

## Overview

As Australia's fastest-growing city, the Bureau of Statistics projects that by 2051 Melbourne's population could double to nearly 7.7 million, requiring construction of up to 1.6 million new homes-including 480,000 apartments<sup>1</sup>. This presents significant opportunities for Victoria's economy, community and the building and construction industry – but it also highlights the substantial infrastructure required to accommodate the growth. Master Builders Association of Victoria (Master Builders) recognises that this new infrastructure funding must not be dependent on short budget cycles and bi-partisan politics and its implementation must be transparent and well sequenced.

Master Builders represents members from across the broad spectrum of the building and construction industry, including suppliers and manufacturers, apprentices, commercial contractors, residential builders and tradespeople. As such our members deliver the built environment in Victoria, including sports stadiums, parks, roads, public transport, hospitals and housing. Our industry is therefore extremely important - delivering the second largest full time employment, important economic contributions as well as the living standards we have come to enjoy in our State. That is why we welcome Infrastructure Victoria's commitment to design and implement a 30 year strategy that is transparent and independent – delivering a clear plan for the industry which will ensure the continued economic prosperity and productivity of the sector and the Victorian community.

Master Builders welcomes the opportunity to comment on *All Things Considered* and its accompanying draft options. In the context of Melbourne's significant anticipated growth, Master Builders commends Infrastructure Victoria for presenting options that address three of the state's major challenges:

1. Establishing a clear and consistent planning system;
2. Investing in, and building, key public infrastructure;
3. Investing in future skills and technology;
4. Investing in appropriate, sustainable and quality social infrastructure.

Master Builders has called for these reforms in a range of our publications, including our State Budget document *Master Builders Priorities 2016-17: Building for Growth*, our submission to the *Residential Zones State of Play*; and our planning policy paper *Planning for Growth*. These submissions can be found [here](#).

Master Builders strongly supports Infrastructure Victoria's consideration to address major challenges in the Victorian planning system. The current planning system is characterised by a disconnect between overarching strategic state planning policies and what Councils are delivering. For example,

  
<sup>1</sup> <http://www.mpa.vic.gov.au/>

in *Plan Melbourne Refresh*, the State Government is considering ‘locking down’ the Urban Growth Boundary<sup>2</sup> and accommodating population growth through a policy of a 70/30 split (requiring 70 per cent of new housing to be built in existing suburbs). However, an analysis of how residential zones have been applied in established areas demonstrates that, in some instances, restrictive zones are being applied broadly to prevent housing growth in established areas. For example, in the City of Glen Eira which is seven kilometres from the city, over 80 per cent of municipality is subject the most restrictive zone, Neighbourhood Residential Zone (NRZ).

Excessive red tape in the current planning system is delaying the delivery of building and construction work, and costing the economy. The Victorian Competition and Efficiency Commission (VCEC) 2010 report *Local Government for a Better Victoria: an Inquiry into Streamlining Local Government Regulation* found that the total costs to business of complying with land-use planning and building regulations are between \$500 million and \$875 million per year. This includes a cost of around \$180 million each year due to unexpected delays in planning decisions. As well as council delays, the scope for objections in Victoria is vast and means that planning gets further entangled in VCAT appeals: Victoria 1 in 10 planning applications are appealed, compared to 1 in 83 in NSW and 1 in 1000 in Queensland<sup>3</sup>. These delays and costs impact the state’s efficiency to build new houses, roads and other key public infrastructure.

That is why Master Builders strongly supports the Infrastructure Victoria option to introduce a **centralised planning scheme (CPS1)**<sup>4</sup>, and through that a focus on **urban development in established areas (UDC)**<sup>5</sup>, and **residential and commercial property densification (RCP)**<sup>6</sup>. These options are much needed solutions to the issues in delivering infrastructure and housing caused by delays and inconsistencies in the current planning system.

In addition, Master Builders recommends consideration of codified planning process to ensure the ease of infrastructure and housing development.

Population growth will place additional stress on some of Victoria’s ageing key public infrastructure. An audit by Infrastructure Australia found that the annual cost of delays on Melbourne’s roads will triple to more than \$9 billion in the next 15 years if the problem is not fixed<sup>7</sup>. Master Builders supports Infrastructure Victoria’s commitment to invest in and build much needed infrastructure.

For example, Master Builders strongly supports the option to build the **Eastern Freeway to CityLink connection (EWE)**<sup>8</sup>. This is a vital link that is missing from Melbourne’s current road network. Infrastructure Australia’s audit found that if the link is not built, the cost of delays inflicted by traffic congestion along the road corridor will double over the next twenty years, from \$73 million in 2011 to \$144 million by 2031. We applaud Infrastructure Victoria for providing independent advice that it should be built despite the cancellation of the East West Link.

<sup>2</sup> *Plan Melbourne Refresh Discussion Paper*, page 4

<sup>3</sup> Jane Francis Kelly, ‘The Houses We’d Choose’ Grattan Institute, 2011 page 32

<sup>4</sup> Infrastructure Victoria Draft Options Book, page 100

<sup>5</sup> *Ibid*, page 397

<sup>6</sup> *Ibid*, page 324

<sup>7</sup> Infrastructure Australia, ‘Australian Infrastructure Audit Report’ 2015

<sup>8</sup> Infrastructure Victoria Draft Options Book, page 143

As part of the much needed investment into in Victoria’s road network, a pipeline of work that is certain is extremely important for Victoria’s economic growth as it gives both investors and businesses an important level of confidence. That is why Master Builders supports the option for **school infrastructure funding certainty (SIF)**<sup>9</sup> that would remove decision making from short-term budgets and require the governments to publish a proposed plan for school capital works (new and upgrades) against a proposed time line for delivery. Master Builders also supports options for a range of other key infrastructure commitments.

A thirty year infrastructure plan is a unique opportunity to invest future technologies and the knowledge industry. Master Builders supports the **education and medical research precincts linking with the private sector (SEP)**<sup>10</sup> option that seeks to established new precincts that bring sectors together, driven by private sector demand for increased collaboration with the tertiary education and the vocational training sector. Master Builders considers that this option has potential to invest in learning and developing construction technologies such as BIM.

As well as an effective planning system that can deliver housing, roads and transport infrastructure, delivery of social infrastructure must be included in the discussion about Victoria’s thirty year plan. As stated in the Options Paper, ‘infrastructure across a range of sectors, from health and education to transport, is struggling to keep pace with demand’<sup>11</sup> and therefore solutions to the increased pressure on social housing, health and education facilities and environmental issues must be addressed.

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<sup>9</sup> Infrastructure Victoria Draft Options Book, page 345

<sup>10</sup> Infrastructure Victoria Draft Options Book, page 146

<sup>11</sup> Infrastructure Victoria Options Paper, page 38

## Overview of options

### Options Master Builders strongly supports

- Centralised Planning Scheme (CPS1)
- Eastern Freeway to CityLink connection (EWE)

### Options Master Builders supports

#### Policies to enable greater densification and planning for population growth:

- Urban development in established areas (UDC)
- Residential and commercial property densification (RCP) and setting agreed housing targets

#### A pipeline of key infrastructure such as:

- Arterial road network employment centre (ARN)
- Melbourne Metro 2 (MMS)
- Regional Rail eastern corridor dedicated rail track (RRE1)
- Outer Metropolitan Ring Road (OMR)
- North-East link (NEL)
- Port of Melbourne container terminal expansion (PMC)
- Melbourne Airport heavy rail line (MAH)
- Clyde Rail extension (CRE)

#### Development of key social infrastructure such as:

- Public high rise housing estate renovation (PHR)
- Social housing asset rationalisation and refresh (SHA)
- Social housing utilising the Defence Housing Australia rental model (SHD1)
- Health infrastructure coordinated planning (HIC)
- Health and aged care repurposing of facilities (HAC)
- Health care smart facilities (HCS)
- Schools shortages (SSS)
- Early childhood education corporate office facilities (ECE3)
- Energy effect development (EED)

### Additional options Master Builders supports

- Expand the codified 'as-of-right' process
- Expand the Melbourne International Airport
- Consider ways to avoid the prohibitive costs associated with the Industrial Relations EBA taking away valuable funding for infrastructure.
- Invest in developing new technologies such as BIM and prefabrication

## 1. Establishing a planning system that is clear and consistent

### 1.1 Centralised Planning Scheme

The Victorian planning system must evolve if it is to accommodate the rapid population growth forecast for Victoria, while still ensuring the continued viability of the building and construction sector and strengthening Victoria's reputation as a place for investment and prosperity.

Master Builders strongly supports the option for a **Centralised Planning Scheme (CPS1)** in Victoria. By transferring planning decision making and infrastructure coordination from local councils to a centralised authority such as the proposed Victorian Planning Authority, this option directly addresses the major issue in the current planning system: local council decision making. Master Builders' support for this option is echoed in *Master Builders Priorities 2016-17*, *Master Builders 2016 Planning for Growth* and Master Builders' submission to the review of Residential Zones (attached).

With Melbourne's population forecast growth necessitating the construction of up to 1.6 million new homes<sup>12</sup> over the next 35 years, major strategic plans will need to be made- and followed through- to ensure that growing communities, both new and existing, have access to the appropriate living standards, services and amenities.

**A centralised planning scheme will provide Victoria with a clear scheme that is capable of delivering on state planning policy objectives and ensuring an efficient and effective building and construction industry.**

Master Builders endorses Infrastructure Victoria's comments that: *"This option is expected to help reduce the mismatch between supply and demand for infrastructure and services, as well as better match the location of population growth with the location of existing services – Draft Options Book, page 101*

The current planning system is characterised by a disconnect between the state government's strategic vision for growth and the decisions implemented by local councils, which is very problematic for a state that is preparing for rapid population growth.

For example, in Plan Melbourne Refresh, the State Government is considering the option to lock down the urban growth boundary (UGB) and obtain 70 per cent of Melbourne's new housing supply from existing suburbs.

However, analysis of how zones have been applied by local councils demonstrates that some of them have used zoning to prevent growth occurring in their municipality. Consider the Boroondara Council, which is

*"served by the Alamein, Belgrave and Lilydale railway line, numerous tram and bus routes as well as access to CityLink and the Monash Freeway...key trail strips and parklands....as a*

<sup>12</sup> <http://www.mpa.vic.gov.au/>

centre for education, with many public and private schools located in the municipality. Swinburne and the University of Melbourne also have campuses in Hawthorn.”<sup>13</sup>

This established location appears to be ideal to accommodate a substantial amount of Melbourne’s projected population growth and new housing- in keeping with the State Government’s vision. However, in reality, 75.7 per cent of residential land in Boroondara is zoned the Neighbourhood Residential Zone (NRZ), which is the most restrictive zone. This suggests that there will not be a lot of additional housing developed in the area.

This is one example of a systemic problem. The NRZ, which is intended to restrict housing growth, has been applied to varying degrees across municipalities, with 29.2 per cent of residential land in the Eastern Subregion zoned NRZ, compared to 11 per cent in the Northern Subregion and 10 per cent in the Southern Subregion. In the City of Glen Eira, which is around 7 kilometres from the Melbourne CBD, 80.8 per cent of the residential land has been zoned NRZ.

### **A Centralised Planning Scheme would help reduce costs and inefficiencies in our planning system.**

As stated in the Draft Options Book, *“the main economic benefit of a centralised planning scheme would be derived from improved efficiencies associated with infrastructure planning and procurement compared to current practice”*.

Planning delays cost Victorian builders and consumers a great deal. The VCEC 2010 inquiry found that the total costs to business of complying with land-use planning and building regulations are between \$500 million and \$875 million per year, including around \$180 million each year due to unexpected delays in planning decisions.<sup>14</sup> As well as council delays, the scope for objections in Victoria is vast and means that planning gets further entangled in VCAT appeals: Victoria 1 in 10 planning applications are appealed, compared to 1 in 83 in NSW and 1 in 1000 in Queensland.

Data from the Department of Transport, Planning and Local Infrastructure’s *Planning Permit Activity in Victoria Annual Report 2013/14* confirms that only 67 per cent of the total 56,411 planning permit applications received were decided within the 60 day statutory time frame.

Transferring the decision making from Councils to a central authority such as the proposed Victorian Planning Authority is likely to speed up the decision making process and reduce the costs and delays currently experienced.

### **A Centralised Planning Scheme will increase the consistency of the application of zones across Victoria, which will assist the State Government to implement its strategic planning vision.**

The implementation of the 2013 Residential Zones was heavily weighted in favour of individual Councils, rather than as part of an overarching strategic plan for Melbourne and Victoria. Councils were given 12 months from July 2013 to amend their planning schemes to implement the new residential zones. This meant that as long as a Council could justify their proposed application of

<sup>13</sup> Residential Zones State of Play Eastern Subregion, page 13

<sup>14</sup> Victorian Competition and Efficiency Commission report *Local Government for a Better Victoria: An Inquiry into Streamlining Local Government Regulation (2010)*

zones- be it through existing housing strategies or a combination of character, heritage and activity centre policy- they ultimately were able to decide their own zoning.

This process lent itself to ad hoc application of zoning across Councils. For example, consider the Eastern Region. In Monash nearly all (96 per cent) of residential land is zoned General Residential Zone (GRZ) and is spread widely across the municipality. This contrasts to Manningham, a neighbouring municipality, which just under 50 per cent is GRZ. Considering the most restrictive zone, the NRZ, some Councils such as Knox do not apply it at all, where Boroondara applies it to 75.7 per cent of residential land.

Transferring major decision making power from local Councils to a centralised planning scheme, as suggested in *All Things Considered*, would resolve this disconnect between the state government's strategic plans and their implementation. Master Builders is optimistic that this solution could facilitate a greater level of certainty and coordinate decision making for high change areas. Master Builders considers it likely that its creation will also help reduce the mismatch between supply and demand for infrastructure services, as well as better location of population growth with the location of existing services.

Master Builders recognises the good work Councils do in contributing appropriate and localised knowledge to the design precinct structure plans, and therefore we suggest that, under a centralised planning scheme there, there is will still a very valuable role for Councils.

Establishing a centralised planning scheme would form a strong basis to implement other options that Master Builders supports in *All Things Considered*.

Given the significant costs that are imposed by the current planning scheme, as well as the inefficiencies in delivery of key infrastructure in existing suburbs, then we consider that this option should be a high priority and would have a large impact on the Victorian economy and community. We therefore recommend that further consideration of this option is undertaken, with an increase in the rating of contribution to meeting the need raised from 'moderate' to 'high'<sup>15</sup>.

## 1.2 Other important planning reforms

The option for **urban development in established areas (UDC)**, which seeks to direct population growth and movement to specific areas where there is existing or planned infrastructure through zoning, is an appropriate and much needed solution to ensure that we will continue to be able to build new housing to accommodate the growth. This option, supported by Master Builders, could be carried out through the centralised planning scheme.

Options such as locking down the UGB and emphasising higher densities in existing suburbs will require a realistic look at how land supply and appropriate mixes of housing can be delivered. As part of this, Master Builders welcomes the suggestion to **set agreed housing targets for local government areas, outlined on page 397 of the Draft Options Book**, which is consistent with the detailed Housing Strategy that Master Builders called for in our *Planning for Growth* document. This

<sup>15</sup> Infrastructure Victoria Draft Options Book, page 101

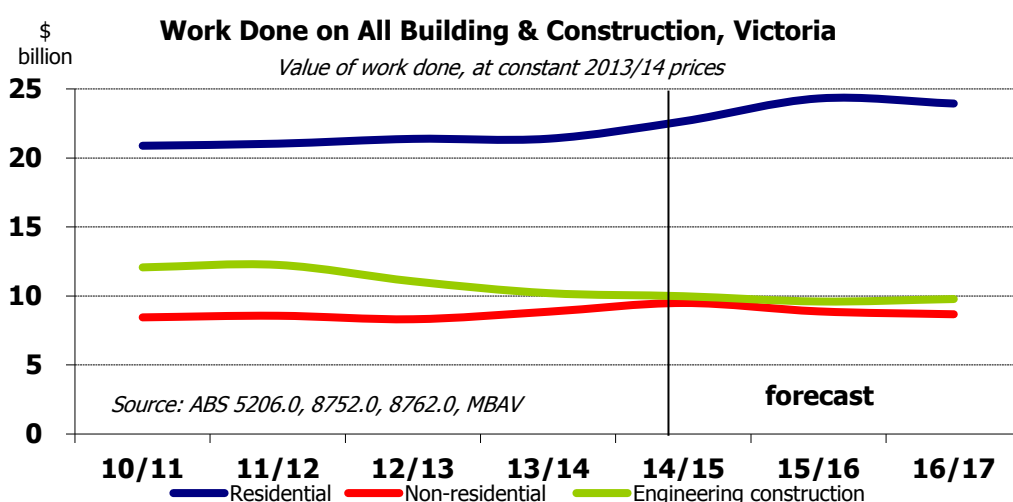
Strategy could incorporate a Housing Plan, which could include information about housing mix, size and affordable housing needs as well as land supply locations to meet those needs.

Master Builders also supports the option for **residential and commercial property densification (RCP)** that seeks to use planning provisions to significantly increase residential density on the periphery of key employment centres, and increase density of commercial and business within these employment centres. In this instance, the centralised planning scheme would be important to help ensure that there is sufficient land set aside for future housing and employment growth of employment centres.

In addition to these options, Master Builders considers the expansion of the codified ‘as of right’ process would complement these options and facilitate housing growth in strategic areas. This might occur in development zones around principal activity centres and major public transport networks and in Neighbourhood Residential & General Residential Zones. This could apply to secondary dwellings, dual occupancy, low-rise townhouses, apartments and other forms of medium - high density housing.

## 2. Investing in, and building, much needed infrastructure

Population growth will place additional stress on some of Victoria’s ageing key public infrastructure. An audit by Infrastructure Australia found that the annual cost of delays on Melbourne’s roads will triple to more than \$9 billion in the next 15 years if the problem is not fixed<sup>16</sup>. Of concern, the level of work in the non-residential and engineering construction markets are not forecast to grow in coming years.



In addition to providing much needed infrastructure to support growth, investment in infrastructure creates new jobs. Construction experienced the third largest growth of jobs during the period 2000-2015<sup>17</sup>, accounting for 238,000 jobs, or 8.2 per cent of the total workforce<sup>18</sup>, making it the state’s

<sup>16</sup> Infrastructure Australia, ‘Australian Infrastructure Audit Report’ 2015

<sup>17</sup> State Government of Victoria, 2015 Victoria’s Future Industries: Construction Technologies Discussion Paper

<sup>18</sup> Ibid



second-largest full time employer. As well as building the state’s infrastructure and housing, this sector is a massive economic contributor.

Vital to accommodating Melbourne’s growth is investing in- and following through with building- key road networks. Infrastructure Australia’s landmark report earlier in 2016 reported that the East West Link is high priority initiative, and found that if the link is not built, the cost of delays inflicted by traffic congestion along the road corridor will double over the next twenty years, from \$73 million in 2011 to \$144 million by 2031. That is why Master Builders strongly supports the option to build the **Eastern Freeway to CityLink connection (EWE)**. This major road would improve connectivity across the city from east to west linking the Eastern Freeway to City Link.

Master Builders also supports a range of other options to build new infrastructure. These include:

- **Arterial road network employment centre (ARN)** <sup>19</sup>
- **Melbourne Metro 2 (MMS)** <sup>20</sup>
- **Regional Rail eastern corridor dedicated rail track (RRE1)** <sup>21</sup>
- **Outer Metropolitan Ring Road (OMR)** <sup>22</sup>
- **North-East link (NEL)** <sup>23</sup>
- **Port of Melbourne container terminal expansion (PMC)** <sup>24</sup>
- **Port of Melbourne to metropolitan container shuttle (PMM)** <sup>25</sup>

As part of the much needed investment into in Victoria’s road network, a pipeline of work that is certain is extremely important for Victoria’s growth. A guaranteed pipeline of work that is publically available gives both investors in our state and businesses an important level of confidence. Master Builders supports the option for **school infrastructure funding certainty (SIF)** that would remove decision making from short-term budgets and require the governments to publish a proposed plan for school capital works (new and upgrades) against a proposed time line for delivery and alongside a long term funding allocation for the proposed pipeline.

Master Builders also supports options to improve key public transport infrastructure, including:

- **Melbourne Airport heavy rail line (MAH)** <sup>26</sup>
- **Clyde Rail extension (CRE)** <sup>27</sup>
- **Geelong and Werribee rail upgrade (GWR)** <sup>28</sup>
- **Central city tram network extension (CLR)** <sup>29</sup>

<sup>19</sup> Infrastructure Victoria Draft Options Book, page 68

<sup>20</sup> Ibid, page 251

<sup>21</sup> Ibid, page 316

<sup>22</sup> Ibid, page 281

<sup>23</sup> Ibid, page 273

<sup>24</sup> Ibid, page 284

<sup>25</sup> Ibid, page 286

<sup>26</sup> Ibid, page 244

<sup>27</sup> Ibid, page 107

<sup>28</sup> Ibid, page 167

<sup>29</sup> Ibid, page 96

- **Doncaster tram services (DTS)**<sup>30</sup>
- **High speed rail from Sydney to Melbourne (HSR)**<sup>31</sup>
- **Melton rail electrification (MRE1)**<sup>32</sup>
- **Train station car parking improvement (TSC)**<sup>33</sup>
- **Wallan rail electrification (WRE1)**<sup>34</sup>
- **Wollert Rail Extension (WRE2)**<sup>35</sup>

While noting that the concepts still require further development, Master Builders notionally supports the following:

- **Growth areas train station upgrades (GAT)**<sup>36</sup>
- **International airport in south-east Melbourne (IAS)**<sup>37</sup>
- **South Yarra Metro Station (SYM)**<sup>38</sup>
- **Bendigo rail full metropolitan separation (BRF)**<sup>39</sup>
- **Metropolitan level crossing completion (MLC)**<sup>40</sup>
- **New port (NCP)**<sup>41</sup>
- **Western intermodal freight terminal (WIF)**<sup>42</sup>

In addition, Master Builders suggests **expanding the Melbourne International Airport** to accommodate the increased air traffic and road congestion as the population increases.

The way in which Victoria will be able to pay for this much needed infrastructure is a serious and practical consideration. Beyond considering the state's income, Master Builders urges the government to consider its expenses. In particular, Master Builders is gravely concerned about the unsustainably high wages for government funded building and construction.

In May this year Master Builders released an updated report by Deloitte Access Economics *Victorian Construction – Labour Costs and Productivity* which highlighted that construction industry Enterprise Bargaining Agreement (EBA) wages have been growing at unsustainably high rates and costing Victorians jobs and much needed infrastructure.

The report highlighted that EBA real unit labour costs have grown by 2.4 per cent per annum more than can be justified by productivity increases. If EBA wages continue to increase at the same rate of 5 per cent over the next four years, the Victorian government (using taxpayer funds) will have to

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<sup>30</sup> Infrastructure Victoria Draft Options Book, page 134

<sup>31</sup> Ibid, page 208

<sup>32</sup> Ibid, page 256

<sup>33</sup> Ibid, page 386

<sup>34</sup> Ibid, page 402

<sup>35</sup> Ibid, page 423

<sup>36</sup> Ibid, page 179

<sup>37</sup> Ibid, page 223

<sup>38</sup> Ibid, page 373

<sup>39</sup> Ibid, page 74

<sup>40</sup> Ibid, page 259

<sup>41</sup> Ibid, page 271

<sup>42</sup> Ibid, page 420

spend more than \$800 million *just to meet current commitments made*. That is the equivalent of 40 new secondary schools, which would be lost to Victorians in a windfall gain for already highly paid EBA workers. Union EBA carpenters and entry-level labourers already earn far more than nurses, defence force members, fire fighters, police or teachers.

Unrealistic wage costs and their implications need to be properly understood. A responsible construction EBA agreement needs to provide a sustainable wage increase justified by meaningful flexibility and productivity improvements. Master Builders recommends **considering ways to avoid the prohibitive costs associated with the Industrial Relations EBA taking away valuable funding for infrastructure**.

### 3. Investing in future skills and technology

Master Builders endorses Infrastructure Victoria's statement that '*preparation and planning for the future needs to be open to the possibilities presented by new technologies*'<sup>43</sup> - Infrastructure Victoria All Things Considered

In developing a thirty year infrastructure plan, Infrastructure Victoria has a unique opportunity to invest in future technologies and the knowledge industry. As summed up in *Super Connected Jobs: Understanding Australia's Future Workforce* (2015), there will be demand in the future for skills to build houses and infrastructure to accommodate the bigger population.

This poses three interesting challenges for Victoria:

1. To ensure the construction workforce grows so that it can keep up with demand – and that people have the desire to enter the building and construction industry as a career path;
2. To embrace technologies to improve productivity; and
3. To ensure the workforce has the skills required to use new technologies to deliver new housing and infrastructure.

So that the Victorian building and construction industry can keep up with the demand for housing and infrastructure, we need to invest in new ways of delivering constant high quality outcomes.

Master Builders supports investment in learning and development about new building and construction technologies. The Productivity Commission's *Inquiry into Public Infrastructure* suggested that innovative approaches to design and expanding the use of prefabrication or pre-cast elements offered the greatest opportunities for productivity growth<sup>44</sup>. This was supported by the US National Research Council that reported on five areas as having the potential for 'breakthrough' productivity improvements. The findings included the widespread take up of Building Information Modelling (BIM) and greater use of off-site pre-fabrication.

BIM provides a common platform for data across all construction projects and for facilities management. Allen Consulting Group estimates more widespread uptake of BIM could deliver an

<sup>43</sup> Infrastructure Victoria All Things Considered page 28

<sup>44</sup> Productivity Commission, 2014

immediate boost to Australia's economic output by at least 0.2 basis points and as much as 0.5 basis points by 2025<sup>45</sup>. Master Builders is hopeful that the Victorian Government will support the use of BIM to improve efficiency and outcomes, noting that the increased use of BIM will require new skills, processes and capabilities across the workforce.

Offsite construction or use of pre-fabrication and/or modular building components is another important advance in construction technology. Off-site production involves producing complete buildings or sections of buildings including toilets and kitchens. This form of construction can offer reduced construction times, costs, project payback times and waste, while improving workplace safety. In the interests of the consumer, pre-fabrication can contribute to improved productivity by reducing time lost due to bad weather; it reduces traffic congestion and general disruption to those around worksites.

That is why Master Builders supports the **education and medical research precincts linking with the private sector (SEP)**<sup>46</sup> option. This option seeks to establish new precincts that bring sectors together, driven by private sector demand for increased collaboration with the tertiary education and the vocational training sector. Master Builders considers that this is a unique opportunity to invest in new construction technologies and the skills required for this.

In addition, Master Builders suggests that the government **invest in developing new technologies such as BIM and prefabrication**. It is vital that we continue to look at ways that the building and construction workforce can evolve to work with and adapt to them.

## 4. Investing in appropriate, sustainable and quality social infrastructure

As well as an effective planning system that can deliver housing, roads and transport infrastructure, delivery of social infrastructure must be included in the discussion about Victoria's thirty year plan. As stated in the Options Paper, *'infrastructure across a range of sectors, from health and education to transport, is struggling to keep pace with demand'*<sup>47</sup> and therefore solutions to the increased pressure on social housing, health and education facilities and environmental issues must be addressed.

As the price of housing continues to soar in Victoria, investing in a new and expanded social housing agenda is very important. We commend Infrastructure Victoria for identifying the need to *'provide better accesses to housing for the most vulnerable Victorians'*<sup>48</sup>. The cost of housing continues to grow: Master Builders' figures show there has been a 21 per cent decline in housing affordability across Victoria in the past decade, and in the last 12 months the price of dwellings has increased by 11 per cent. This price hike has meant that higher income households who would previously have entered the home ownership market are now renting. This competition in the private rental market drives up rental prices and places additional stress on lower-income households wishing to rent.

<sup>45</sup> Allen Consulting Group 2010

<sup>46</sup> Infrastructure Victoria Options Paper, page 146

<sup>47</sup> Ibid, page 38

<sup>48</sup> Ibid, page 64

Following on from this is additional pressure placed on the public housing system. The most recently published public housing waiting list indicated that over 32 000 applications are waiting for housing<sup>49</sup>, which, according to the Victorian Public Tenants Association, represents more than 60,000 people. A recent report by the Victorian Auditor-General revealed three public housing redevelopments with a total of 554 units had run at least two years late<sup>50</sup>.

Given this, Master Builders supports Infrastructure Victoria's option for **public high rise housing estate renovation (PHR)**<sup>51</sup> to undertake a comprehensive refurbishment of existing high rise public tower estates to provide more functional and fit-for-purpose public housing stock. We also support the **social housing asset rationalisation and refresh (SHA)**<sup>52</sup> to refresh suitable assets and invest in better purpose-built accommodation dwellings through the sale of old unsuitable assets. Master Builders commends Infrastructure Victoria for considering innovative models to fund new social housing, such as **social housing utilising the Defence Housing Australia rental model (SHD1)**, applying the Defence Housing Australia model for social housing to enable available non-government apartment and housing stock to be leveraged.

Population growth, an aging population and the rise of chronic diseases will place additional pressure on the Victorian health system. We commend Infrastructure Victorian for identifying the need to *'respond to increasing pressure on health care, particularly due to aging'*<sup>53</sup>. In response, additional government investment in health infrastructure is needed as well as consideration of new and innovative approaches to respond to the need.

The option for **health infrastructure coordinated planning (HIC)**<sup>54</sup> to develop a 30 year health infrastructure strategy that responds to forecast population growth and supports all components of the health system is supported, as it could be a strong foundation for investment. This could also compliment the option for a **centralised planning scheme (CPS1)**<sup>55</sup> by supporting one centralised body to plan and deliver the right kind of infrastructure in the appropriate areas.

Master Builders supports the option for **health and aged care repurposing of facilities (HAC)**<sup>56</sup> that seeks to relocate health service points of care to meet demand for these services using new or existing facilities. We also support the option to invest in **health care smart facilities (HCS)**<sup>57</sup> by renewing health infrastructure to remain fit for purpose and be flexible to respond to innovations in technology and models of care.

As the Victorian population grows there will be more students requiring early childhood, primary, secondary and tertiary education. Schools education institutions are *'paramount to ensuring*

<sup>49</sup> Public Housing Waiting and Transfer List, Department of Human Services, March 2016

<sup>50</sup> Managing and Reporting on Performance and Cost of Capital Projects, Victorian Auditor General, June 2016,

<sup>51</sup> Infrastructure Victoria Draft Options Book page 291

<sup>52</sup> Ibid, page 359

<sup>53</sup> Infrastructure Victoria All Things Considered, Page 48

<sup>54</sup> Infrastructure Victoria Draft Options Book, page 199

<sup>55</sup> Ibid, page 100

<sup>56</sup> Ibid, page 183

<sup>57</sup> Ibid, page 195

Victoria's global competitiveness and enabling workforce participation<sup>58</sup>. That is why Master Builders supports the option to address **schools shortages (SSS)**<sup>59</sup> to plan and deliver new schools where localised demand exceeds supply. Other innovative approaches to increasing capacity to accommodate changes to the education workforce are also supported, such as the option for **early childhood education corporate office facilities (ECE3)**<sup>60</sup> to offer incentives (tax concessions or similar) for building owners to offer discounted rental/ purchase agreements to accommodate early childhood education facilities in areas with high demand for these facilities.

The impact that population growth and infrastructure development will have on the environment has to also be considered in this thirty year plan. As stated in the Options Paper, '*transitioning to a lower carbon future will present a number of challenges and opportunities for Victoria over the coming decades*'. Master Builders believes there is a good opportunity for the government to trial implementing energy efficiency measures in new government building and housing construction. For example, the **energy effect development (EED)**<sup>61</sup> option to revise building regulation to improve energy efficiency across existing and new stock could be trialled on government owned stock.

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<sup>58</sup> Infrastructure Victoria All Things Considered, page 72

<sup>59</sup> Infrastructure Victoria Draft Options Book, page 351

<sup>60</sup> Ibid, page 139

<sup>61</sup> Ibid, page 150

## Master Builders Overview

Master Builders Association of Victoria (Master Builders) is the peak body representing employers in Victoria's building and construction industry. Our membership consists of around 9,000 builders, subcontractors, manufacturers/suppliers and students. More than 80 per cent of our professional members are small businesses with an annual turnover of \$2 million or less.

We are a leading provider of products and services to the building and construction industry — not just our members but all builders across the industry, students, apprentices and consumers. With over 140 years of operations, we have a long-running influence and support of Victoria's building and construction industry.

### Member Services

We assist our members, whether they are a large or small business, to win work and perform their work. We provide a range of free services such as legal, OHS, industrial relations and builder registration advice.

### Training

We deliver the best training for the industry — members and non-members — by offering a range of courses including OHS, IR, leadership and Certificate IV in building and construction (Building).

### Simulation Training

We have the only simulation training centre in Australia, which can provide unique simulated training experiences, using actors and filming and recording technology, to provide realistic scenarios. The courses provided at the Building Leadership Simulation Centre (BLSC) include leadership and management skills, onsite industrial relations and managing site safety.

### Merchandise

We provide products for builders, like contracts, signage, diaries and work clothing.

### Advocacy & Policy

We provide advocacy support for our members to Federal and State Governments and industry stakeholders like the media and the Victorian Building Authority (VBA), to ensure that the views and needs of our members are represented.

### Insurance Services

Builders can also access insurance services through MBA Insurance Services, a subsidiary of Master Builders.

### Assist

Our call centre Master Builders Assist team provides responsive and helpful advice to members, consumers and the community who call on a range of issues pertaining to the building and construction industry.

## References

### Master Builders Publications

Bills, G 'January Economic Profile 2016'

*Master Builders Priorities 2016-17: Building for Growth 2016*

*Master Builders Submission: Residential Zones State of Play 2016*

*Planning for Growth 2016*

### Victorian Government publications

Department of Human Services, Public Housing Waiting and Transfer List, September 2015

*Victoria's Future Industries: Construction Technologies Discussion Paper 2015*

Victorian Competition and Efficiency Commission *Local Government for a Better Victoria: An Inquiry into Streamlining Local Government Regulation 2010*

Infrastructure Victoria *All Things Considered: Exploring options for Victoria's 30-year infrastructure strategy 2016*

Infrastructure Victoria *Draft Options Book: version 1.1 – Release for consultation 20 May 2016*

### Other Reports

Allen Consulting Group 2010 *Productivity in the Building Network: Assessing the Impacts of Building Information Models*

Kelly, J, *The Houses We'd Choose* Grattan Institute, 2011 page 32

### Websites

Australian Bureau of Statistics <http://www.abs.gov.au/ausstats/abs@.nsf/mf/3101.0>

Metropolitan Planning Authority <http://www.mpa.vic.gov.au/>

Commonwealth Department of Employment website – 12 month average to February 2015