Productivity Commission – Housing Supply Regulation

Background

I commenced in the construction industry in 1993 as a project administrator at the (as it was known then) New Children's Hospital at Westmead in NSW. I have worked on billions of dollars of construction work over the last 33 years. In February 2017, I was admitted as a solicitor in the NSW Supreme Court.

I now work providing both construction and legal advisory services.

I do not represent or belong to a lobby group or contractor association and nor am I an employee of a Subcontractor, Contractor, or Principal in the supply chain. The only association I belong to is the NSW Law Society which is irrelevant in this submission.

Regulations that make it more expensive to build housing

The terms of reference includes;

> 'The inquiry should identify examples of the existing housing regulatory system across jurisdictions that have the greatest impact on housing supply, housing affordability and construction productivity' (underlining added for emphasis)

The hypothesis of my submission that during my tenure in the industry a raft of regulations has caused the cost of building a home in Australia to be more expensive in comparative terms to inflation and wages in Australia.

This in turn means that a developments feasibility is now marginal as the revenue/sales line item in the project feasibility is capped due to the borrowing capacity of owners/investors based on their wages and correctly compounded by the serviceability test required by the Australian Prudential Regulation Authority (APRA) which requires a 3% serviceability buffer.

Also, effective from February 2026, APRA has required Authorised Deposit-taking Institutions (ADI's) to limit high debt-to-income (DTI) to 20% of new mortgages. They have nominated a DTI of greater or equal to six times as the criteria.

As will be illustrated below the cost of construction/development has risen faster over the last 30 years than wages and therefore if there is not a satisfactory return on capital for the risks, then the residential project does not get built and the country cannot build enough homes to satisfy population growth.

Some of the proposals are small in isolation but in combination could influence residential project feasibility and home affordability.

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Assumptions and qualifications used in this submission

- I have been largely based in NSW for my career and thus legislation referenced in this submission is very NSW centric. There is equivalent legislation in most jurisdictions.
- The submission will detail costs and the timing of those costs in a development which can have a compounding effect on a feasibility and therefore the cost of a home. I have adopted the following;
    - Profit and overheads applied by Subcontractors – 10%.
    - Profit and Overheads applied by Contractors – 4%.
    - Profit and Overheads applied by Developers – 18%.
    - Interest on construction loans – 10%/pa.
    - Assume the land cost was $20M on a theoretical project.
    - I have assumed the construction costs of a $100M project which takes 24 months from commencement to sales being completed.
    - Assume interest amounted to $15.4M on the basis that;
        - 65% LVR and interest was capitalized using a standard ‘s-curve’ cashflow.
        - statutory approval process took 6 months.
        - design costs to get submission to DA: $3M or 3% of construction costs.
        - marketing/sales costs $2.5M
        - s.7.11 contributions cost of $4M ($20k for two hundred units)
        - developers P&O at 18%
        - GST is 10%
    - For simplicity, this equates to $188M in sales and assumes two hundred apartments at an average sale price of $940k.
    - 1m3 of soil = 1.7 tonnes

Long Service Levy

In 1975 NSW introduced the portable long service leave scheme for the construction industry. In 1986, a 0.35% long service levy on construction work was introduced and on 1 January 2023 this was reduced to 0.25%.

s.6.8 of the *Environmental Planning and Assessment Act 1979* (NSW) requires the long service levy under s.34 of the *Building and Construction Industry Long Service Payment Act 1986* (NSW) to be paid prior to a construction certificate (**CC**) being issued. In simple terms

a Construction Certificate is issued at physical commencement of the construction works and is generally requested by the developer for the contractor to pay and include in their lump sum price for the project.

Say on our theoretical $100M construction project the 0.25% levy is applied to the GST inclusive amount of $110M and equates to $275,000 but the contractor puts 4% P&O which adds $11,000 and the developer has to finance the $286,000 for 2 years at 10%/pa which adds another $57,200 and adds 18% developers O&P to $343,200 which is $61,776 plus GST included in the sale price. A total of $445,474 which has to be included in the sale price of all the apartments.

If s.6.8 & s.6.9 of *Environmental Planning and Assessment Act 1979* (NSW) and s.36 of the *Building and Construction Industry Long Service Payment Act 1986* (NSW) was changed such that the trigger for payment of the long service levy was an occupation certificate (**OC**) (end of the project) and paid by the owner rather than anyone else. This could save $80,476 (1.18 x $68,200).

In the alternative, as the *Building and Construction Industry Long Service Payment Act 1986* (NSW) does not explicitly exclude GST and my understanding is that under Australian tax law and NSW treasury standards if legislation does not explicitly exclude GST, then a total cost must include GST in the application of a levy. The Long Service Corporation Guides therefore state that the development cost is GST inclusive. By amending the legislation, the levy could be reduced by 10%.

In the second alternative, if you look at the most current long service levy annual report which can be found here for 2024-2025 https://www.longservice.nsw.gov.au/about-us/annual-report . As of 30 June 2025, there are;

(a) 543,806 workers[1] registered in the NSW Building industry,
(b) They collected $162.7M in levy's and paid out $129.1M to workers[2] and $6.7M to employers[3]. Total $135.8M.
(c) They made $273.7M in investment revenue[4] for the year on assets as of 30 June 2024 of $2.37B or 11.54%
(d) They have $2.63B in assets[5]

[1] long service corporation annual report 2024-25 – p.10
[2] Ibid p.27
[3] Ibid p.27
[4] Ibid p.31
[5] Ibid p.32

(e) Admittedly this was a very good year, and their benchmark return is 6%[6]. 6% of $2.63B is $157.8M which is still more than was paid out last year.

As per ABS 8752.02 table 4 March 26, Construction Work Done, Australia, $31.79B of residential work was done in NSW for the 12 months to 31 March 2026 as a proportion of the $52.4B of total construction work done or 60%.

To support housing feasibility, I'm proposing the levy is not applied to residential construction. This could save $445,474 on a 188M development or 0.237% of the sale price of an apartment.

Note this is a levy that effectively puts a tax on waste levies, state payroll tax, and GST.

Waste Levy

The Protection of the Environment Operations Act 1997 (NSW) (**POEO Act**) and *Protection of the Environment Operations (Waste) Regulation* 2014 (NSW) are designed to discourage landfill disposal and promote resource recovery and recycling.

s.88(2) of the POEO Act requires a waste facility to pay the EPA a levy as prescribed in the regulations. From 1 July 2026 this rate for metropolitan Sydney is $180.2 / tonne. Using the density of soil assumption this equates to 1m3 of soil having a levy of $306.34.

In 1991 the waste levy on General Solid Waste or worse was $2.00/T[7] and on 1 July 2026 $180.2/tonne[8]. **This is an increase of 13.72%/pa compounding for 35 years**. This is not the cost of digging the soil out, transporting it or even the tipping cost. This is just the tax that goes to the NSW government.

As an example, the tax on the volume of an underground car space in a unit block in non-VENM (Virgin Excavated Natural Material) soil is 5.0m x 2.5m x 3m deep = 37.5m3 x 1.7t/m3 (density of soil) = 63.75T x $180.2 = $11,487.75. This is the tax payable for just a basement car space in a unit building (note this totally excludes the circulation space in the basement – it is just the dimensions of one car parking space). In 1991 it was worth $127.50. This may not be highly contaminated material it just exceeds the general solid waste guidelines for their CT1 level in mg/kg[9]. As an example, if there is greater than 0.2 grams of polycyclic

[6] Ibid p.32
[7] Waste Contractors & Recyclers Association of NSW
[8] Waste levy from EPA website
[9] Waste classification guidelines Part 1: Classifying waste

aromatic hydrocarbons in one kilogram of soil then it is classified as general solid waste and the levy applies. This is 0.02% by weight.

Now applying the supply chain markup.

Base Price: $11,487.75

Inclusive of subcontractors O&P at 10%: $12,636.53

Inclusive of contractors O&P at 4%: $13,141.99

Inclusive of construction loan interest at 10% for 22 months: $14,346.67

Inclusive of developers 18% O&P: $16,929.07

Inclusive of GST and included in the sale of the unit with one cars pace: $18,621.98.

Now generally the proportion of circulation space to car spaces is 47.5% so for every 1m2 of car space there is 0.905m2 of circulation space that is jointly owned and paid for by the purchaser through the strata. This adds another $16,852.89 of levy to the cost of an apartment for just the waste levy. A total of $35,474.87 in waste levy on a $940k apartment or approx. 3.77% of the sale price of an apartment.

Surely using the Site Auditor Scheme governed by the *Contaminated Land Management Act 1997* (NSW) could be used such that soil from an excavation could be traced to a licensed tip and an alternative levy could apply to residential development.

Alternatively, could we direct certain classes of waste to different tips where the ongoing storage is less restrictive and has a reduced levy.

There could be a different stream of work looking at how waste could be reduced in the construction industry and how levies could be more efficient in promoting behavioral change which could reduce housing costs.

s.96 / s7.11 Developer Contributions

Developer Contributions were first enacted as s.96 in the *Environmental Planning and Assessment Act 1979* (NSW) but it wasn't until the Simpson inquiry in 1989 that resulted in the *Environmental Planning and Assessment Amendment (Contributions Plans) Act 1991* (NSW) that set the framework for council contribution plans.

North Sydney council set a contribution rate of $1,710 per bedroom in July 1995[10].

See https://www.ipart.nsw.gov.au/review/local-government-contributions-plan/review-lane-cove-councils-revised-st-leonards-south-precinct-sls-cp-contributions-plan to give you a context of where we are up to in 2025.

Lane Cove Council has been approved $24,600 for a studio/1 bedroom and $54,500 for a 3+ bedroom dwelling for the St Leonards South Precinct.

This represents a 9.3%/pa compounding growth rate in the contribution over 31 years.

The developers just put this into their feasibility and add interest as this must be paid at the beginning of a project when the construction certificate is issued.

Now applying the supply chain mark-up.

Base Price: $24,600.

Inclusive of construction loan interest at 10% for 24 months: $29,520.

Inclusive of developers 18% O&P: $34,833.60.

Inclusive of GST and included in the sale of the 1-bedroom apartment: $38,316.96.

For a 3-bedroom unit this figure is $84,889.20.

In the alternative, what if you removed the burden on new home buyers and broadened your tax base by allowing councils to increase their council rates to all dwellings so they are revenue neutral but new homes decrease in price by up to $85k. This seems like a more equitable solution.

Enterprise Bargaining Agreements

These documents are all publicly available

1. National Building & Construction Industry Award 1990. (attached but online version can be ordered here)
2. Adco Constructions / CFMEU EBA 2024-2027 (only selected as most recent one approved and indicative of the pattern bargaining across the industry). On FWC website. You can choose any builder, and it will be exactly the same pattern agreement.

[10] Equity and Efficiency: Section 94 developer charges and affordable housing in Sydney by Judith McNeill and Brian Dollery – Oct 1999 (UNE School of Economics) page 4

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History

In 1990 the National Building and Construction Industry Award came into force. The concept of Enterprise Bargaining Agreements was introduced in 1991 as part of the Prices and Incomes Accord (Mark VII) and concluded neutral umpire wage fixing in Australia for the construction industry. As you will see from the below analysis, it has resulted in an imbalance of power where wages have increased disproportionately to CPI and other wages earners and resulted in housing prices being adversely affected where it is, in my opinion, in the public interest to re-set wage fixing with a neutral umpire.

This is not the fault of the CFMEU, they are simply acting in the best interests of the workers they represent. It's not the builder's fault, they just want certainty and no disputation during construction. Both sides are just following the rules given to them by the federal government.

Does that produce the most productive solution?

1990 Award

See attached National Building & Construction Industry Award 1990 but I am unsure if these rates are from 1990 or from November 1993 due the print version of this copy I've found. To be conservative I've taken the rates to be from 1990 rather than 1993. If the rates are from 1993 the analysis would produce a higher per annum compounding increase.

The following calculations assume a 46-hour week. 40 hours Monday to Friday, 6 hours on Saturday for a bricklayer (skilled trade).

Allowance	**Rate/Extension**	**Reference**
40 hours	$365.20	s.9(1)
Supplementary Rate	$52.10	s.9(1)
Saturday	$100.43	s.19(1) ($9.13 x time & a half x 2 hours and 4 hours at double time)
Industry Allowance	$15.60	s.10(1)
Multi-Storey Allowance	$12.88	s.13(3) - 40 hours x $0.28 (assume 15 storey building)
Travel	$10.70	s.15(11)
Tool Allowance	$12.20	s.11 (Bricklayer)

Leave loading	$6.14	s.25(7)(b) 17.5% on week's annual leave/year on rates in s.9/10/11 & 15 divided by 52 to get a weekly rate
Sub-total	**$575.25**	
Redundancy	$15.98	s.38A – assume 1.75 hours/week of ordinary time work
Superannuation	$11.79	s.50.2(a) 3% of ordinary earnings inc. tool allowance, industry allowance
Total	**$603.02**	
Monday - Friday	$502.59	Inc allowances
Saturday	$100.43	Saturday overtime only

In 1990 there were 239 working days Monday – Friday when you take out public holidays and 13 RDO's (see Clause 16A) and 52 Saturdays. I've ignored when an individual takes annual leave.

239 x M-F	$24,023.68	261 days M-F less 9 PH less 13 RDO's
52 x Saturdays	$5,222.36	
Total cost with all entitlements	$29,246.04	

Working hours	2,224	239 x 8 hours plus 52 x 6 hours
Effective Hourly rate with all entitlements	$13.15	$29,246.04 / 2,224 hours

2024 Enterprise Bargaining Agreement

Fast forward 34 years and the following apply as per the current EBA's.

Allowance	**Rate/Extension**	**Reference**
40 hours	$1,927.44	Appendix B CW3 (Trade)
Supplementary Rate		Not used
Saturday	$642.54	Appendix B CW 3 Trade ($107.09 x 6 hours at double time)
Productivity Allowance	$184.00	Appendix C1
Site Allowance	$211.60	Appendix C1 - $67.3M - $134.8M @ $4.60/hour
Travel	$65.00	Appendix C1
Tool Allowance	$12.20	Not applicable
Leave loading	$6.14	Not applicable
Sub-total	**$3,030.58**	527% increase since 1990
Redundancy	$160.00	Appendix C1 into Incolink – 1001% increase since 1990
Superannuation	$325.23	Appendix C1 - 14% on ordinary hours, productivity

		allowance & site allowance
Income Protection	$49.00	Clause 10.4.2(b)
Training Levy	$1.00	Clause 10.4.3(b)
Drug & Alcohol levy	$4.00	Clause 10.9(a)
Total	**$3,569.81**	592% increase since 1990
Monday - Friday	$2,875.67	Inc allowances
Saturday	$694.14	Saturday overtime plus productivity allowance + site allowance for 6 hours

In 2024 there are 226 working days Monday – Friday when you take out public holidays and RDO's (see appendix E) and 45 Saturdays. Again, I've ignored when an individual takes annual leave.

Standard NSW EBA Calendar NSW

Note the working hours per year have decreased from 2,224 to 2,078 due to extra RDO's. This is a reduction in productivity of 6.5%. The RBA Housing Construction productivity: Can we fix it? Research paper has concluded that labour productivity has declined by 12%[11] in 30 years. This explains half of it.

226 x M-F	$129,980.09	See Appendix E
45 x Saturdays	$31,236.30	See Appendix E

[11] RBA – Housing construction productivity: Can we fix it p.2

Total cost with all entitlements	$161,216.39	
Working hours	2,078	226 x 8 hours plus 45 x 6 hours
Effective Hourly rate with all entitlements	$77.58	$161,216.39 / 2,078 hours

This change in hourly rate equates to a 5.3587%/pa compounding increase over 34 years.

Wage Price Index

I refer you to ABS index 6345.0 table 2A where the data goes back to June 1998. I've used series A2704396F for NSW public & private wage earners all industries.

Index in June 1998 was 67.5 and June 2024 is 149.0 which is a compounding increase of 3.0925%/pa over 26 years.

Effect on housing prices

In conclusion, the introduction of EBA's have resulted in construction workers wages increasing at 5.36%/pa compounding as opposed to everyone else in the country which has increased at 3.09%/pa compounding. **This difference is 2.27%/pa compounding over 34 years.**

As a general rule, in the cost of construction, 60% is material and 40% is labour. Referring to our theoretical $100M construction project there is $40M in labour costs.

The following illustrates the comparative impact of this issue.

Year	Labour cost escalated at 5.3587%	Labour cost escalated at 3.0925%
1993	$7,930,079	$7,930,079
1994	$8,355,028	$8,175,316
1995	$8,802,749	$8,428,138
1996	$9,274,461	$8,688,778
1997	$9,771,452	$8,957,478

1998	$10,295,075	$9,234,489
1999	$10,846,757	$9,520,065
2000	$11,428,002	$9,814,473
2001	$12,040,394	$10,117,986
2002	$12,685,603	$10,430,884
2003	$13,365,386	$10,753,459
2004	$14,081,597	$11,086,010
2005	$14,836,188	$11,428,845
2006	$15,631,215	$11,782,282
2007	$16,468,845	$12,146,649
2008	$17,351,361	$12,522,284
2009	$18,281,168	$12,909,536
2010	$19,260,801	$13,308,763
2011	$20,292,930	$13,720,337
2012	$21,380,367	$14,144,638
2013	$22,526,077	$14,582,061
2014	$23,733,181	$15,033,011
2015	$25,004,971	$15,497,907
2016	$26,344,913	$15,977,180
2017	$27,756,658	$16,471,274
2018	$29,244,054	$16,980,649
2019	$30,811,155	$17,505,775
2020	$32,462,232	$18,047,141
2021	$34,201,786	$18,605,249
2022	$36,034,557	$19,180,616
2023	$37,965,541	$19,773,777
2024	$40,000,000	$20,385,281

This difference of $19.6M is compounded by the supply chain.

Inclusive of subcontractors O&P at 10%: $21,576,191.

Inclusive of contractors O&P at 4%: $22,439,239.

Inclusive of construction loan interest at 10% for 24 months on a standard s-curve cashflow: $24,907,815.

Inclusive of developers 18% O&P: $29,391,221.

Inclusive of GST and included in the sale of the apartment: $32,330,343.

$32.3M / $188M which represents a 17% increase due to the enterprise agreement provisions in ss.169 to 281 of the *Fair Work Act 2009* (Cth).

Another way of looking at this is that due to the wage fixing mechanism in the Fair Work Act 2009 (Cth) **the cost of housing has increased 17% more than average wages in 34 years exacerbating housing affordability**.

Given the lending rules outlined by APRA detailed above which limits demand

(a) Serviceability buffer
(b) DTI rules

and these increased costs escalation faster than average wage growth over the last 34 years which limits supply. The result is the housing affordability and building activity that we see today.

Also note, see wage sheet in Appendix C1 wages go up by 5% annually in 2025, 2026 and 2027. **This is going to get continually worse in the years ahead.**

Also note 5.45% of the $40M is labour costs = $2,180,000 in payroll tax which is included in the supply chains overheads, but interest would apply and the developer's margin. I know this is beyond the scope of this inquiry and that payroll tax represents a very large proportion of State Government budgets, but some hard decisions may need to be made to improve housing affordability given this issue of EBA increases which cannot be wound back.

National Construction Code & BASIX

You may get submissions that the NCC and BASIX create sustainability targets which add costs to housing. This is correct but the return on a capital investment for these initiatives of increased thermal insulation, low e-glass, energy efficient hot water systems, and lights etc. will be positive in the long term.

These initiatives should be maintained.

Design & Building Practitioners Act 2020 (NSW) (DBPA Act)

Again, you may get submissions that the DBPA Act is adding costs to the development of class 2 residential buildings.

I do not think this is the case and if there are costs, they are minor in the scheme of things.

These regulations were put in place to revive confidence in the housing market after a number of high-profile failures in quality.

I believe the drop in quality is intrinsically linked to developers and contractors taking short cuts to save money due to the above issues regarding the economic feasibility of housing developments.

I believe each state should have the equivalent of a Building Commissioner to improve quality and productivity in their State.

Modular construction and off-site payments

An impediment to the use of off-site construction or modular construction is detailed in standard form contracts used in Australia. As an example,

(a) AS4902 clause 37.3 requires additional security and confirmation that the material has been paid for.
(b) All other Australian Standard contracts are the same, AS4000 as an example.
(c) The NSW GC21 contract clause 58.7.2 requires a bank guarantee or insurance bonds to the full value of the unfixed or off-site material.

As an example, for $40M of off-site manufacture you may need a $30M bank guarantee due to progressive installation. Off-Site manufacturing subcontractors do not have the capacity, and you effectively need two tranches of $30M of security. $30M from the Subcontractor in favour of the Contractor and $30M from the Contractor in favour of the principal. These securities are generally used for the 5% performance securities required under standard construction contracts and there is capacity limits placed on Subcontractors and Contractors based on their balance sheets. As an example, $30M of security can support $600M of new work generating 4% profit or $24M whereas a $30M unfixed material bank guarantee just supports an offsite manufacturing methodology. There is therefore an opportunity cost to utilize a balance sheet in this way.

There is an opportunity to make amendments to the *Personal Property Securities Act 2009* (Cth) to specifically allow for payments for offsite payments for modular construction and utilize loan back arrangements. This can protect Contractors and Principal's under their respective contracts in case of insolvency. Changes would also need to be made to standard form contracts and there may be a statutory overlay that takes precedence over the contract to allow for PPSA registration over bank guarantees.

Performance Security

In Australia, standard form contracts require 5% performance security. That is, subcontractors provide 5% of the subcontract value in the form of a bank guarantee and

contractors in turn provide 5% of their head contract value in the form of bank guarantees or insurance bonds to principals or owners.

As per ABS 8755.0 Table 3 Total Sectors, Total Other Residential (new apartment buildings – NOT detached housing) there was $36.7B of residential apartment construction work that was built in the last 12 months. Assume 100% was secured at head contract level and 50% at subcontract level (the difference is held in cash security or is work which is not subcontracted. This equates to $2.75B of securities in the market for 12 months' worth of work but an average project may take 18 months and 50% of this value has to be held for another 12 months for performance obligations through the defects liability period which means it is likely that there is approximately $5.5B of securities issued at any one time and the cost for the industry is 1.5% of the face value of the security is $82,500,000 per annum in bank fees and insurance bond fees for securities where over 95% by value will be returned and 100% secured by assets held by the bank.

Including all the mark-ups, interest, and GST the apartment buyers in Australia have a cost of approx. $127M/pa.

For our theoretical $188M project built over 2 years it represents approx. 0.256% of the total other residential buildings built over 2 years and therefore the cost to the project is approximately $650,000 or $3,250/apartment for which they get no value.

It is effectively an insurance policy for performance or insolvency offered by the bank, but where they take no risk. I am not a financial product expert but there must be a more efficient way of solving this problem on a national basis which is more productive and reduces housing costs.

Insolvency in the Construction Industry

The insolvency statistics from ASIC[12] have industry allocation from FYE14 onwards and indicate an average of 21.49% of all insolvencies in Australia are in construction. This has arguably been skewed with covid, and the median is 19.65% over the same period. The construction industry's contribution to GDP is 7.6%[13] so we are over representing our share of insolvencies, and this is weakening our industry, causing delays on site when an insolvency occurs and thus a reduction in productivity.

[12] ASIC insolvency statistics
[13] RBA snapshot

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I have seen the Cole Royal Commission (2003) which examined statutory trusts, the Collins inquiry in NSW (2012) and now the Murray inquiry (2017). I have been an on-site practitioner of being paid by clients and paying subcontractors for over 30 years, my experience is not theoretical or academic it is practical and lived.

The use of statutory trusts, project bank accounts and Minimum Financial Requirements (MFR) used in Queensland and proposed in Victoria will not work and will not improve cashflow, productivity or cashflow. The *Building and Construction Industry Security of Payment Act 1999* (NSW) and its corresponding equivalents in other states have not moved the needle in relation to improving cashflow or reducing insolvencies since 1999. The statistics prove that, and by enacting another level of regulation on the industry will weaken it, not strengthen it. The only class of people that are benefiting from the legislation are lawyers and independent experts.

The Cole Royal Commission in 2003 identified that the sector was highly vulnerable to illegal phoenix activity. Yes, improvements have been made in terms of director's identification, but the practice is still rife. See AFR articles.

- 'Easy money': regulators lax on a scam that costs the economy $5B a year'
- Subcontractor banned in NSW just won government work in ACT
- Family of accused in alleged $180m tax fraud boast $40M in property
- A $60M Vaucluse estate, failed labour firms, $20m in unpaid tax, super

Everyone knows the fraud.

1. Multiple labour hire companies providing labour to contracting entities.
2. Don't pay PAYG, payroll tax, super, etc. and then wait for the ATO to turn up.
3. Phoenix and use next company, rinse and repeat.

'Sunlight is said to be the best of disinfectants'.

US Supreme Court Justice Louis Brandeis 1913

Instead of putting more regulations on the industry, make information transparent. If you want to be licensed in this industry you must expect the following to be exposed on a website.

(a) Subsidiary companies and other related entities.
(b) Status of payments for payroll tax per month.
(c) Status of PAYG tax receipts per month.
(d) Status of super payment receipts per month.

(e) Taxable Payments Annual Report (TPAR).

By analysing this data, you will understand what revenue they are receiving and therefore what their likely PAYG receipts should be, therefore what payroll tax is likely and super payments.

It might be that the data or dollar figures are not exposed but you get a monthly star rating indicating level of risk similar to the iCERT rating.

If I am procuring a new trade on site this would be the first place I would look. This exposure would encourage better behavior, reduce insolvencies which in turn would reduce delays and lift productivity.

This cannot happen soon enough.

Australian Standards

Following the most recent federal budget there indicated a $42.7M funding commitment to make Australian standards free. There does not seem to be much detail yet.

This will improve quality, education, and productivity.

There seems to be an opportunity to go further and overlay a LLM AI solution to allow a sophisticated search functionality between the NCC, multiple Australian Standards, CodeMark Scheme, Watermark certification scheme, Evidence of suitability certificates, NATA testing reports.

The office of the Building Commissioner in NSW has published a Building Defects Library and is likely to have a view of how much re-work and defect rectification is costing in productivity.

A dollar spent in this area will achieve a return on investment in productivity savings and therefore increased taxation.

Housing Utilisation

Housing Occupancy and costs FY19-20 identifies that 16.8% of all households or 1.08M households have three or more bedrooms spare. Many of these households are older Australians who are choosing the stay in their home rather than move into a retirement village or aged care facility. I suspect that from 2020 these statistics would be much higher since covid.

I accept that we all have a right to choose but there are policy levers which can improve or detract from housing affordability.

Under the *Aged Care Act 2024* (Cth) new support at home provisions and programs have been introduced encouraging older Australians to stay in the family home. This may be an efficient way to deliver services without the capital cost of building new aged care facilities for an aging population but there are opportunity costs.

1. Our housing stock is not as efficient as it could be. There are families that could move into these family homes and release smaller homes and units for younger families or couples. Changing these policy levers could release more houses to be utilized more efficiently without building any extra houses.
2. With more older Australians staying in their family homes State Governments have reduced revenue streams from stamp duty. Stamp duty can be an impediment for older Australians to downsize prior to moving into a retirement village. If you were given one free stamp duty transaction over the age of fifty-five, I believe you would turnover the housing stock to be more efficient with less spare bedrooms in the country.

Development Approval Process

As an example, the NSW Housing SEPP has nineteen separate sections where a consent authority must consider some or all of the following;

1. AHO Design Guidelines NSW;
2. Good design for social housing;
3. NSW land and housing corporation design requirements;
4. Landcom affordable housing design guidelines;
5. The design principles in Schedule 9;
6. Apartment Design Guide;
7. Seniors Housing Design Guide;
8. Design principals for seniors housing set out in schedule 8;
9. The requirements of Planning for Bush Fire Protection;
10. The tree canopy guide for low and mid-rise housing;
11. Low rise housing diversity design guide;
12. Guide to transport impact assessment;
13. Guidelines for the retention of existing affordable rental housing;
14. Any relevant guidelines issued by the Director; and

15. Design competition guidelines.

They then write a recommendation report which deals with compliance and non-compliances and must address all these issues in all these guides, and this is just one development pathway.

The level of prescription and complexity requiring a report that expressly considers all these guides elongates the process. Are we really getting utility out of this process?

Conclusion

Thank you for the opportunity to submit the above and hope improvements can be made for the benefit of housing affordability and for the construction industry which I have loved working in for the last 33 years but have become increasingly frustrated.

There are many smaller issues that could be raised and I am leaving the planning legislation to others to tackle as I have run out of time. This is a complex problem that involves all jurisdictions of government, which has slowly occurred during my working lifetime unnoticed until recently and until the system has broken. The boiling frog analogy comes to mind.

Unfortunately making improvements to approval times and altering land zoning, Floor Space Ratio's (FSR's) and building heights are a band-aid to the problem that we may need implemented in the short term to overcome the longer terms issues raised in this submission and until the industrial relations laws in this country can be altered to provide equity to all Australians.

Unfortunately, governments at all levels will need to make difficult decisions, even if they carry trade-offs for other policy and service areas. The alternative is greater homelessness and the serious consequences that follow.

This can be fixed.