



**LET'S  
BUILD**

# Economic Reform Roundtable

**Submission to Treasury**

25 July 2025





## Remove the roadblocks & let builders lay the foundations to house all **Australians**

In his recent address to the National Press Club, the Prime Minister Anthony Albanese MP highlighted the challenges with home building and regulations in Australia. He stated, “if we can cut through on some of the red tape, then that will reduce costs.”

HIA is pleased to hear this recognition from the Prime Minister and that in this term of government the priority will be on identifying and addressing the key measures to driving faster housing approvals and boosting housing supply.

The process of home building in itself is quick and efficient. Government red tape and excessive regulation have been the key reasons why it is so difficult to increase supply and industry productivity has stalled.

As the Housing Minister Clare O’Neil recently said, “It’s just too hard to build a house in this country. And that that “the nation’s housing crisis is in part the result of 40 years of unceasing new regulation across three levels of government” This is a point HIA has reinforced time and time again over the past decade.

Australia needs to build a quarter of a million homes per year, every year, to meet demand and put downward pressure on affordability but in the last 12 months under 180,000 were completed.

Not only is this shortfall driving up prices, and placing enormous pressure on renters and families across the country but also means we are set to fall well below the Government’s 1.2 million homes target.

Our industry is weighed down by increasing taxes and regulation, skills shortages, uncertainty in policy making and rising costs.

These all contribute to making housing less affordable to rent or buy and industry less productive due to more time navigating red tape than having nail bags on building homes for Australians.

The housing industry built 1.7 million homes over the last decade, creating jobs for 1.1 million people and generating \$105 billion in activity each year.

HIA is calling for the upcoming Treasurer’s roundtable to include housing front and centre in the discussion as part of shaping future economic growth and productivity.

Housing in all forms and types, across our cities and in our regions must be the key priority. Delivering more housing more efficiently must drive the policy debate.

The Productivity Commission’s [Can We Fix It?](#) Report on Housing Productivity called on efforts to “eliminate bottlenecks in the system and provide certainty to the residential building industry.”

This report was delivered in February this year and provides a clear blueprint for productivity and housing reforms and all levels of government needs to get on with delivering on these reforms.

The measures outlined in this submission, alongside those of the Productivity Commission’s Report won’t completely solve the housing crisis but will go some way to delivering appropriate settings that support a buoyant and productive residential building industry.

It is critical that all levels of government recognise and act on these well established conclusions and implement meaningful and structural policy reforms that will enable all Australians to be able to build and own their own home and boost industry productivity.

**Now is the time for less talk,  
more action and roll the sleeves  
up –Let’s Build Australia!**

# Recommendations

HIA recommends the Economic Reform Roundtable implements key recommendations across five core pillars:



**Boost industry productivity and remove barriers to greater innovation;**



**Reduce the regulatory burden through building codes and planning reform;**



**Address the industries skill shortages;**



**Increase and encourage foreign investment and improved tax & financial systems;**



**Lift the capacity and resilience of small building businesses.**





## Boost industry **productivity** & remove barriers to greater **innovation**

*"There are widespread misconceptions in the public domain of how the industry operates, with commentators incorrectly interpreting data on home building and productivity."*

It's difficult to compare a home built in the 1970s to one built in the 2020s: the typical 1970s home has less insulation, fewer bedrooms, a separate garage, and fewer amenities than the 2020s home. Homes in this decade must comply with the NCC, achieve 7-star energy ratings and livability requirements, have more bedrooms, specialised rooms and modern features.

As the standard of living of the typical Australian household increased over the decades, so did their demands of the family home. This increase in complexity is driven by both consumer demands and government regulation through the Building Code of Australia. The change in the quality of homes makes it difficult to compare a house approved, commenced or completed many decades ago to one built today.

Analysis by the Australian Productivity Commission on the labour cost of building a home more than three decades ago compared to recent years revealed a 41.3 per cent increase in the number of hours required to build a home. Much of this comes from increased complexity and quality of homes built today.

One of the common proposals for increasing productivity in the home building industry is to increase pre-fabrication. Intuitively, prefabrication offers quicker build times and should therefore increase productivity, but there are significant challenges from a regulatory, policy and consumer preference perspective.

HIA commissioned Swinburne University of Technology (SUT) to produce a research report on regulatory barriers for prefabricated buildings. The report contained 10 key recommendations to boost uptake and remove regulatory barriers holding back this form of construction.

These recommendations remain relevant and whilst it is encouraging that some work on these has commenced, HIA encourages all governments to act on these as a matter of priority.

## Recommendations to support greater uptake of prefab, modular and MMC:

- That **planning requirements** for prefabrication and modular housing be:
  - amended to use standardised terms for off-site constructed buildings (e.g., manufactured home, movable home, relocatable home, kit homes, manufactured home estate) and align with associated terms to be incorporated into the NCC and state and territory building regulations;
  - amended to explicitly recognise prefabrication, modular and tiny homes as acceptable forms of housing;
  - assessed so that excessive design requirements for modular and prefabricated homes within planning or housing codes can be identified and better aligned codes with lightweight construction and smaller housing designs; and
  - amended to establish a definition of a 'tiny house on wheels parking space' and permit such parking spaces on any land where residential buildings are permitted.
- That prefabrication and modular construction be explicitly recognised as **regulatorily acceptable** construction practice, and a **standardisation** of relevant terms and definitions be established for use in Australian building codes, standards or technical requirements.
- That the Australian Building Codes Board (ABCB) establish a project to identify ways to provide prescriptive and performance requirements into the National Construction Code (NCC) to support the orderly use and approval of prefabrication and modular construction, especially for Class 1 buildings.
- That Standards Australia develop a work program to:
  - review and modify the relevant construction standards, particularly NCC referenced standards, for their adequacy to address prefabricated and modular construction; and
  - develop a new suite of Australian Standards specifically for prefabricated and modular construction to provide industry with a set of deemed to satisfy (DTS) construction solutions.
- That the current Australian product conformity infrastructure be reviewed for its ability to cope with new prefab and modular products that need testing, individually and as a whole, as the basis for their acceptance in building approvals.
- That a **manufacturer certification scheme** be developed to suit the specific needs of the prefab and modular building industry.
- That the **supply chain** roles and responsibilities are made clear with prefab and modular construction in mind and implemented in practice.
- That a building industry **taskforce** is set up to further investigate and address barriers associated with contracts, progress payments, licencing, mandatory stage inspections and insurance.
- That the industry is **upskilled** by setting up specialist courses for prefab and modular construction.
- That the Australian Government provide **incentives and support** by encouraging increased use of prefab and modular construction in their procurement specifications.







## Reduce regulatory burden through building codes & planning reform

*"The ABCB and NCC need a major renovation and planning systems across the country need a knock down re-build."*

Australian businesses are increasingly weighed down by red tape, and this trend to over-regulation is stifling business activity and imposing enormous costs in time, money and stress.

The housing sector offers a stark example of how excessive regulation and red tape are impeding national priorities. The National Construction Code (NCC), which governs building standards in Australia, has now grown to over 2,000 pages. It references more than 165 Australian Standards and a further 1,000 secondary documents, amounting to a regulatory framework of over 70,000 pages—before even considering planning approvals, licensing, workplace safety, and business compliance requirements.

This extraordinary complexity is one of the reasons Australia is falling behind on its national housing target of building 1.2 million homes over five years.

The approval process for even the most straightforward developments, such as a single dwelling on a residential block, has become slow, complex, and fragmented. Regulatory duplication and administrative delays are directly undermining the pace and efficiency of housing delivery.

## Building code reform recommendations:

### ABCB Governance Reforms

- Establish a new ABCB Intergovernmental Agreement (IGA) with explicit “Goals of NCC” to be focused on primarily on housing affordability and compliance.
- Re-cast the ABCB’s work program for 2025–2027 to be focused on undertaking:
  - a comprehensive deregulation agenda that includes a moratorium on any new regulatory measures that would add to the cost of housing.
  - a systematic review of the NCC to reduce the cost of compliance and level of regulatory overload embedded in codes and standards.
  - a program to streamline the process through the NCC and Australian Standards for demonstrating compliance and adoption of modern methods of construction, and new products and systems.
- To support the work of the Australian Building Codes Board, the current Commonwealth funding commitment should be doubled, and a commitment made to increase and match funding from the states and territories be included in the review of the next Intergovernmental Agreement.

### NCC Reforms

- Undertake a wholesale review of the NCC which should include the core principles of simplification, expanding compliance alternatives, red tape reduction opportunities particularly on outdated and restrictive rules or remove equivalent regulation (offsets).
- Move to a five-year amendment cycle of the National Construction Code to deliver more certainty and stability about regulatory change and support greater industry education and innovation.
- To improve the quality and compliance of building work, make all the Australian Standards referenced in the NCC freely available.
- Undertake a review of the Code to ensure content better supports AI integration
- Establish a greater framework to support building products conformance and streamline product approvals with enhanced transparency.
- Undertake a project to reduce and consolidate state and territory variations in conjunction with industry.

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## Planning reform recommendations:

That the Federal Government alongside the National Planning Reform Blueprint:

- Fund the establishment of a new national body to drive comprehensive reform of the planning system, set model standards and collect and report against land data at a national level.
- Fund the development of a National land supply dashboard, building off the South Australian model.
- Provide an additional \$12 billion over 5 years to fund key enabling infrastructure to support residential development and get shovel ready land delivered faster.
- Work with State and Territory Governments to implement reforms to utilise planning certification particularly for code assessed and fast track housing.

- Reform the EPBC Act to simplify environmental assessment processes, set time limits for approvals and clarifying the rules for environmental offsets.
- Fund a national trial of NSW early adopters program for adoption of AI tools to support businesses, councils and planning approval bodies.
- Convene a national planning summit with key industry bodies to drive genuine and long-term planning reform.
- Adopt a gateway model to prevent planning schemes from regulating issues covered by national building standards and local governments overriding planning codes and providing genuine truth in planning.





## Address skill shortages

*“Australia faces a skill shortage of 83,000 trade workers to meet the 1.2 million homes target. The time for business as usual solutions has passed, and we need ‘all hands on deck’ and coordinated government actions to address the chronic shortage of tradies.”*

Achieving the Housing Accord’s target of building 1.2 million homes over the next five years is critical to meeting national housing demand and alleviating housing cost pressures, but it will not happen without a significant increase in the construction trades workforce.

Australia does not currently have enough tradies to build the number of homes needed to house the population and take pressure off housing costs. HIA’s [All Hands on Deck](#) report presents a plan to grow the construction workforce and enable the Housing Accord target to be achieved.

The residential building industry currently employs approximately 278,000 tradies across the twelve key trade occupations required for home building. The trades workforce needs to grow by at least 30 per cent to meet the Accord’s goals. That is over 83,000 additional tradies.

To achieve the target, an average of 240,000 homes must be built annually—a level that has only been approached twice in Australia’s history.

This means a significant boost in the number of chippies, sparkies, plumbers, brickies and concreters, to get these much-needed homes out of the ground and to lock up.

Despite efforts to boost the domestic trades workforce, significant challenges remain. Creating career opportunities for the local workforce should be a priority, however this alone will not solve to the tradie shortage.

Skilled migration is the other key lever that the government can pull in the short term to address the immediate shortage of tradies.



## Recommendations to address our nations chronic skill shortages:

- Increase and maintain over the long term the apprentice employer wage subsidy model (that includes a commencement and completion component) and index to CPI the financial contribution each year.
- Make the \$10,000 Key Apprenticeship Program (KAP) residential apprentice skills support a permanent fixture for apprentices.
- Match the \$10,000 KAP payment, with an equivalent \$10,000 employer incentive to take on an apprentice to be paid over the course of the apprenticeship.
- Fund a national 'job ready program' to attract more young high school students into a trade and support apprentice retention rates.
- Develop a streamlined and simplified visa program for in-demand trades including a commitment to fund the development of a construction trade contractor visa.







## Increase foreign investment & improved tax & financial systems

*"Apart from alcohol and cigarettes, housing is the most taxed sector in the country. Up to \$576,000, or almost half, of the cost of a new house and land package in Sydney is government taxes, regulatory costs and charges."*

Australia has an acute shortage of housing because governments continue to tax new home building and impede productivity in the sector.

Governments are adding in excess of half a million dollars to the cost of a new home, that new home buyers are then required to repay as part of their mortgage for decades.

Over 30 years, the value of taxes plus the interest on it amounts to more than the value of the home itself.

Government taxes, fees and charges on new homes have doubled in five years. Not even the best, legitimate investment strategies could achieve that same level of return.

The primary solution to resolve Australia's housing shortages is to remove government taxes and red tape to allow the industry to deliver the homes Australians are demanding.

### Recommendations to lower the tax impost on housing:

- Remove stamp duty and land tax surcharges on foreign investors to make Australia a more attractive market for capital investment in housing and to boost multi-residential housing supply, particularly in the context of a growing population and migration.
- Reduce the upfront and hidden taxes on housing which account for up to 50% of a new house and land package.
- Protect investment settings to support the private rental market.
- Focus on a regulatory system that encourage the financial system to support the needs of the Australian people, particularly first home buyers.
- Remove the restrictions on lending that has reduced competition among banks and often limits lending only to those that already own a home.
  - APRA to support a target band of residential mortgage arrears rate similar to the RBA's target band of 2–3 per cent.
  - Appoint an independent Board to provide oversight to the financial regulatory framework implemented by APRA and ASIC, similar to the RBA governance board.
  - Initiate a review of the adverse impacts and effectiveness of macroprudential regulations introduced since 2008.





## Lift the **capacity** of small businesses & greater uptake of **innovation**

*“Australia’s 2.5 million small businesses provide jobs for 5.1 million people and employ 42% of all apprentices and trainees in training – nearly double the amount supported by a big business.”*

The economic contribution of small business to the Australian economy has topped half a trillion dollars and accounts for one-third of Australia’s GDP.

Almost 98% of businesses in Australia are small businesses and they are the lifeblood of our communities.

Governments need to celebrate their vital contribution to Australia’s prosperity, wellbeing, and community rather than continually imposing more regulation on them that is driving them out of the industry.

Regulatory burden is most evident on compliance obligations on small business owners. These layers of paperwork leave little time for business development, customer service, or innovation, and even less for rest, family, or mental health.

### Capacity lifting and support for small business recommendations:

- Apply robust regulatory impact analysis that specifically considers the impact of regulatory changes on small business and considers regulatory offsets to counteract the impact of any proposed regulations.
- Preserving genuine independent contracting as a way to do business.
- The Australian Government to partner with industry in the development of a dedicated building business small business hub to help builders and tradies to run stronger, smarter, and more sustainable and productive businesses.
- Make the instant asset write off permanent and
  - Extend the threshold value for eligible depreciable assets under the instant asset write-off from \$20,000 to \$50,000.
  - For larger investments apply the instant asset write-off to the first \$50,000 and apply normal depreciation schedules to the remainder.
- Engage in a widespread industry education program to promote innovation tools and opportunities for business, international learnings and identify barriers to further wide spread adoption.



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