



**LET'S
BUILD**

Supporting Australian Made

HIA National Manufacturers' Council
Submission to Treasury
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Supporting a critical sector to our economy & providing the essential products for our homes

Australian building product manufacturers and suppliers are crucial for the nation's economy, contributing significantly to job creation, GDP growth, and the strength of local industries.

The National Manufacturers' Council is HIA's dedicated forum for Australia's leading building product manufacturers and suppliers that support the residential building industry in Australia.

This key sector fosters economic resilience ensures that money spent on construction circulates within the country, supporting local businesses.

The building product manufacturer and supplier sector contributes significantly to Australia's Gross Domestic Product (GDP). The sector represents **an estimated \$136 billion segment**, making it one of the largest sectors in the

Australian economy and a major employer in the country.

Governments have a key role to support this critical sector and one of the most important ways in which they can do this for **'governments to get out of the way of business and let business get on with business' – essentially apply a do no harm principle.**

This will enable Australian manufacturers to grow and thrive and not have to continually navigate the increasing red, white and green tape being imposed on their businesses.

This sectors, contribution to productivity, budget sustainability and economic growth and prosperity extends well beyond just providing building products to get Australians into housing.

For the Economic Reform Roundtable, on behalf of the National Manufacturers' Council, HIA is calling on the Treasurer and all levels of government to recognise the critical importance of this key sector and implement measures across the following five core pillars:



Cutting the red and green **tape**



Energy security, reliability and pricing



Addressing **skill shortages** in manufacturing



Support **innovation** in new products and manufacturing



Creating a more resilient **Future Made** in Australia.

Recommendations

For the Economic Reform Roundtable, HIA puts forward the following suite of recommendations to support and grow this important sector, whose contribution to productivity, budget sustainability and economic growth and prosperity extends well beyond simply providing building products to help Australians into housing.

This includes:

- Supporting local manufacturers contribute to the long-term sustainability of Australian industries and communities.
- A healthy building product sector has a positive "ripple effect" on other industries, including manufacturing, logistics, and real estate. It supports a wide range of jobs, from manufacturing and supply to construction and related services.
- A robust local manufacturing base strengthens Australia's supply chains, making it less reliant on imports and more resilient to global disruptions.
- Supporting Australian manufacturers helps local businesses and stimulates economic growth within the country.
- Local manufacturing encourages innovation and the development of new technologies and products, driving competitiveness.
- By investing in Australian-made products we are investing in our nation's future, creating jobs, and fostering economic growth.
- This is addressed under the five core pillars of reform as outlined above.



Cutting the red and green tape

Australian businesses are increasingly weighed down by red, white and green tape and this over-regulation is stifling business activity and imposing enormous costs in time, money and stress. The growth of regulatory overload is imposing heavy costs on business and hampering productivity.

Over the past few years, there has been a noticeable shift in policy direction, with government seeking to increase its influence over business employment practices.

Recommendations for reform include:

- Undertake a whole of government approach to regulation settings including reforming the approach to Regulatory Impact Analysis, requiring regulatory offsets, assessments against true impacts on business of regulatory changes and cumulative impacts of concurrent regulatory reforms on business.
- Establish a dedicated Minister for “Red Tape Reduction” to lead an economy-wide regulatory stocktake and overseeing implementation of reform measures.
- Introduce an incentive mechanism to reward states and territories that implement fast-track planning mechanisms and deliver measurable improvements in approval timeframes for housing.
- Reorient WHS regulations to be less prescriptive and more flexible, especially for small businesses, with transparent protocols for regulatory impact assessments

Building code and planning reform

- Build on the National Planning Reform Blueprint to work with states and territories to remove unnecessary assessment requirements and improve consistency and efficiency of planning approvals at all levels of government
- Reform the EPBC Act to simplify environmental assessment processes, set time limits for approvals and clarifying the rules for environmental offsets to support new manufacturing facilities to be delivered simpler, cheaper and faster.
- Undertake a systematic review of the National Construction Code (NCC) to reduce the cost of compliance and level of regulatory overload embedded in codes and standards.
- 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.
- Streamline the process through the NCC and Australian Standards for demonstrating compliance and adoption of modern methods of construction and new products and systems.
- Make all the Australian Standards referenced in the NCC freely available.
- Establish a greater framework to support building products conformance and streamline product approvals with enhanced transparency.



Energy security, reliability and pricing

The current energy policy landscape is increasingly characterised by conflicting objectives, which risk undermining affordability, reliability and energy security.

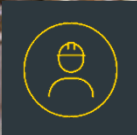
Uncertainty over energy supply, particularly from renewable resources and the availability of gas, as well as rapidly rising energy costs are increasing business risks and constraining investment.

Recommendations for reform include:

- Establish a 'Building Product Sector Transition Strategy' to support Australian manufacturers and suppliers in the net zero transition.
- Embrace market-based solutions to achieve net zero emissions by 2050 target at lowest cost.
- Adopt a fuel-source neutral approach to the energy transition, including ongoing support for gas, to ensure security, reliability and affordability of energy supply.
- Increase transparency around progress in achieving the energy transition task to build investor and business confidence.
- Work with state and territory governments to streamline infrastructure and energy investment, to improve the efficiency of delivery and avoid duplication of policy.
- Facilitate direct engagement and coordination between Industry, Treasury, Housing and Energy Ministers and manufacturers and suppliers on the energy transition strategy.

Australia's energy policy must be reoriented to embrace market-based solutions, adopt a fuel-source neutral approach and provide increased transparency around progress in achieving the energy transition.

Ultimately, if we are to lift business investment and achieve productivity improvements, then we need a more supportive environment for businesses. More needs to be done to lift these burdens from business and stimulate business investment.



Addressing skill shortages in manufacturing

Australia faces persistent and severe skills shortages across the building industry, this is well established in respect to onsite trades but it also significantly impacting manufacturers and suppliers. These shortages include on machine and product lines, delivery drivers and in the manufacturing offices and associated testing and engineering fields.

Building product manufacturers and suppliers are additionally reliant on availability of skilled trades which are hindering project timelines, impacting what products are used in housing and increasing costs.

HIA recently undertook [a skills mapping assessment](#) and found that to meet the government’s 1.2 million homes target, the nation faces a shortfall of 83,000 trades in key housing roles.

Breakdown of construction workforce by occupation

Occupation	Current number of workers	Additional workers required
Carpenter	73,399	22,020
Electrician	57,723	17,317
Plumber	39,663	11,899
Painter	26,774	8,032
Bricklayer	15,059	4,518
Cabinetmaker	14,693	4,408
Plasterer	11,826	3,548
Tiler	11,405	3,421
Concreter	10,421	3,126
Roof Tiler	6,384	1,915
Floor Finisher	6,016	1,805
Glazier	4,465	1,339
Total	277,827	83,348



Further shortages are also being faced across infrastructure projects, mining, trade retail sectors, engineering and related sectors. The competition for workers is only getting more pronounced with larger government priority projects including big build projects, Future Made **Recommendations for reform include:**

in Australia, NDIS, AUKUS, second Sydney airport and the 2032 Olympics.

It is therefore critical that governments pull out all stops to address these significant challenges facing all sectors of the industry.

Targeted building product manufacturers and supplier's workforce plan

- Develop a targeted workforce and labour strategy to support manufacturers and suppliers build and maintain their workforce.
- Provide additional resources for Jobs and Skills Councils to develop comprehensive workforce development campaigns specific to each of the construction trade occupations facing the greatest challenges due to an ageing of the workforce.

More construction trades workers needed

- Government to partner with industry to deliver a large scale promotion campaign on the benefits of taking up a role in the residential building industry highlighting the job and career opportunities.
- Undertake targeted programs for mature aged workers, women and workers from culturally and linguistically diverse backgrounds to promote construction trade careers and provide appropriate financial and mentoring support that enable these workers to succeed.

Boosting the number of apprentices and trainees in training

- Increase and make a long-term commitment to a stable arrangement of apprentice/trainee and employer subsidies to encourage more employers to take on apprentices and traineeships.
- Invest in industry-based mentoring programs to provide support for apprentices and trainees that is relevant to their careers and support for employers that is relevant to their business.
- Provide apprentices and trainees with tools and other starter kits that are supplemented per year of the apprenticeship/traineeship.

Making better use of the skilled migration system

- Support industry to expand recruitment programs in overseas markets.
- Enable overseas students to undertake apprenticeships in construction trades.
- Streamline immigration pathways for workers in construction trade occupations.
- Provide clear pathways to permanent residency for temporary workers in construction trade occupations.
- Support industry to develop programs to upskill migrant workers in local industry practices to boost industry's confidence in the skilled migration system.
- Develop a construction trade contractor visa that enables skilled migrants to operate as trade contractors.



Support innovation in new products and manufacturing

From the outside looking in it may appear as though the construction of our homes have not fundamentally changed over the past century.

This is often generalised to indicate a lack of industry productivity and paint a misleading picture of the state of the industry and the uptake of innovation in the sector.

In reality the construction industry and particularly the home building sector, is one of the most innovative and nimble sectors in the economy.

A project brings more than twenty different trades together, encompassing thousands of individual products and the end product produces is a sophisticated, high performing, high spec new home.

The delivery chain of new homes is becoming increasingly complex with the need to balance building homes on shrinking lot sizes, higher density living, more volatile environmental conditions and site restrictions.

Additional builders are facing higher material, labour, land and regulatory costs to deliver a cost-effective low maintenance home, which needs to comply with large and complex web of regulations and increasing consumer demands on the nature and inclusions in their home.

Over the last five years, the design, construction, operation and materials that go into new homes have been rapidly increasing for businesses of all sizes.

Product innovation and tech tools powered by AI are rapidly transforming the building and

construction industry, offering solutions for improved efficiency, safety, and cost-effectiveness.

Innovation in the sector is rapidly evolving

New tools and construction systems are being rolled out weekly and AI and other technology software are being utilised in nearly all capacities of home building.

This includes in the design, planning and approvals, onsite management and the construction phase, and extends through to running and operating a business, as well as post occupancy elements such as appliances and systems within the home itself.

One of most significant issues facing the sector is the increasing red, white and green tape. From building codes, planning rules, WHS and business and compliance rules.

These rules have become more complex, voluminous and more difficult to interpret and apply.

Simplification, reducing levels of regulations, removal of outdated, excessive and duplicative regulations and incorporation of more practical, easy to understand and less subjective rules are critical functions that governments of all levels should commit to.

Alongside this the opportunity exists to utilise AI tools to streamline compliance, approvals with planning, WHS regulations, the National Construction Code (NCC) and other relevant standards, particularly in the construction and architectural industries

Product Innovations

There are new and innovative products being incorporated into nearly every construction project right now and this area continues to evolve.

There has been significant discussion on modular, prefabricated and now grouped under the notion of Modern Methods of Construction (MMC). This work and activities are important and HIA continues to actively engage the various bodies of activities to remove the barriers to greater identify by our 2022 HIA report titled Regulatory barriers associated with prefabricated and modular construction.

MMC can be broadly defined, and the barriers to a greater uptake of fully offsite built house faces can differ significantly from those manufacturing new innovations as well as existing, commonly used products. It is important to have targeted approaches to address both MMC in a broad sense and more tailored interventions to support new iterations to more established products.

Builders and contractors are additionally hesitant to adopt and utilise these new and innovative products due to lack of certainty and additional documentation and often more costly consultant reports to validate their use.

Manufacturing Innovations

Most Australian building product manufacturers and suppliers are continuously looking for the latest innovations to improve both manufacturing processes and plant efficiencies while also improving environmental sustainability and reducing their carbon footprint.

For example, Brickworks have established a brick manufacturing plant that has the capacity to manufacture 130 million bricks per year and is one of the most advanced brick plants in the world, delivering best in its class fuel efficiency, and setting a new standard for brick manufacturing.

Another example of significant innovation in the sector, is James Hardie's [Modern Homes Forecast](#), an annual report that blends cutting-edge research, AI-driven insights, and real-world expertise to reimagine how Australians live.

It doesn't just predict trends, it responds to global and local shifts in technology, climate, economics, and wellbeing, offering thoughtful design responses like modular construction, smart home integration, and multi-generational layouts. It is a testament to James Hardie's adaptability and responsiveness to homeowners' needs for modern design solutions.

These are just two examples, and other leading building product manufacturers and suppliers are undertaking comparable journeys with significant investments to drive innovation and improve operational processes and plant efficiencies.

Recommendations to boost uptake of innovation

Building innovation hub

- Establish and fund a 'building innovation hub' with key industry bodies and product manufacturers to identify and fast track adoption of new and innovative materials to provide regulatory certainty and increase uptake and R&D opportunities.
- Engage in a widespread industry education program to promote innovation tools and opportunities for business, international

Remove regulatory barriers

- Undertake a project to review codes and standards across federal standards setting agencies to simplify, remove excessive and outdated regulations and ensure the codes and standards support AI and other technology integration.
- Establish a clear and transparent acceptance criteria to streamline adoption

learnings and identify barriers to further widespread adoption.

- Fund the trial of early adopters' program for the adoption of AI tools to support businesses, councils and approval bodies on codes and standards compliance.
- That the Australian Government provide incentives and support to encourage greater R&D opportunities across the building product supply chain.

of recognised international standards to support a shifting global supply chain.

- Partner with standards settings agencies and industry to develop smart standards that included embedded video's, tech tools and industry guides and resources to support industry compliance and understanding of regulatory requirements.



Future Made in Australia

Supporting our established local manufacturers and suppliers

From the ground up Australian made materials are an integral part of every new home built and home renovation project in Australia.

Despite this, manufacturing construction products in Australia can be difficult for several reasons including economic, geographic, energy settings including pricing, reliability and regulatory factors.

As a result, support for investment in technological advancement, research and development in Australia has been lacking over the past decade. Equally our regulatory requirements are slow to adapt and can present roadblocks to the adoption of new and more innovative forms of construction.

Matching material demand with supply

A recent report on a Timber Fibre Strategy ([timber fibre strategy](#)) identified that by no later than 2050 Australia will have a population of between 34 and 40 million people, with new housing demand to increase to 259,000 dwellings per annum.

The report identified that sawn softwood demand to meet this level of housing would need to increase by 40 per cent from the current level of 6.5 million m³ per annum, an increase of additional 2.65 million m³ of softwood per annum.

It is refreshing to look at long term forecasting and establishing a secure supply chain for our core building materials and if you mapped out a

Add to this increasing regulatory obligations on manufacturers and suppliers that are hindering greater productivity and innovation. These concerns have been raised by HIA's National Manufacturers' Council as measures that are holding back Australia's manufacturing sector from growing and taking advantage of the opportunities that are presented with a 'future made in Australia'.

With the current global uncertainty, it is the perfect opportunity for government and industry to partner and recognise Australia's manufacturing capability and celebrate Australian building product manufacturers who are united in their commitment to driving innovation, professionalism and competitiveness.

similar plan for raw materials for concrete, bricks, steel etc. there would be comparable levels of demand for materials to meet that housing demand level.

Whilst these figures on population and the level of material demand for timber are intimidating, they highlight the need for a comprehensive plan rather than short term solutions based on 3-year election cycles.

The same analysis could be drawn on for land releases out to 2050 matched to population/demand, skills needs and urban infrastructure, etc.

Recommendations for reform

There is much that governments at all levels can do to support Australian manufacturers and suppliers including:

- Undertake a supply chain mapping analysis on key building material inputs, matched to expected population growth out to 2050, to provide a comprehensive plan on secure supply chain of materials for future housing.
- Proactively support research and development into new and emerging technologies, that can facilitate greater efficiency in construction.
- Undertake a targeted project to remove regulatory roadblocks by simplifying current regulation including supply chain reporting and sustainability obligations to support Australian manufacturers innovate.
- Support Australian manufacturers to ensure our ongoing sovereign manufacturing capability.
- Fund a widespread 'Buy Australia' campaign to support our local industries and workforces to continue to grow and expand with confidence.
- Other key initiatives include developing partnerships between government, industry, and educational institutions to ensure the necessary skills and technologies are available to meet future housing needs.
- The need for government incentive / rebate schemes (e.g. energy efficient appliance schemes like the federal SRES and state NSW ESS, VIC VEU etc) and government procurement (e.g. Social Housing Energy Performance Initiative or SHEPI) to prioritise / preference Australian-made products, where possible.

About HIA's National Manufacturers' Council

The National Manufacturers' Council is HIA's dedicated forum for building product manufacturers and suppliers that support the residential building industry in Australia.

For more than 20 years, the Council has existed to provide members with access to:

- A high-level executive forum through which the senior managers of Australia's building materials manufacturing and supply companies can work together on public policy and industry issues of common concern.
- Industry-based information and understanding into the consideration of building industry policy issues and housing.
- Harness the views and knowledge of Australia's manufacturers and suppliers to advocate on their behalf with all levels of government to foster a dynamic and efficient residential building industry.
- The activities of the Council seek to shape policy development, engage in debate, and raise the visibility of the building materials manufacturing and supply sector of the industry.



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