/Environmental-Food-Production-areas-zone-review.pdf

PART TWO.

The AGD Land Supply Report (LSR) for Greater Adelaide acknowledges that:

Market trends and demand preferences will be constantly monitored so that the LSR can be reviewed and updated regularly. (page 1).

...

Regular monitoring of the trends and movements in these components is critical for both understanding the current driver's of population change but also for projecting future population growth, and subsequent dwelling demand (page 7).

Master Builders SA does not believe monitoring has been regular enough to properly inform the current land supply decision. Market trends and preferences that have emanated out of the global pandemic in the last 12 months are absent from the Land Supply Report for Greater Adelaide.

Quite simply, data showing net migration loss of over 2000 people to interstate should not form the basis of current assumptions on land supply, nor should an assumption that only 15% of housing supply will occur in Greenfield developments and 2% in peri-urban form and 9% in townships (based on 2010-2020 data, p. 20 of Land Supply Report).

Mr Salt's disagrees with the assumption population trends and lifestyle choices of the Pre-Covid era (after 2016 Census) upon which the Land Supply Report are based will "return to trend". Mr Salt highlights the mounting body of evidence lifestyle and housing preferences across capital city Australia, including Adelaide, have changed in response to the pandemic.

The trend has completely shifted since early June 2020, the time the Report was published, when it was looking like a recession of 1929 scale was on the cards. Since that time we have seen unprecedented levels of construction activity and net positive migration from the more highly COVID-19 affected eastern states, in particular Victoria.

Once more 'normal' levels of immigration return, which may be sooner than predicted as vaccination programmes roll out internationally, this could compound the land supply issue.

It is our considered opinion, based on the population trends and housing choices that Mr Salt identifies in his report that potential redefinition of Environment Food Protection Areas within the "Outer Metropolitan" Adelaide area would not be contradictory to the goals of the Adelaide 30 Year Plan. However, restriction of 90% of new housing to within defined townships over the next 23 years in "Outer Greater" Adelaide is something that needs to be reviewed.

Recommendation:

The State Government conducts a detailed review of land supply based on current data and trends and a review should occur every 5 years.



PART THREE.

ENCOURAGING A STRONG ECONOMIC RECOVERY FROM THE COVID-19 PANDEMIC

Bring back Building Ideas TV Show.

Building Ideas was South Australia's only locally produced building and renovation television series. It featured all of the latest and most innovative builders, designs, products and services.

Building Ideas was run partly on an annual government grant of \$88,000 and unfortunately, due to budget cuts in 2019, this small amount of funding was withdrawn and therefore made the show non-financial resulting in another locally produced show being cancelled.

Building Ideas was more than just a TV show. It was locally produced creating jobs in the South Australian television and film industry. It was also fantastic for South Australian builders to showcase their work and what was trending. Similar to the amazingly successful South Aussie with Cosi, this show was uniquely South Australian and allowed South Australian building companies to feature and promote the local industry.

If returned to our screens, there is potential to have the show run before or after Cosi's and have an SA "hour of TV" that further showcases our great state.

In an era when South Australian businesses are competing against interstate and, more often, cheaper overseas businesses, showcasing local talent, workmanship and enterprise is important.

Recommendation:

Provide a boost to the South Australian building and construction industry as well as locally produced television shows by providing funding of \$100,000 for Master Builders SA to revive the Building Ideas Show. Master Builders SA will match the State Government funding.



PART THREE.

Invest in South Australia building infrastructure.

Infrastructure is not just roads. Too often commercial builders see the significant investment in roads and civil infrastructure under the pretence that it is the best way to create jobs and a better South Australia. While safe and efficient roads are essential and money does need to be spent in this area, we implore the next government to recognise the greater benefit of building infrastructure.

This is increasingly important as the construction workers engaged at the shipyard construction at Osborne face losing their jobs. With 600 shipyard construction roles at Osborne, it is important the State Government invests in commercial building infrastructure.

According to the ABS analysis, commercial infrastructure has the third highest economic multiplier, only behind residential building and basic non-ferrous metal manufacturing. The building process engages a significant number of different trades and building suppliers, from the complex architectural designs to the concrete foundations and the finishing touches of paint and taps.

At the time of release there has been a few key infrastructure announcements such as the Riverbank Arena and hydrogen power plant. We call on the next government to look beyond these big media items and invest in the our local communities.

An example is the Strathalbyn sporting complex. The community in the Strathalbyn area is forced to train on substandard courts and is calling for \$8.5m to build a new stadium that supports the 32% increase in basket participation as well as other sports such as volleyball. The Adelaide Hills is not the only council area where additional or upgraded community centres are needed.

As previously mentioned, Australians have changed the way we want to live. The concept of satellite cities is gaining traction with regional hubs such as Murray Bridge, Mt Barker and the Barossa (just to name a few) experiencing population increases. As the shift towards working from home and regional living increases, this will put pressure on our regional centres. As the population increases, so do the needs for adequate medical facilities to service these areas. In order to meet this increased future demand, a number of regional hospitals need upgrades and expansions to deal with the shift in lifestyle that South Australian's are currently undertaking.

Recommendation:

Throughout South Australia there are many sporting and community clubs that are in desperate need of repair, improvement or replacement. Master Builders SA recommends the State Government implements a grant program to upgrade community facilities across South Australia. This should include community centres, which are an important social and health focus especially in regional centres, libraries and sporting clubs.

Master Builders SA also recommends the State Government conducts a building audit of regional health facilities and invest in upgrades to country hospitals and medical facilities.

Within metropolitan Adelaide, we encourage the state government to consider projects such as a Concert Hall, upgrades to the court and police facilities in the CBD and metropolitan Fire Stations.

PART THREE.

Abolish foreign investment surcharge.

As we move closer to opening our borders to international visitors and investors, South Australia needs to review our foreign investment policy. Australian and importantly South Australia has been established off the back of foreign investment. Foreign funding has supported Australia's economic development by permitting more capital investment than domestic savings would have otherwise allowed. While not a popular concept, without foreign investment, Australia would not be the prosperous country it now is. In January 2020 the Marshall Government changed the exemption for foreign developers from the 7 per cent ownership surcharge in cases where a significant residential development is planned and exempting projects comprising 20 or more allotments.

While this was welcomed at the time, the announcement was pre-COVID-19 and with an economy that needs a boost, a greater focus is needed on foreign investment. Master Builders SA strongly encourages the government to completely abolish the foreign investor surcharge. While on the surface, the foreign investment surcharge is an attractive tax, the question has to be asked how much money is being lost through payroll tax and other taxes if projects do not go ahead or move interstate.

In the race against the other states to improve our economy and attract investment. Adelaide is already the best place to live in Australia and the third best in the world but to capitalise on this we need to open our borders to foreign investment by offering more attractive conditions than interstate. As of 2019, when WA came on board, all the States implement the surcharge. This is a great opportunity for South Australia to stand out from the other states. South Australia has the advantage of low land prices when compared to the eastern states. Removing the stifling foreign investment surcharge will show the world that we are open for business and position South Australia ahead of the rest as the "investment state".

Recommendation:

Completely abolish the foreign investor surcharge to encourage overseas investment in South Australia.



PART THREE.

Introduce mandatory continuing professional development for licenced building practitioners.

Continuing Professional Development (CPD) is the process of undertaking and recording professional education and training after initial registration or licensing. The purpose is to maintain and improve professional skills and knowledge.

Master Builders SA believes CPD must become mandatory for all licenced building practitioners and has advocated for a strong licensing system for a number of years. It is only through such a system that consumers can have confidence in the competency of practitioners in the building industry.

Currently in South Australia a practitioner's suitability to be licenced is only assessed at initial registration or licensing. This does not guarantee a licenced builder remains competent or up-to-date with changes in the industry during the lifetime of the registration.

The knowledge and skills held by a builder at initial registration or licensing can deteriorate over time if the skills are in an area that is not regularly implemented. Deterioration may occur if the practitioner specialises in a narrow sector of the industry and other skills diminish over time due to infrequent use. A key objective of CPD is to ensure that licenced building practitioners can demonstrate continued competence for the entire period they are registered or licenced.

Secondly, it is important that licenced builders are aware of and understand significant changes affecting the industry, such as changes to legislation, professional standards, work health safety or the introduction of new products and technology. With timber in short supply, builders are turning to alternative building methods such as modular building and concrete form. This is a different skills set that requires training.

The Shergold-Weir Report (Building Confidence Report), commissioned by the Building Ministers' Forum indicated there are ongoing issues of non-compliance within the building industry linked to an insufficient understanding of the National Construction Code (NCC) and its revisions.

A lack of understanding, as highlighted in the report, can be addressed through MCPD. This will benefit the industry, not only through a better skilled workforce, but improved perception by the public that the industry is aware of its obligations. This will provide greater confidence for consumers. Implementing MCPD is not without precedent. Looking interstate, NSW and Tasmania have introduced MCPD and Victoria is in the process of implementing a system.

One issue facing the industry is the perception by young people contemplating undertaking a trade is that there is no career development or opportunity. The introduction of MCPD will help address this perception. As the building industry evolves and new technologies are introduced, MCPD is a great way to demonstrate the industry is at the forefront of changes and an exciting and evolving industry to join.

As noted in the Building Confidence Report, industry associations can play a key role in the delivery of CPD provided that there is collaboration with regulators to ensure that the content of training is appropriate. Associations have the capacity and industry knowledge to ensure the training is relevant and up-to-date.

Master Builders SA is committed to delivering quality education to the building and construction industry. We are one of South Australia's leading providers of education and training, and are well positioned to help deliver CPD courses.

Recommendation:

Implement a state Mandatory Continuing Professional Development requirement for licenced building practitioners. Such a program will provide benchmarks for key areas including legislative compliance, technical compliance, and occupational health and safety. However, it should also be sufficiently flexible to adapt to the needs of industry. Training needs to be industry-linked and delivered through a variety of formats to accommodate a range of participants such as those residing in regional areas.

OVERVIEW.

SUMMARY OF KEY RECOMMENDATIONS

- Funding for high schools and TAFE SA to run driving courses for disadvantaged youth who want to commence a trade.
- Provide funding for Master Builders SA's Born To Build program to address the issues of low female and indigenous apprentice numbers.
- Greater wage subsidy to encourage employers to consider female apprentices.
- Ensure the State Government is a model client for all stages of the building process. This includes procurement, contracts, shared risk and working collaboratively with a best -for-project approach.
- Introduce a three year concreting apprenticeship.
- Implement a trial stamp duty exemption for first home buyers on new builds, and temporary 12 month stamp duty exemption for investors building new homes.
- Implement a \$10,000 grant for construction of new homes in regional South Australia.
- Invest in social housing - contracts to build new social housing developments must include the engagement of apprentices from disadvantaged groups.
- 5 yearly detailed reviews on land supply.
- Provide a boost for the South Australian building and construction industry by funding the Master Builders SA Building Ideas show.
- Implement a grants program for local sporting and community clubs, used to upgrade communal facilities.
- Conduct a building audit of regional health facilities and invest in upgrading country hospitals and medical facilities.
- Abolish the foreign investor surcharge.
- Implement Mandatory Continuing Professional Development requirement for licenced building practitioners.





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