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Productivity Commissioner
Queensland Productivity Commission
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Dear Commissioner

The Master Plumbers' Association of Queensland (MPAQ) welcomes the opportunity to provide input into the Queensland Productivity Commission's review of productivity within the construction sector. We commend the Commission's efforts to drive meaningful reform and offer the following insights and recommendations, informed by feedback from our members across Queensland.

1. HSR Discretion and Safety Oversight

Health and Safety Representatives (HSRs) play a critical role in maintaining safe working environments across construction sites. Their ability to stop work in response to safety concerns is a vital safeguard. However, in some instances, localised issues, in a confined area have led to full-site shutdowns. The response to these incidents can vary significantly between sites, often influenced by differing site management practices or industrial environments. This variability can occasionally lead to broader operational impacts, including project delays and lost productivity.

Recommendations:

- Consider the development of clear and practical guidelines to support consistent decision-making around the continuation of work following safety hazard or incident.
- Explore options for an independent mechanism or advisory process to assist in resolving complex or disputed safety matters, providing additional support for HSRs and employers alike.
- Encourage more tailored responses to incidents for example, isolating affected areas rather than defaulting to site-wide shutdowns where it is safe and appropriate to do so.

2. Licensing Reform – Current Issues and Recommendations

A number of government agencies, appear to be undertaking separate reviews of licensing processes. These efforts currently lack coordination and adequate consultation, leading to fragmented and potentially inconsistent outcomes.

The current licensing application process is outdated, relying heavily on paper-based submissions. There is a clear need to modernise the system to enhance efficiency and improve user experience.

Recommendations:

We recommend the development of a coordinated, whole-of-government approach to licensing reform that involves all relevant regulatory bodies, industry representatives, and end users. Key actions could include:

- Facilitating alignment across agencies to reduce duplication and improve consistency in licensing requirements.
- Developing a centralised, online platform for receiving licence applications, significantly reducing paperwork and saving time for applicants.
- Engaging in thorough consultation with industry stakeholders to ensure the system is user-friendly, practical, and fit for purpose.

3. Local Government Inconsistency

Regulatory requirements for plumbers, drainers and roofers differ significantly between local councils.

Plumbers, drainers and roofers and their businesses operating across different Councils in Queensland frequently encounter inconsistent regulatory requirements between local councils creating confusion and unnecessary compliance burdens. These inconsistencies can relate to areas including:

- Disparate penalties for non-standard form submissions across councils.
- Variability in accepted installation materials and practices (e.g., silicone use, sprinkler requirements, drainage fill specifications).
- Different requirements for documentation such as proposed drainage plans.
- Accessibility of essential records such as drainage plans and backflow registers.
- Inconsistent interpretations of plumbing standards between inspectors within and across councils.

This feedback has been reinforced through recent member surveys, highlighting the urgent need for greater standardisation and improved clarity across local government areas.

This fragmented regulatory landscape creates unnecessary complexity, increases administrative workload, and imposes additional costs on businesses and consumers. In some cases, it also leads to delays in project delivery due to the time required to understand and comply with differing local council requirements.

Recommendations:

Develop a consistent, statewide approach for Councils to align their plumbing departments with the same Deemed-to-Satisfy requirements that apply to licensed plumbers. This will help reduce regulatory red tape and support cross-jurisdictional work. Additionally, provide clear guidance and training for council officers to promote uniform decision-making and minimise discretionary inconsistencies.

4. Workforce Development and Apprenticeships

In the coming years, Queensland is poised to experience substantial infrastructure growth, driven by major initiatives such as preparations for the 2032 Olympic and Paralympic Games, extensive Queensland Health upgrades and new facility developments, and the Australian Government's commitment to delivering 1.2 million new homes nationwide. Whilst these infrastructure developments are welcomed by industry, the building and construction sector is currently experiencing a critical skills shortage. Apprentice commencement and completion rates continue to decline year on year, undermining the sector's capacity to meet growing demand. Compounding this issue is the significant financial burden on businesses, with the estimated cost of employing an apprentice over a four-year period totalling approximately \$250,000, based on current Award wage rates. The roofing sector is particularly affected, facing acute challenges in attracting individuals to even commence an apprenticeship in the trade.

The Construction Skills Queensland (CSQ) report found the average construction workforce required over the 8-years to deliver the construction pipeline in the lead up to the Olympics is forecast at 122,600 – around 8,000 of these will be plumbers.

The sector urgently needs support from Governments to put through more apprentices in order to meet the demand.

Currently, the cost to an employer to train an apprentice is over \$250,000 (without the 1 July 2025 increase being applied) - with only 2 percent in incentives. A recent survey by MPAQ found 63% of their members employ apprentices, 59% would hire more if more funding was available. We need investment now if we are to have any chance of meeting the tidal wave of demand the Olympics will bring to the construction workforce generally.

Providing more support for employers to take on apprentices can have significant economic, social, and cultural benefits for Queensland. It can help address skill shortages, boost economic growth, support small businesses, and provide significant social benefits for young people.

The LNP's recent election commitment of a \$19 million pilot program, subsidising up to 50% of first and second year wages and 25% of third and fourth year wages for small and family construction businesses, is a fantastic start, and we look forward to its rollout.

Recommendations:

- Significantly increase financial support and incentives for employers.
- Improve completion tracking and address the gap between apprentice sign-ups and completions.
- Explore models to support business capacity to mentor and train apprentices.

5. Bank Guarantees and Delays in Practical Completion

Major contractors consistently raise concerns regarding the lack of expiry dates on bank guarantees. Practical completion is often not clearly communicated by builders, and contractual timelines are frequently missed or significantly delayed. These delays have substantial financial implications for subcontractors, including:

- Increased interest and holding costs due to prolonged retention of bank guarantees
- Restricted cash flow and reduced ability to tender for or take on new projects
- Prolonged financial exposure well beyond the intended contractual period

Recommendations:

- Require that all bank guarantees include a clearly defined expiry date, aligned with practical completion and defect liability periods.
- Mandate timely and formal notification of practical completion by the builder to all subcontractors.
- Establish clear contractual and regulatory consequences for unjustified delays in practical completion certification.
- Enhance access to independent mechanisms for resolving disputes over completion and guarantee release, to ensure fair treatment of subcontractors.

6. Subcontractor Non-Payment

Non-payment of subcontractors remains a significant issue within the construction industry. Despite multiple reviews and reforms, including the **2017 national review of Security of**

Payment Laws by John Murray AM, subcontracting businesses continue to experience high levels of non-payment, particularly in cases of builder insolvency.

- **Recent Reforms:**

In response to the Murray Review, states and territories have introduced a range of measures, such as: Retention trust accounts and Project trust accounts.

However, these measures have not fully addressed the issue. Non-payment continues to cause severe financial and emotional stress for subcontractors many of whom are small business operators and poses a direct threat to the industry's capacity to deliver vital infrastructure, including homes, hospitals, and commercial buildings.

Recommendations:

To effectively address subcontractor non-payment, particularly in the event of head contractor insolvency, a new approach is essential. The following recommendations are proposed:

- ***Centralised Holding of Retention Money and Security***
 - Establish a central authority to hold all retention monies and security, similar to the rental bond system.
 - A simple online portal would facilitate deposits and withdrawals, easing administrative burdens for head contractors.
 - Would allow for more timely release of retention funds, especially following insolvency events.
 - Should also apply to non-cash securities such as bank guarantees, solving the common issue of delayed or unreturned guarantees that limit subcontractors' ability to take on new work.
 - Must cover all construction work, including electrical and specialist trades.
- ***Allow Substitution of Non-Cash Security with Cash Retention***
 - Small businesses often face barriers in accessing bank guarantees or insurance bonds.
 - Permitting substitution with cash retention would ease financial pressure and allow access to adjudication for recovery, which is currently not available for non-cash securities.
- ***Decouple Subcontractor Practical Completion from Head Contractor Completion***
 - Current practice links subcontractor completion to overall project completion, delaying return of retention or security.
 - Legislate clear and separate definitions for subcontractor practical completion, enabling fairer and more timely release of entitlements.

For small business owners, unpaid invoices are more than a commercial inconvenience they represent lost wages, missed mortgage payments, and financial strain on families.

Subcontractors are a vital part of the Australian economy. With an unprecedented pipeline of work and ongoing labour shortages, it is critical that meaningful, coordinated action is taken to protect these businesses from non-payment. The recommendations outlined above offer a practical, fair, and achievable path forward.

7. Minimum Financial Requirements (MFR) SC1 / SC2

The Minimum Financial Requirements (MFR) framework is designed to ensure that licensed contractors in the building and construction industry have the financial capacity to meet their obligations. The intent is to promote financial stability and reduce the risk of insolvency,

thereby protecting subcontractors, suppliers, and clients. This is administered by The Queensland Building and Construction Commission (QBCC).

Key Requirements:

- Licensees must demonstrate they hold a minimum level of net tangible assets relative to their maximum allowable annual turnover (MAAT).
- Licensees are required to submit financial reports each year, with different levels of scrutiny depending on the license category.
- Depending on turnover, this may include accountant-certified financial statements and declarations of working capital.
- Operating beyond the declared turnover without updating MFR details is a breach and can result in licence suspension or cancellation.

Industry Concerns:

- The annual reporting process can be complex and costly, particularly for small businesses.
- Subcontractors often face delays in payments or tied-up capital, which can affect their ability to meet MFR requirements—even when their business is otherwise viable.
- Some industry participants report inconsistent interpretations and application of MFR rules by the regulator.
- Businesses already subject to independent financial auditing often view MFR as a duplication of compliance obligations.

Recommendations:

- Simplify documentation for smaller licensees and allow more digital lodgement options to reduce administrative costs.
- Publish more detailed examples, case studies, and checklists to help licensees understand and meet requirements.
- Recognise the impact of delayed payments and retentions on working capital and explore adjustments to reflect cash flow realities.
- Ensure thresholds are realistic and proportionate to business risk and economic conditions.
- Provide better access to financial education and tools to help small contractors manage compliance proactively.

8. QCAT (Queensland Civil and Administrative Tribunal) challenges

Members frequently report significant issues when engaging with the Queensland Civil and Administrative Tribunal (QCAT), particularly in relation to resolving payment disputes and contractual matters in the construction industry. While QCAT is intended to provide an accessible, low-cost dispute resolution pathway, many users experience long delays, inefficiencies, and barriers to justice.

Key Issues Reported by Members:

- Matters often take many months, or even years, to be resolved. This delay undermines the objective of timely dispute resolution and causes cash flow stress for subcontractors and small businesses.
- Members report variability in decisions, especially in complex construction disputes where tribunal members may lack relevant technical or commercial expertise.
- Even when a favourable decision is achieved, the process to enforce payment can be slow and difficult, reducing the practical value of the outcome.
- There is limited capacity to provide interim relief, such as freezing disputed funds or suspending enforcement actions during proceedings.

- Decisions are sometimes made without sufficient understanding of construction-specific contract law, technical standards, or industry practices.
- While designed to be cost-effective, members still face legal and expert witness costs to present cases properly, particularly against larger, well-resourced parties.

Recommendations:

- Create a specialised stream or list within QCAT for construction-related disputes, staffed by members with relevant technical and legal expertise.
- Implement and monitor clear benchmarks for case progression and finalisation to address long delays.
- Equip QCAT with greater authority to issue interim orders to protect parties while matters are being determined (e.g. payment holds or access to disputed sites).
- Allow QCAT to consult independent industry experts to assist tribunal members in making informed, technically accurate decisions.
- Simplify and strengthen the process for enforcing QCAT orders, particularly for small businesses seeking payment recovery.
- Offer clearer procedural guidance and self-representation resources to help small businesses navigate QCAT effectively.

9. Additional Productivity Constraints, from our members and survey results:

- Unlicensed work remains a top industry concern.
- Labour, materials, and insurance costs continue to rise (23–25% increase in materials; 10% labour).
- 59% of employers would take on more apprentices with better funding.
- Key barriers: work-life balance, skill shortages, and poor regulator communication.

Recommendations:

- Improve communication clarity from agencies such as QBCC.
- Abolish or significantly reduce payroll tax to ease financial burden.
- Introduce targeted compliance, focusing on insolvency contributors, not compliant subcontractors.

MPAQ and our members are grateful for the opportunity to contribute to this important review. We are committed to working collaboratively with the Commission to ensure Queensland's construction industry can thrive through streamlined regulation, fairer industrial practices, and practical productivity enhancements.

Please do not hesitate to contact us should you require further details or wish to discuss any aspect of this submission.

Kind regards



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