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Director
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By email: nationalcompetitionpolicy@treasury.gov.au

Dear Sir/Madam

Revitalising National Competition Policy

HIA takes this opportunity to respond to the Revitalising National Competition Policy Consultation.

About HIA

The Housing Industry Association (HIA) is Australia's only national industry association representing the interests of the residential building industry.

As the voice of the residential building industry, HIA represents a membership of 60,000 across Australia. Our members are involved in delivering more than 170,000 new homes each year through the construction of new housing estates, detached homes, low & medium-density housing developments, apartment buildings and completing renovations on Australia's 9 million existing homes.

HIA members comprise a diverse mix of companies, including volume builders delivering thousands of new homes a year through to small and medium home builders delivering one or more custom built homes a year. From sole traders to multi-nationals, HIA members construct over 85 per cent of the nation's new building stock.

The Residential Building Industry

The residential building industry is one of Australia's most dynamic, innovative and efficient service industries and is a key driver of the Australian economy. The residential building industry has a wide reach into the manufacturing, supply and retail sectors.

The residential building industry includes detached home building, low, medium and high-density multi-unit housing developments, home repairs, renovations and additions, along with the manufacturers and suppliers of building products and related building professionals. The industry has important linkages with other sectors, such as manufacturing, finance, real estate

and retailing, meaning its impacts on the economy go well beyond the direct contribution of construction activities.

For example, it is estimated that the residential building industry employs over 1 million people representing tens of thousands of small businesses and over 200,000 subcontractors reliant on the industry for their livelihood.

The residential building industry contributes over \$100 billion per annum to the economy and accounts for 6.9 per cent of Gross Domestic Product.

The need to ensure an efficient residential building industry cannot be underestimated. This cannot occur without effective and fair approach to competition policy and laws across the country.

Response to Revitalising National Competition Policy

In principle, it is HIA's view that the current competition laws are adequate, however the consistent encroachment of regulations into commercial relationships by governments serves to undermine the current regulatory framework.

Excess regulation brings high costs and those operating in such an environment will never be able to produce outcomes as efficient as a well-functioning market. The regulatory process is inherently time consuming to administer and requires considerable expenditure of resources. Regulation is usually accompanied with unintended consequences often detrimental not only to consumers but the public interest.

Over the long term an interventionist approach will simply dilute the very basis on which our economic productivity and sustainability is based.

If reforms are necessary, HIA is supportive of changes focused on improving the competitiveness of markets, reduction of regulatory burden and red tape for businesses.

An effective competition framework should be focused on:

- improving productivity;
- increasing market efficiency; and
- delivering better prices for consumers.

These factors impact the efficiency of the residential building industry and cannot be underestimated particularly when residential building activity slows.

In support of those outcomes businesses should be free to contract and operate with limited government intervention. Governments should not interfere or impose regulation upon the market unless there is an overwhelming case for regulation and a clear evidence of market failure. Laws that protect one business or one party at the expense of another do not support a competitive market and are counterproductive, often aggravating the difficulties being faced by Australian businesses today.

Response to proposed reform themes

Whilst HIA is supportive of the general reform themes identified in the Consultation Paper, Government should consider changes which further support and improve productivity for business and remove unnecessary red tape.

Theme 1: Promoting a more dynamic business environment

The three objectives identified under this theme are critical for business, however the changes should focus on reforms that eliminate unnecessary regulation, reduce red tape and the administrative burden on business.

The reforms should:

- support and enhance competition by providing favourable market conditions for businesses; and
- facilitate a more efficient and effective environment by reducing existing regulatory burdens.

To do this, Government will need to look not only at the existing competition laws but the existing compliance burdens on businesses including consumer protection laws, modern slavery requirements, security of payment laws and unconscionable conduct laws.

Theme 3: Lowering barriers to mobility

HIA supports reforms that increase labour mobility, including by improving workplace laws and state/territory-based licensing/registration regulations.

Workplace relation laws

The *Fair Work Legislation Amendment (Closing Loopholes) Act 2023* and *Fair Work Legislation Amendment (Closing Loopholes No.2) Act 2024* introduced significant changes to Australia's workplace laws. The changes represent the third significant tranche of industrial relation reforms and bring a whirlwind of compliance obligations for businesses.

The most recent reforms have impacted independent contractors, casual employment, introduced the right to disconnect and seek to regulate 'employee like' workers. These changes have complicated workplace laws rather than simplified them.

Changes to the national competition policy which are aimed at lowering barriers for businesses should consider these recent changes and ensure that the burden upon business is not further exacerbated by unnecessary regulation and change.

Licensing/registration

HIA is supportive of measures that streamline existing regulatory processes. For example, the residential building industry is highly regulated, however many of the regulations are state based and are unnecessarily complicated.

Whilst supportive of measures that reduce red tape, it is important that the regulatory reforms are aimed at reducing administrative burdens for business and improving business operations. To do this, a nationally coordinated effort to reform state regulations to achieve a consistent outcome is necessary, however to date has been unfruitful.

The residential building industry has for a long time faced issues regarding cross border work due to the barriers of state based licensing/registration systems. To improve mobility for industry, HIA is supportive of regulatory reforms aimed at:

- overcoming barriers of state-based licensing systems for trades attempting to temporarily work in other regions;
- reducing the cost and red tape of working across borders;

- streamlining the conditions and process for obtaining and maintaining licenses.

Further, disparity across the jurisdictions when dealing with business licensing and occupational licensing adds further complications for the residential building industry. Some jurisdictions require business and occupational licensing (New South Wales, Queensland and South Australia) whilst in other jurisdictions, such as the ACT, only residential builders are required to be licensed. There are also numerous inconsistencies across state borders regarding licensing requirements for different forms of work as well as the level of training qualifications required for licensing.

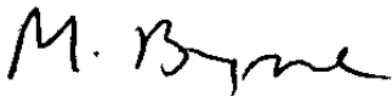
These inconsistencies and differences across jurisdictions make it extremely difficult for businesses in the residential building industry to be competitive across borders.

A review of the industrial relations framework, as well as any state-based licensing/registration and restriction of trade laws is necessary and should form part of any national competition policy reforms.

Conclusion

HIA is supportive of measures which reduce regulatory burden, improve workforce mobility and overall improve competition laws in Australia. To do this, it is imperative that a national approach is taken including a review of existing industrial relations and licensing frameworks from both a national and state perspective.

Yours sincerely
HOUSING INDUSTRY ASSOCIATION LIMITED

A handwritten signature in black ink, appearing to read 'M. Byrne'.

Melissa Byrne
Senior Executive Director Compliance and Workplace Relations