Policy Institute Australia

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Build it once: Why Australia needs a single national construction market

Australia's eight different sets of state and territory building rules are costing construction firms $2.2 billion a year and dragging down an industry with a productivity slump that has left the economy $50 billion a year short, more than Tasmania's gross state product.

A new Policy Institute Australia report, *Build it once: Why Australia needs a single national construction market*, finds construction is mired in state and territory regulation, while a single national system would cut costs and speed up projects by making it easier for builders to work across borders.

The construction industry is Australia's fourth-largest industry, employing 1.37 million people, or one in 11 workers.

If construction had kept pace with the rest of the economy over the past three decades, Australia could have built an extra 100,000 homes this year, more than enough to meet the national homebuilding target. The average full-time worker would also be about $2,400 a year better off.

Policy Institute Australia surveyed leaders at 443 construction businesses. Based on their responses, it estimates firms paid $1.8 billion to outside experts and $400 million in staff time in the past year, just to deal with differences between jurisdictions.

Other findings include:

- 95 per cent of businesses said regulatory fragmentation affected their operations
- 22 per cent avoided or stopped operating in at least one state or territory because of regulation
- 40 per cent spent more than 1,000 staff hours a year dealing with regulatory differences
- 70 per cent faced more than 120 days of project delays in a year
- 49 per cent said they had to choose an established building method over an innovative one due to different rules across jurisdictions

One company moving a construction crew and tower crane from Queensland to New South Wales reported: "*The New South Wales regulatory authority did not directly recognise some of the on-site safety assessment reports from Queensland, the equipment had to be re-registered, and work on the project site was forced to come to a standstill for three weeks.*"

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Another described repeat product testing across state borders: "*A fire-rated cladding system approved in Victoria required re-testing and re-certification in NSW. This cost $25,000, delayed approval by eight weeks, and required 400+ staff hours.*"

Australia has a National Construction Code (NCC) that sets building standards across the country, but states and territories apply and enforce different versions of it. The 538 local councils in Australia can use planning powers to add their own requirements on top.

Policy Institute Australia CEO Amy Auster said the construction sector is too important to be slowed down by unnecessary regulation.

"Australia is one country and one economy, but construction businesses have eight hoops to jump through across the country. A bin chute system that is approved for use in a Sydney apartment block should be good enough in Brisbane, no questions asked," Ms Auster said.

"If we can trust an Australia-licensed surgeon to operate on heart valves anywhere in the country, we should have confidence that a plumber registered in WA can install fire sprinklers in Victoria."

"You can drive from Tweed Heads to Coolangatta in five minutes, but a tradie may need two licences to work in both. One licence should be enough to work anywhere in Australia."

The report makes six recommendations:

1. Governments should form a new intergovernmental agreement committing every state and territory to uniformly adopt building standards in the National Construction Code by 2028 and abolish all state variations. States should also commit to legislation that would stop local councils setting any building requirements that differ from the NCC.
2. A properly funded National Construction Authority should replace the Australian Building Codes Board, enabling capacity to lead technical research and management of a new National Performance Solutions Register.
3. Create one licence for individual builders and another for building businesses, with existing state licences carried over.
4. Create one licence for architects and another for architectural practices, with existing state licences carried over.
5. Remove exemptions to automatic mutual recognition and update the tables that match licences between states.

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6. Announce a substantial increase in the Commonwealth's National Productivity Fund to fund the reforms and compensate states and territories for adopting them. The Institute has previously called for $20 billion over 10 years for the Productivity Fund.

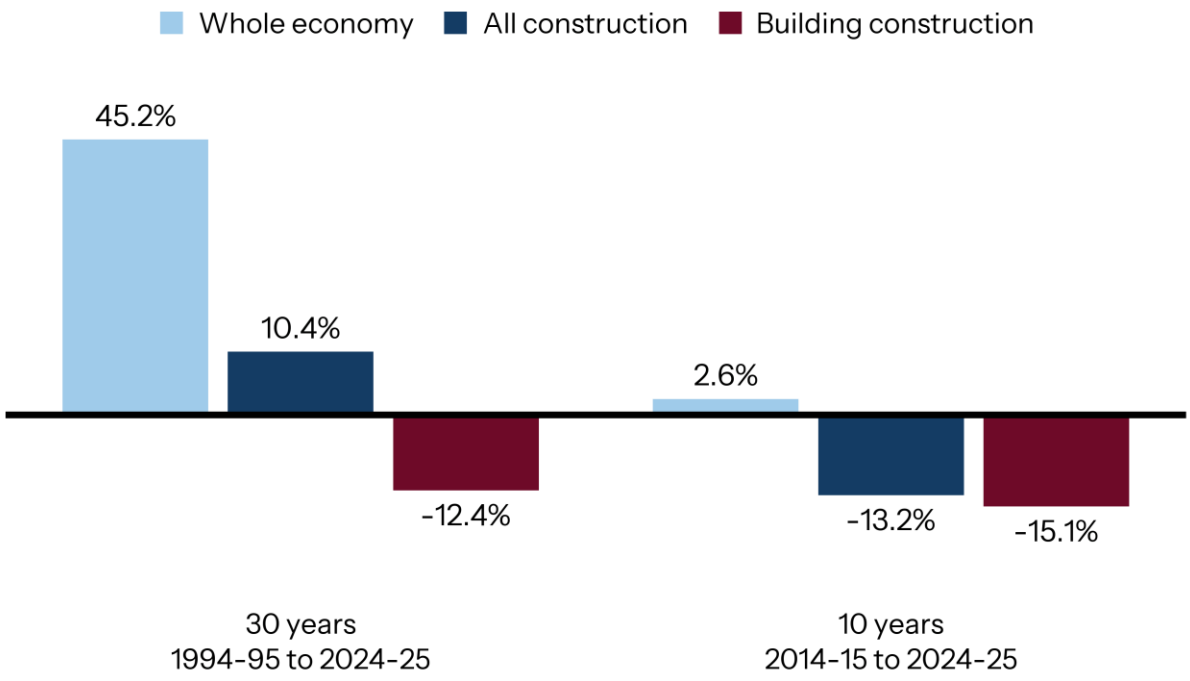
"Australia has already built a single national market for banking, insurance, food, pharmaceuticals and health care. Nobody is calling for us to revert to eight regimes in these areas. Why should construction be any different?" Ms Auster said.

"We can do better, and build better."

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Available for interview

Construction productivity has gone backwards

Labour productivity: construction sectors and the whole economy



Notes: Building construction: Construction and renovation of residential and non-residential buildings.
Source: ABS, ASNA, Tables 1, 5 and 15; and Labour Account Australia