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1. Background: Who we are and the importance of the building and construction industry to South Australia’s economy

Established in 1884 as the peak body representing South Australia’s building and construction industry, Master Builders SA is committed to building a highly productive industry and a prosperous South Australian community and economy.

The building and construction industry undertakes about $16 billion of work every year, contributing more than $1 for every $7 of economic activity within the State. Indirectly, more than one-quarter of South Australia’s wealth is produced by the building and construction industry.

In the year to February 2018, there were 65,100 people directly employed in the construction industry across all sectors, including residential, commercial, civil engineering, land development and building and completion services. This represents 7.8 per cent of the total workforce. Indirectly, the industry supports tens of thousands more South Australian jobs.

Master Builders SA is proud of the industry it represents, the jobs it creates, the 11,000 homes it built and extended for families last year, the outstanding health, education and sporting facilities it has constructed, and the offices it has built for South Australian businesses.

South Australia’s building and construction industry is focused on the development and transfer of skills into a life-long career. It is consistently among the leading sectors when it comes to training and apprentices and last year provided new apprentice places for more young workers than the Northern Territory, ACT and Tasmania combined. Unfortunately, our industry has been part of the distressing decline in the number of apprenticeships in South Australia over the past five years. Apprentice in-training numbers have declined from 15,132 in 2011/12 to 9,791 in 2017, the lowest number since 1999.
2. Overview

Master Builders SA strongly believes that planning reforms should primarily address direct planning issues, not seek to achieve a multitude of public policy goals. The goal should be a system that delivers a prosperous and vibrant state, and is fast, flexible and easy to use. If the reforms try and be all things to all people, and address a plethora of ideological concerns, they will be diverted from their core purpose and ultimately unworkable.

Master Builders SA questions the whole impetus for the measures that are put forward in the paper. Page 6 outlines climate projections to the end of the century, for example that “By 2100 it is projected that South Australian mean sea level will rise by up to 80cm, with an increase in storm surge events and coastal erosion” and “By 2100 it is projected that winter and spring rainfall will decrease by between 10% and 45%”. This is inappropriate for a state-based planning policy that might be applicable for a decade at most and that can have minimal impact on such a problem.

Energy policy for example should be determined by persons with the requisite knowledge, not set as part of planning where goals for solar energy might end up contradicting goals for trees and shade. The same is true for water efficiency.
3. Water Sensitive Urban Design (WSUD)

The paper is full of contradictions. Most notably, a big push towards biodiversity is diametrically opposed to a push towards high density living. In recent years a strong policy push towards infill development has greatly increased dwelling density in the inner metropolitan area. There has also been a trend to larger houses on smaller allotments, reducing private open spaces. Many councils have reported a loss in green cover and an increase in hard surfaces (such as roads). This is despite the fact that communities want to increase green open space. Indeed, the objectives of the 30-year-plan include targets to increase urban green cover (trees and shrubs) whilst creating walkable neighbourhoods.

Councils have been encouraged to invest in Water Sensitive Urban Design (WSUD) and green infrastructure rain gardens, swales and street trees. The State Strategic Plan’s high level targets of increased density of residential development have resulted in increased hard surface areas, roads, paving and roofs whilst reducing the amount of green cover, and the opportunity for regeneration of aquifers.

The paper demonstrates a lack of understanding of the building industry. WSUD is not reasonable practicable on small lot housing and must therefore be delegated to large scale development such as new subdivision, commercial and industrial projects. Water Sensitive Urban projects are already funded through the Natural Resources Management (NRM) levy.

Deep soil zones for planting large trees are also not reasonably practicable for small lot housing.
4. Who pays?

In numerous previous submissions, Master Builders SA has stressed that planning reforms must protect jobs in the industry and not hurt affordability.

Master Builders SA supports consumer choice. We reiterate that there must be affordable options for families who do not work in the CBD and would prefer to live in the suburbs with a backyard for their kids to play in.

Master Builders SA is also concerned that an economic cost analysis does not appear to have been undertaken on the policy proposals.

Building approvals for private sector houses have declined for eleven consecutive months and are at their lowest level since April 2013 according to ABS statistics. Every additional layer of regulation hurts affordability and is therefore another disincentive to homebuyer entering the market. Master Builders SA reiterates the value our industry provides to jobs and the economy. The sector employs thousands of South Australians and last final year total residential building in South Australia was worth $3.49 billion. According to the ABS, for every $1 million spent in construction, a possible $2.9 million of output would be generated, including 37 jobs.

The latest industry forecast by Macromonitor Pty Ltd, one of Australia’s leading industry research and forecast firms, specialising in the building and construction sector, is for a fall in the value of residential building work for each of the next four years.

According to the State Budget, employment growth is forecast to be just 1.5 per cent this year before falling to the estimated long-term trend of 1 per cent per year for the following three years. There is also the likelihood of inflation increasing, and with that a rise in interest rates. The expected continued cooling off of the Chinese economy will further limit numbers of investors, students and tourists.

The building industry will greatly suffer, and therefore the entire state, unless strong measures to improve affordability are put in place. See for example “Make Housing Great Again”, our five point plan available on the Master Builders SA website. In the current environment, we cannot support any policy that would increase the cost of builds.
Number of Private Sector Houses Approved – States and Territories; (Trend). Source: ABS 8731.0 – Building Approvals, October 2018. Table 08

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Master Builders SA believes the market should decide. If you asked the average customer if they would like green friendly and water sensitive urban design, most would say yes. However, if you asked them if they would be prepared to pay an additional $30,000 for the privilege, most would probably say no.

The point is that each additional layer of regulation drives up the cost of builds, hurting affordability. In a tight market, the pressure is amplified. Too often the value of the building industry is taken for granted. Master Builders SA urges the government to remember that building homes drives the state economy, creates jobs, stimulates other industries and helps create better communities.
5. Rainwater tanks

Concerns about the cost implications of WSUD were raised prior to the Minister’s Liaison Group meeting on 21 November.

As you are aware Master Builders SA has requested the removal of compulsory rainwater tanks for some time. We strongly believe the cost of installing tanks outweighs benefits to individuals and communities.

It was therefore extremely concerning to read in the discussion paper “Green Infrastructure and Water Sensitive Urban Design” that the Government is considering increasing the size of mandated tanks from 1,000 up to 3,000 litres (three times the size!) and also mandating the connection of rainwater to a laundry in addition to toilets. This would be yet another factor hurting affordability.

Queensland abolished the requirement to have a rainwater tank in 2013 and it was estimated the average home buyer saved more than $5000. We dispute the claim that “upsizing rainwater tanks only adds an up-front cost between $100 to $800 for a typical single dwelling” as this does not account for the real costs associated with tank installations such as ongoing maintenance.

Rainwater from housing gutters is often contaminated by leaves and other litter and a common complaint in addition to the cost is the discoloration of the water in the toilet. Nobody likes that. The discussion paper is now recommending that people use this water in the laundry to wash their clothes! This is a ridiculous situation.

Again, this comes back to consumer choice. If a person wants to have a rainwater tank due to their priorities, budget and lifestyle there should not be anything stopping them from getting one. However, people should not be forced to pay for a tank if they don’t want to, especially not one that is three times the current requirement.

Times have also changed. This requirement was introduced by the Rann Government in response to the “Millennium Drought” that began in 2001. Since then the Adelaide Desalination Plant at Lonsdale was built to provide long-term water security for South Australia. The plant is capable of producing 100 gigalitres per year, however SA Water has been running it at minimal capacity of around 10 per cent.

Therefore, rather than increasing the size of tanks, the Marshall Government should write to the Australian Building Codes Board and request that the requirement to have a tank should be removed from the National Construction Code.
6. Conclusion

Master Builders SA believes planning reforms should be written in a way that deliver consistent, faster and more approvals. The building and construction industry is crucial to South Australia’s economy and the state being a vibrant place where people want to live and work.

Seeking to address disparate and wide-ranging areas of policy via the planning system is entirely the wrong approach. We are concerned about the negative impact on affordability and that it appears no economic modelling has been done on these proposals.

The building industry has suffered through eleven consecutive months of declining building approvals. As written, the discussion paper creates unacceptable risk for our industry.