Submission

National Competition Policy Analysis 2025
Productivity Commission

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Who we are

The Australian Institute of Building Surveyors (AIBS) is recognised nationally and internationally as the peak professional body representing building surveying practitioners in Australia.

Our Mission

AIBS is committed to ensuring a safer Australia through continuous improvement and development of the profession of Building Surveying. The overarching objective of the Institute can best be summarised as follows:

To achieve the highest standard of professionalism through Professional Development, such as education pathways and training, and Advocacy in representing the profession and establishing standards.

Professional Standards

The Australian Institute of Building Surveyors (AIBS) Professional Standards Schemes for Building Surveyors operates across all states and territories and is a legislative instrument that obliges AIBS, to monitor, enforce and improve the professional standards of members under the Scheme, thereby reducing risk for consumers of professional services.

The AIBS Professional Standards Scheme upholds the professional standards of Scheme Members, who are building surveyors, and ensures that clients have access to appropriately qualified and skilled building surveyor practitioners for representation and advice.

Australian Institute of Building Surveyors – Submission Principal Contacts

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Preparation

This submission has been prepared in response to the Productivity Commission's call for submissions in relation to a study of National Competition Policy Analysis 2025 issued May 2025.

Overview

Revitalisation of the national competition policy in a process that first focusses on easing cost of living pressures and reduction in regulatory burden is a worthy objective. Noting work to deliver on this objective is ongoing, and that the current investigation by the productivity commission is aimed at supporting elements of that work, AIBS is pleased to make its contribution via this consultation opportunity.

A national approach to licensing and registration of persons who participate in the construction sector is in principle supported by AIBS.

Utilisation of international standards where applicable and appropriate and uniformly adopted across Australia will have costs as well as benefits that must be carefully considered.

Australia, like other countries, has a robust approach to the development of technical infrastructure that then standardises and governs how industry provides goods and services for the Australian economy. It is essential that this infrastructure generation approach is preserved in its capacity to continue to provide in this way if Australia is to maintain if not strengthen its position in the global economy. It has proven useful in times of public consternation including when attention turned to the presence of combustible elements of cladding materials on buildings.

AIBS is pleased to provide this submission which explains our view on the matters under investigation as well as AIBS's views on implementation of changes arising from any recommendations of the productivity commission from the review. We anticipate ongoing engagement with this review as appropriate to support the work of the productivity commission in undertaking this review.

The following section provides details supporting the positions described in this overview. Please do not hesitate to contact us should you have any need of additional information or clarification of any point arising from this submission.

In detail

AIBS supports a nationally consistent approach to the accreditation and registration of professionals and the licensing of other practitioners in the building and construction industry. It is the view of AIBS that all professionals must be accredited and registered. It is also the view of AIBS that, other than professionals, a practitioner is a person who is qualified and licensed and that a person should not be able to participate in the building and construction industry without being registered or licensed.

To ensure that any licensing scheme delivers outcomes from regulating the work that is subject to the scheme, AIBS believes that any licensing regime must include an oversight body comprising appropriately qualified and experienced disciplinary arbiters who can adjudicate over issues of practitioner misconduct. These bodies should have the benefit of legal advice to ensure that natural justice is applied, legal precedents are followed, and the public interest is protected.

In conjunction with establishing a nationally consistent occupational licensing scheme, there should also be provision made to ensure that the work performed is performed by persons who are appropriately licensed, and that the work is performed in a manner befitting of a licensed person, with appropriate compliance and enforcement penalties and a regulator that is resourced and

motivated to ensure compliance and enforcement actions are taken in support of delivering appropriate consumer outcome. These positions are set out in the AIBS Policy: Building Regulatory Reform in Australia, which can be accessed from our website for further reference.

AIBS notes considerable work undertaken by the ABCB to develop responses to the recommendations made in the Building Confidence Report authored by Ms Bronwyn Weir and Professor Peter Shergold in February 2018. Recommendation 1 related to the registration and licensing of persons participating in the construction sector. The ABCB produced a model Licensing and Registration Framework with broad sector coverage and considerable detail around the qualification benchmarks that should be utilised in jurisdictional licensing and registration schemes.

AIBS supports the recommendations made by the ABCB and commends these to the Productivity Commission as a useful reference upon which to base further recommendations in this regard.

A copy of the Shergold and Weir report, AIBS's response to that report, and the ABCB recommendations are appended to this submission for reference.

Technical Infrastructure in Australia

Standards Australia

For more than 100 years, Standards Australia has been recognised throughout Australia as the body with appropriate capacity to reliably establish the means of standardisation of the supply of goods and services in Australia. The transparent, consensus, and consultative model that Standards Australia has established to support the development of standards that are then brought into regulatory effect throughout Australia is the envy of many countries throughout the world. It protects our community from errant supply and provides a platform of consistency upon which investor certainty is founded. Innovation is therefore underpinned by a stable and predictable regulatory environment inclusive of the technical infrastructure referenced in legislative instruments.

Standards Australia committees are made up of experts provided by nominating organisations typically being peak industry bodies, as well as the commonwealth, state, and territory governments, together with consumer groups and other key stakeholders from the Australian community.

The Australian Building Codes Board

To regulate the construction sector, governments throughout Australia have agreed to support the operation of the Australian Building Codes Board and have also agreed to recognise Standards Australia as entities capable of establishing technical infrastructure on behalf of all governments. In turn, these bodies produce the National Construction Code and Australian Standards respectively. The National Construction Code is given legal effect by reference in legislation governing building work in all states and territories. The National Construction Code in turn references Australian and International Standards giving these references regulatory status.

The Intergovernmental Agreement between the Commonwealth and all State and Territory Governments is the instrument that establishes the Australian Building Codes Board and how it interfaces with industry and the wider community. It also establishes the process of technical infrastructure development, inclusive of a Building Codes Committee and a Plumbing Codes Committee. These committees are comprised of peak representative bodies across industry, each of the state and territory governments, and the commonwealth government as well as CSIRO and Standards Australia. These bodies provide advice and recommendations to the Australian Building Codes Board which itself is comprised of representatives of each of the Commonwealth and State and Territory governments as well as key industry bodies and unions.

Expressions of technical requirements

The National Construction Code is amended on a three yearly cycle. Standards Australia publications are amended on an as needs basis, generally taking around 18 months from the date of amendment project proposal approval to publication of an amended standard. This provides significant predictability around changes to technical infrastructure, critical to typically long lead time investments in innovative products and materials development and production. This underpins Australian industry's position as a global leader of innovation with many examples of Australian innovation having become global norms.

Utilisation of internationally derived standards

The National Construction Code is written in performance terms and contains a series of verification methods which if followed confirm that a proposal meets the mandatory performance requirements. It also provides a series of Deemed-To-Satisfy requirements, being a step-by-step compliance prescription which, if followed, are deemed to demonstrate compliance. This provides significant flexibility in technical regulation of construction in Australia. The performance requirement pathway of demonstrating compliance allows innovative products, materials, and systems to be introduced to the Australian economy well ahead of the development of prescriptive criteria such as Deemed-To-Satisfy requirements, or through development / adoption of any local or international standards of relevance.

The Australian Building Codes Board owns a conformity assessment scheme (CodeMark). This scheme is administered by the Joint Accreditation System of Australia and New Zealand (JASANZ) commensurate with their role to regulate conformity assessment bodies. Conformity assessment bodies in turn evaluate products and materials and other systems to ascertain if the evaluated item meets the requirements of the National Construction Code's performance requirements. This often involves reference to international standards not yet adopted in Australia.

By the representation on each of the technical infrastructure bodies, the transparent, consensus and consultative approaches of each, and the predictability of the change process, Australia enjoys the benefits of quality and robust technical infrastructure.

Viability of the Australian Building Codes Board

This benefit has been eroded considerably over recent years. The Commonwealth, State and Territory Governments have chosen not to alter the funding levels set last decade undermining the operation of the ABCB. The ABCB is currently funded at $8m per annum, half of which is contributed by the Commonwealth, with the other half contributed by the states and territories. This level of funding has been sufficient until the Commonwealth, States and Territories decided that the National Construction Code is to be supplied to industry free of charge. This stopped a significant revenue stream that has not been replaced.

In 2023, the pool of funds reserved for research and investment programs that had been generated from decades of funding and sales revenue surplus to operating costs became exhausted and the ABCB began a process of downsizing to ensure that it would not operate at a deficit. It has reduced staff numbers from over 50 to just over 30 within the last 2 years. Significant numbers of senior and expert staff have departed the ABCB in this time so that the capacity of the ABCB to provide quality research and reporting to the ABCB's Committees and its Board has diminished substantially.

Viability of Standards Australia

Standards Australia has been under pressure from segments of industry to provide publications free of charge, particularly where published standards are also referenced in regulatory settings (including via NCC). This could reduce the capacity of Standards Australia to fund its activities if forced to do this by government imperative.

Research capacity in Australia

With CSIRO funding also insufficient to address the broader research needs of industry and governments regarding technical infrastructure development, and no other entities, either commonwealth or jurisdictional, being capable of fulfilling these roles, Australia will be left dependent on international research and technical infrastructure bodies to develop further. This would be a poor outcome because these processes are not designed to address local need in the way that is currently possible with the existing albeit depleted infrastructure bodies.

Consequences of an open approach to standards adoption

When Australia was faced with significant community outcry regarding combustible cladding on high rise buildings and the safety implications this posed, it was relatively simple to explain the technical reasons that this had occurred. If widespread adoption of various internationally derived standards was to occur, a future instance of that nature would be far harder to explain as it would be impossible to understand which of the multiple sources of standards had been used by industry to create whatever the situation might be.

A large part of the value of standardisation comes from uniformity of approach across industry. This creates certainty for the community regarding the standards of safety that can reasonably be expected to exist and also for the investor community and those who seek to price risks in the Australian market. Adoption of internationally derived standards must then occur in a way that narrows adoption to a single benchmark in common rather than a multitude of approaches delivering disparate benchmarks of performance.

It is also important to guard against selective use of technical infrastructure. Taking a standard from one country related to a component part of a structural element of a building and putting it together with requirements from standards derived in a different country is prone to error and defective work owing to the different underlying assumptions made in each country about the standarised elements.

Consequences of dis-uniform regulation in Australia

Legislative arrangements

Technical regulation of the sector is increasingly dis-uniform which also impedes innovation and investment certainty. Jurisdictional governments are failing to address variations in the adopted version of the NCC across jurisdictions and some are actively looking to differentiate their technical infrastructure from that of the NCC in particular areas, predominantly related to the energy efficiency of buildings and the environmental impact of building work.

Economic impacts

Given the relative size of the Australian market (30m people in Australia vs countries with considerably more than 100m people) it is already difficult for global supply of product to access the Australian market due to the cost of having to demonstrate compliance with local requirements vs those which are accepted in larger markets. For state and territory governments to further hamper this by differentiation of regulatory requirements on a jurisdictional basis is senseless.

In the very least, there must be uniformity of technical infrastructure throughout Australia. Having a National Construction Code with a consistent set of construction requirements adopted throughout the country is the first step in Australia's construction industry taking advantage of global product and material supply chains, essential to development of economies of scale and downward price pressures in the construction sector.

Skills transfer impacts

The cost of skills transfer between Australian jurisdictions is also reduced with a consistent approach to technical infrastructure. Constrained supply of skilled people throughout the construction sector is a significant driver of construction cost and this is not helped where transportability of skills is hindered by variations in construction regulation.

Climatic imperatives

There are few places in the world with climatic variation similar to that which exists in Australia, where buildings can be built in cyclone prone tropical regions, through arid zones, to semi-arid zones with wet winters, to temperate zones characterised by hot summers and mild winters, and up into alpine regions where snow loads become relevant. Because of this, there is significant risk in any form of as of right adoption or acceptance of internationally derived standards for construction.

For example, there are few places in the world with reactive clay soils that also experience seasonal soil wetting and drying cycles that are as deep as those experienced in parts of Australia such as Adelaide in South Australia. Standards derived anywhere else in the world for the design of footings for residential buildings will therefore fail to address the significant effect that seasonal soil moisture variation has on footing performance.

Australia also has seismic activity, flooding, bushfires, and high soil salinity / acid sulphate soils that occur differently to most other parts of the world. Standardisation is necessarily modified from international approaches if it is to serve the Australian community adequately.

Where international approaches work

International standardisation is ideal, and where possible is occurring within Australia. This is carefully undertaken with a full understanding of the differences between Australia and the places where international standards have been developed. In addition to climatic differences, these differences derive from the various regulatory environments, the different approaches to construction (e.g., the proliferation of pre-fabrication vs on site construction) the differences in material availability and quality, and can also arise from different approaches to site safety standards that apply during construction.

Evaluation of an international standard proposed for adoption in the Australian regulatory environment requires considered examination by persons expert in the sector and should be undertaken in a transparent and consultative way that is designed to generate widespread consensus of acceptance.

Industry consensus in response to the PC's request for submissions

For all of the reasons expressed above, AIBS supports a consensus position adopted by industry via the Industry Technical Infrastructure Forum as follows:

- There should not be any barriers to adoption within Australia of standards published internationally where this is appropriate.
- Access to standards including international standards is an essential consideration in any reform of technical infrastructure regulating construction in Australia.
- Australia should increase its participation in international standards development including ISO / IEC and similar entities in other parts of the world to better facilitate local adoption of international technical infrastructure.
- International practices that are codified in standards are variously transferable to Australia without issue, demanding that blanket adoption is not viable if critical issues are not to be overlooked.

- The existing processes of local expert evaluation via a Standards Australia Technical Committees and ABCB referencing of standards prior to adoption is supported. This is essential, with improvement available from additional oversight and enforcement of conflict-of-interest issues within committees by Standards Australia.
- Trusted standards should be defined by review of a Standards Australia technical committee, or the ABCB's Building Codes Committee.
- The CodeMark scheme provides an avenue for early adoption of international standards within the current technical infrastructure arrangements in Australia.
- Streamlining regulations which call up standards is vital.
- It is crucial to ensure a timely response to needs for standardisation which places Standards Australia as an essential technical infrastructure body providing Australian capability in this regard. It is therefore essential to maintain this capacity within Australia to overcome the difficulties in causing amendments to be made to internationally derived standards, even when Australia has a seat at the drafting table.

Additionally, AIBS notes that the current approach to establishment of technical infrastructure in Australia stems from the contributions of over 6,500 committee members and hundreds of nominating organisations inclusive of AIBS. The expertise volunteered by industry ensures that standards are fit-for-purpose, reflect Australian conditions, and are aligned with regulatory and industry needs. Incorporation of internationally derived standards and other forms of technical infrastructure into the Australian market should utilise this pool of expertise to ensure appropriate consumer outcomes are assured.

The current approach to development of technical infrastructure in Australia is undertaken in an environment of high expectations of transparency, consensus, and open public consultation. This may not be the case for technical infrastructure developed outside of Australia so that it is essential that any adoption of internationally derived technical infrastructure is tested by the existing processes available in Australia. Anything less will devalue the processes currently operating so that either those processes will change to become equal to that of international publishers, or the Australian infrastructure will diminish if doesn't cease to operate. In either event, Australia will be the poorer for it.

AIBS therefore supports the Standards Australia view of how reform in this area should occur being:

1. Strengthening domestic harmonisation first

National alignment of regulated standards across states and territories should be the priority. The biggest inefficiencies lie in internal fragmentation, not in whether a standard is international or local.

2. Maintaining expert oversight and validation

Australia already has a strong rate of international standards adoption following an assessment of their appropriateness for local conditions, safety and quality requirements. This assessment is based on input from technical experts and affected stakeholders. That process should not be bypassed.

3. Applying consistent rules to all standards

If other standards bodies (including overseas SDOs) are to have their content adopted into regulation, their documents must meet the same transparency, consultation, and scrutiny as standards developed or adopted through Standards Australia committees.

In closing

AIBS is committed to working with government, industry and key stakeholders to continually improve the building regulatory system throughout Australia.

We look forward to further opportunities to assist the Productivity Commission in this work. Please contact us for any clarification or further information that may assist.

Attachments

1. Shergold and Weir's Building Confidence report 2018
2. AIBS response to the Building Confidence report 2018
3. ABCB's National Registration Framework for Building Practitioners – Model Guidance on BCR recommendations 1 and 2, 2021