



MASTER BUILDERS
A U S T R A L I A

Submission to the Productivity Commission's Revitalising National
Competition Policy 2025

A Better, Safer and Fairer Building and Construction Industry

JUNE 2025



WHO WE ARE

Master Builders is the nation's peak building and construction industry association, which was federated on a national basis in 1890. Master Builders' members are the Master Builder State and Territory Associations. Over 130 years, the Master Builders network has grown to more than 32,000 businesses nationwide, including the top 100 construction companies. Master Builders is the only industry association representing all three sectors: residential, commercial, and civil construction.

The Master Builders network also delivers vocational education and training through its network of registered and group training organisations across Australia. This includes trade qualifications in building and carpentry as well as ongoing professional development training.

Membership with Master Builders is a stamp of quality, demonstrating that a builder values high standards of skill, integrity, and responsibility to their clients.

Master Builders' vision is for a profitable and sustainable building and construction industry.



CONSTRUCTION SECTOR PRODUCTIVITY

The built environment is essential to maintaining and improving the living standards of all Australians. As a foundational sector of the economy, the building and construction industry plays a critical role in enabling national productivity and supporting broader economic growth. However, its ability to meet this responsibility is being undermined by declining productivity and increasingly complex operating conditions.

Master Builders Australia supports a renewed national focus on structural reform to lift productivity performance, which has stagnated across the economy in recent decades. In building and construction, these challenges are especially acute. Labour productivity in the industry has declined in seven of the past nine years. This means that the amount of output delivered per hour by the typical construction worker is 16 per cent lower than a decade ago. Persistently low productivity has slowed the delivery of essential infrastructure and housing, driven up costs, and, in many cases, prevented projects from proceeding altogether. Because of productivity issues, the projects that do end up proceeding are often smaller in scale and higher in cost. The fact that the cost of a new house is 42.7 per cent higher than before the pandemic is a stark illustration of this.

The National Housing Accord requires us to create more new homes than ever before over the five years to June 2029. Unfavourable productivity settings seriously undermine Australia's chances of making it.

The building and construction industry's poor productivity performance has ramifications for the entire economy. As housing makes up a large share of workers' wages, higher housing costs tend to worsen wage pressures in the economy. When housing costs across Australia deteriorate, the country's ability to attract the workers needed from overseas in vital areas like health and aged care is more difficult.

The sector's structure adds to the complexity of the problem. It comprises more than 450,000 businesses, around 98 per cent of which are small to medium enterprises. These businesses employ over 1.35 million Australians and contribute flexibility, innovation, and strong community links. However, they are also particularly exposed to economic, regulatory, and operational pressures.

The delivery of new homes and infrastructure is being increasingly hampered by a convergence of compounding challenges, including:

- Persistent supply chain disruptions and rising material costs;
- Fixed-price contracts that no longer reflect market volatility;
- Razor-thin or non-existent profit margins, undermining industry sustainability;
- Acute labour shortages, leading to project delays and increased uncertainty;
- Workplace relations changes that restrict flexibility and stifle productivity gains;
- Macroeconomic pressures such as high inflation and elevated interest rates;
- Mounting regulatory and administrative burdens, particularly for small businesses;
- Lack of enforcement of existing regulations, allowing bad actors to flourish;
- More frequent extreme weather events disrupting construction timelines.

Together, these factors are eroding industry capacity and investor confidence, fuelling a cycle of delay, disruption, and declining supply.

Master Builders has consistently called on the federal government to support business investment, remove unnecessary red tape, and simplify the regulatory environment to enable a sustainable future for the sector.

Productivity in building and construction is not about cutting corners or doing more with less; it is about working smarter, eliminating waste, streamlining processes, and empowering the industry to deliver higher-quality outcomes more efficiently and sustainably.

To achieve this, reforms must address the structural barriers holding the industry back. Regulatory fragmentation and rigid market settings, such as duplicative occupational licensing systems, inconsistent adoption of international standards, and anti-competitive industrial relations practices, continue to limit workforce mobility, inflate compliance costs, and dampen innovation.

Targeted reforms in these areas present a clear opportunity to unlock significant national economic gains. For example, the Productivity Commission has estimated that reforming occupational licensing alone could increase real GDP by \$10.33 billion through enhanced labour flexibility and reduced red tape. Likewise, progress on standards harmonisation and competition policy, particularly regarding enterprise bargaining and union conduct, would improve market efficiency, reduce delivery delays, and strengthen competitive pressures across the economy.

Master Builders recommends prioritising these reforms within the National Competition Policy agenda, with a strong emphasis on practical implementation, intergovernmental coordination, and active industry engagement. Productivity reforms must also be designed to ensure that small businesses are not left behind. Too often, poorly designed policy and regulatory complexity hold back the very businesses that are essential to the industry's success.

Unlocking productivity is key to building a better, safer, and fairer construction industry. With the right structural reforms, Australia can better meet housing demand, reduce cost pressures, and strengthen its long-term economic foundations.

NATIONAL COMPETITION POLICY 2025 RESPONSE

Master Builders Australia welcomes the opportunity to respond to the Productivity Commission's consultation on the National Competition Policy 2025. In addition, Master Builders supports and acknowledges the work in the Commission's recent *Housing construction productivity: Can we fix it?* research paper.^{OF1} This comprehensive assessment by the Commission in the residential sector is to be commended and should be built on to support the further measures to reduce red tape and support a more productive sector.

As the paper highlighted, measures to ensure nationally consistent standards that enable greater labour mobility, while maintaining high standards or updating them to reflect international good practice.

This submission has responded to each component of the consultation paper, including:

- Occupational Licensing
- International Standards
- Other competition reform options.

Summary of positions

As the paper highlighted, measures to ensure nationally consistent standards that enable greater labour mobility, while maintaining high standards or updating them to reflect international good practice.

Occupational Licensing

Priority Occupations for National Licensing:

- Target safety-critical, highly mobile occupations with consistent technical requirements: electricians, plumbers, gasfitters, builders, and heavy equipment operators.
- Prioritise occupations identified as critical workforce shortage areas across all jurisdictions.

Implementation Strategy:

- Removing building-related exemptions from mutual recognition of occupational licensing arrangements across states/territories and harmonising requirements for building-related occupations.
- Begin with a phased rollout targeting a small number of critical occupations, starting with the electrical and plumbing trades.
- Conduct comparative analysis of licensing requirements across jurisdictions to assess divergence and alignment opportunities.
- Establish a national coordinating body (Jobs and Skills Australia or Skills and Workforce Ministerial Council) to oversee the reform process.
- Implement a pilot scheme in a single occupation to test governance, enforcement, and competency standards.
- Embed robust industry consultation throughout the design process to avoid previous failures.

Risk Mitigation:

- Ensure any measures to address workforce issues, including through licensing arrangements, do not create the unintended consequence of driving workers from regional/low-growth areas to metropolitan/high-growth areas. Alignment with a [regional development roadmap](#), such as NSW's, could help mitigate this risk.
- Co-design flexible frameworks allowing local variation while maintaining core national standards. For example, states and territories may specify additional modules relevant to their local context, such as experience working in cyclone-prone areas of northern Queensland or training in remote off-grid solar systems in the Northern Territory. This allows for a locally responsive and nationally portable license.
- Couple reform with strong data-sharing, joint workforce planning, and equitable investment in local training capacity.

International Standards

Priority Areas for Harmonisation:

- Building products and materials (windows, plumbing fittings, electrical components, engineered timber).
- Construction systems and equipment (prefabricated and modular systems).
- Digital and smart infrastructure (Building Information Modelling, digital twins, energy-efficiency monitoring).
- Access and Implementation Reforms:
 - Make standards freely accessible to all businesses, with the government covering costs.
 - Remove financial barriers for small businesses (98% of the construction industry).
 - Ensure efforts to harmonise Standards align with industry priorities for the provision of consistent product information. Master Builders is part of the [National Building Products Coalition](#), which has developed an **implementation guide for the traceability and digitalisation of building project information** across the Australian construction supply chain.
- Strengthen Australia's participation in international standard-setting bodies (ISO, IEC) to influence development rather than merely adopt standards.

Regulatory Framework Improvements:

- Avoid integrating standards directly into legislation to maintain responsiveness.
 - Expand mechanisms like the CodeMark scheme for international certification while improving uptake and reducing complexity. Ensure this process aligns with industry priorities for the consistent provision of product information as developed by the [National Building Products Coalition](#), in its **implementation guide for the traceability and digitalisation of building project information** across the Australian construction supply chain.
- Address regulatory fragmentation across jurisdictions despite frameworks like the National Construction Code.
- Ensure international standards adoption includes assessment of local conditions (extreme weather, fire risk, pest exposure, remote area logistics).

Safeguards:

- Maintain domestic vetting processes to preserve regulatory sovereignty.
- Ensure international standards reflect Australian interests and conditions.
- Balance efficiency gains with local relevance and performance requirements.

Detailed response

Which occupations would be best suited to a national licensing scheme?

Master Builders supports the introduction of a national licensing scheme for priority construction-related occupations, particularly those that are high-risk, in high demand, and currently subject to inconsistent regulatory requirements. However, we recognise the need for strategic implementation that anticipates these risks. The solution lies in coupling reform with strong data-sharing, joint workforce planning, and equitable investment in local training capacity. National licensing should not merely enable mobility but must also support a sustainable, well-distributed workforce across Australia.

Occupations that are safety-critical, highly mobile, and subject to consistent technical requirements across jurisdictions are best suited for national licensing. This includes electricians, plumbers, gasfitters, builders, and heavy equipment operators. These roles often [face labour shortages and are in high demand across all states and territories](#). They also operate under similar technical and safety standards, making national harmonisation more feasible and beneficial. For example, an electrician licensed in New South Wales should not face additional licensing hurdles to work in Queensland, especially when responding to urgent demand driven by natural disasters or major infrastructure programs.

A national licensing framework for such occupations could reduce regulatory duplication, increase workforce mobility, support the timely delivery of projects across Australia, and improve workforce productivity by enabling workers to respond to demand and economic conditions. The Productivity Commission has previously estimated that occupational licensing reform could increase Australia's real GDP by \$10.33 billion through gains in labour flexibility and reduced compliance costs (PC 2024, p. 133). [Infrastructure Australia](#) emphasises that resolving regulatory inconsistencies is critical to delivering major infrastructure projects on time, particularly in the face of acute trade shortages in the construction sector.

To ensure this reform delivers equitable benefits across all regions, it must be implemented with appropriate guardrails. In the context of a national skills shortage, particularly within regional Australia, there is a risk that a more mobile workforce may gravitate toward higher-paying metropolitan centres or states with major infrastructure pipelines, such as NSW or Queensland, potentially drawing skilled

workers away from regional and low-growth areas. This could exacerbate localised shortages and pressure small businesses and regional projects further. To mitigate this, Master Builders recommends that governments work with industry to co-design a national licensing framework that includes mechanisms for regional workforce planning, targeted incentives to support local retention, and flexible implementation that allows jurisdictions to address specific labour market conditions while upholding nationally consistent core standards.

What would be the first steps towards a national licensing scheme for selected occupations?

Master Builders recommends that reform begins with a phased rollout targeting a small number of critical occupations, starting with electrical and plumbing trades, and those trades identified as critical workforce shortage areas. Governments should then conduct a comparative analysis of licensing requirements across jurisdictions to assess the level of divergence and opportunities for alignment. As announced by the Treasurer, the Hon Jim Chalmers MP, as part of the [2025 Budget](#), progressing a national licensing scheme for electrical occupations is a welcome first step in cutting red tape, saving time and resources, and enabling greater cross-border engagement.

A national coordinating body, such as Jobs and Skills Australia, or an intergovernmental forum, such as the Skills and Workforce Ministerial Council, should oversee the reform process, closely consulting with industry bodies to co-design the scheme. Starting with a pilot scheme in a single occupation would enable practical testing of governance arrangements, enforcement mechanisms, and mutual expectations around competency and safety standards. This would ensure a smoother national rollout, while building trust and momentum through early success. For instance, implementing national licensing for electricians in partnership with industry stakeholders could serve as a replicable model for other trades.

Why did previous attempts at a national licensing scheme, such as the National Occupational Licensing Scheme, fail? How could a renewed attempt overcome the barriers to a national licensing scheme?

Master Builders recognises that the failure of the [National Occupational Licensing Scheme](#) (NOLS) offers key lessons. Chief among these were inadequate industry consultation, a top-down design process, and resistance from states due to perceived loss of autonomy. Ultimately, the NOLS initiative failed due to a lack of consensus between states and territories, insufficient industry involvement, and an overly broad and rushed rollout. Jurisdictions were concerned about losing control over local licensing systems, particularly in occupations shaped by regional market conditions. Additionally, some industry stakeholders felt excluded from key design decisions, leading to concerns about diluted standards and impractical implementation.

A renewed attempt can succeed by narrowing the scope to focus on high-priority, high-consistency occupations and adopting a phased approach. It must also embed robust industry engagement throughout the process to ensure that licensing frameworks reflect the realities of each trade. For example, national licensing for the electrical trades could be supported by a common technical training standard, clear safety benchmarks, and a shared enforcement model that still allows for regional compliance activities.

What benefit would a national licensing scheme provide over an expansion of the automatic mutual recognition scheme?

While Master Builders acknowledges that Automatic Mutual Recognition (AMR) has been a step forward in improving labour mobility, it still relies on state-based licensing systems, each with their

scopes of practice, renewal requirements, and enforcement models. This creates confusion and legal uncertainty, particularly for employers operating across multiple jurisdictions. AMR also requires workers to navigate notification processes and compliance obligations in each new state or territory, which can delay deployment and add an administrative burden. Further work to ensure that the respective states/territories are on board and provide a consistent approach to AMR is also required.

A national licensing scheme, by contrast, would offer effective regulatory consistency, creating a single set of licensing requirements, uniform scope of work, and shared enforcement principles across the country. This is particularly valuable in the building and construction sector, where labour mobility and national project delivery are critical. For example, a building company working across state borders would no longer need to manage different compliance regimes for each worker, significantly reducing risk and overhead. During natural disasters or severe weather impacts, such measures would greatly reduce the inability of cross-border movement to support reconstruction efforts.

A national [framework for the registration of building practitioners](#) was produced by the Australian Building Ministers several years ago, including for building qualifications and plumbing trade occupations. This work should be developed further to establish more consistent requirements for building and construction jobs. Master Builders has flagged this in publications, including its [Future of the Workforce Skilled Migrants in Construction](#) publication.

How could the PC best quantify the benefits of a national licensing scheme?

Master Builders encourages the Productivity Commission to adopt a multifaceted approach to quantifying the benefits of national licensing. The PC has already estimated a potential \$10.33 billion uplift in GDP from licensing reform, which could be refined by breaking down cost savings in administrative time, licensing fees, and project delays.

Case studies of interstate projects that experienced workforce delays due to licensing barriers could demonstrate tangible impacts. For example, Master Builders often hears from members how interstate operators can run into issues where a commercial builder registration is required, which can lead to up to a six-month approval process, which in turn leads to delays and missed opportunities. This particularly affects New South Wales and Victoria. Other blockages across the sector, and particularly in regional areas, include respected residential builders being asked to work on local schools or community centres, projects well within their capabilities, but denied the work due to not holding a commercial registration. This limitation in what other sectors may call 'scope of practice' due to restrictive licensing schemes is partly resulting in Australia's construction and housing productivity shortfall.

Additionally, improved job vacancy and time-to-fill data across the construction trades (which could be achieved through the work of Jobs and Skills Australia) could help quantify improvements in labour supply responsiveness. For example, tracking deployment times for tradespeople in recent flood recovery efforts in Queensland could reveal the gains possible through streamlined licensing.

International Standards

While Master Builders Australia supports greater harmonisation with international standards, several risks and challenges should be carefully considered to ensure that reforms do not produce unintended or counterproductive outcomes. For example, any move to automatically adopt overseas standards risks

removing local context, devaluing existing expert input, and sidelining the voices of industry, government, and community in determining what is right for Australia.

Adoption of international standards must be integrated with existing standards frameworks, including regulation. Any adoption of international standards must **not** compromise Australia's national, regional, and local interests, and must be evaluated by Australia's technical expertise to ensure equal assessment of standards, including an assessment of local conditions, safety, and quality requirements.

Are there examples of Commonwealth, state, territory, or local government regulation where there should be greater harmonisation with international or overseas standards and related conformity assessments or approvals? What sectors should be prioritised for reform?

Master Builders supports greater harmonisation of Australian standards with trusted international and overseas standards where safe and appropriate to do so. Standards can create regulatory inefficiencies that impact productivity, limit innovation, and increase costs for businesses operating in the building and construction industry.

Master Builders recognises the importance of applying standards equitably across the industry, yet cautions against the use of standards for policy purposes or set within legislation. The integration of the standards in this way could lead to egregious outcomes as it takes longer for the standards to be updated, which is an important and necessary component of responsive standards. Notwithstanding the issues of integration into legislation, the standards should be freely available to all to ensure all Australians have access to them. Currently, the cost of accessing the Standards is prohibitive, particularly for small businesses, which make up 98 per cent of the construction industry.

Several regulatory domains would benefit from increased alignment:

- **Building products and materials.** Many imported products, such as windows, plumbing fittings, electrical components, and engineered timber, must be re-certified to meet Australian-specific standards, even when they comply with established international benchmarks (e.g., ISO, IEC). This adds duplication and delays to construction timelines.
- **Construction systems and equipment.** Prefabricated and modular systems, widely used internationally, face regulatory hurdles in Australia due to incompatible or unrecognised standards. Harmonisation would enable faster deployment of industrialised building methods that address labour shortages and boost housing supply.
- **Digital and smart infrastructure.** Standards governing Building Information Modelling (BIM), digital twins, and energy-efficiency monitoring technologies should align with international frameworks to support the adoption of construction innovation

The above should also align with industry support for the provision of consistent building product and systems information. Master Builders is part of a [National Building Products Coalition](#), which has developed an **implementation guide for the traceability and digitalisation of building project information** across the Australian construction supply chain.

What is the impact of a lack of harmonisation (e.g., on compliance costs for export, import or multinational businesses, product range, prices, quality, competition, innovation, and international trade and investment)?

Non-alignment or harmonisation of standards can be a prohibitive factor for many businesses looking to import/export within the Australian building and construction industry. These barriers can create

additional costs for such businesses to ensure compliance with different standards, which could be a limiting factor in enabling greater productivity and innovation across the industry. An example of impediments and costs includes increased compliance costs for businesses. Importing products or exporting Australian-made goods frequently requires undergoing duplicative conformity assessments. For instance, re-testing and relabelling products for the Australian market adds cost and delays.

While aligning Australian standards with international benchmarks can bring efficiency and competitiveness benefits, it also introduces the risk of eroding the local relevance and performance of standards in Australia's unique context. Many international standards do not account for local factors such as extreme weather, fire risk, pest exposure, and remote area logistics.

Over-reliance on global standards could result in solutions that are technically compliant but practically unfit for Australian conditions. Furthermore, excessive alignment without appropriate domestic vetting may diminish Australia's regulatory sovereignty and reduce the development of innovative, high-quality domestic standards tailored to local needs. Care must also be taken to ensure that international standard-setting processes, which are often dominated by larger economies, adequately reflect Australian interests.

What are the barriers to greater harmonisation?

– For sectors where regulators can mandate standards by incorporating international standards as in force from time to time or accept overseas conformity assessments and approvals (e.g., road vehicles, therapeutic goods, agricultural and veterinary products, maritime, industrial chemicals, and, most recently, consumer products), how is this operating in practice?

There are several persistent barriers to greater harmonisation. The time it takes for socialisation of standards that are not Australian to be accepted into Australian societies and the integration of these standards into an evolving regulatory framework results in a lack of large-scale harmonisation.

Access to standards is the greatest barrier to true harmonisation. Whether these are international or Australian standards, for the nation to reap the productivity benefits, the citizens must have free access – this is currently a significant barrier for Australia's current housing stock. Keeping with Australia's standing in the OECD, the nation as a whole is responsible for implementation and will receive the benefits of implementation.

Where international or Australian standards are referenced in law but not made freely accessible, smaller businesses face financial and practical barriers to compliance. This undermines transparency and fairness and has been the subject of reform calls from several industry groups. Master Builders strongly recommends that the government cover the cost of standards. Ultimately, it is in the government's interest to ensure all businesses have equitable access to the standards to ensure Australia's built environment is consistent and a trusted country of investment for building and construction.

Whilst in theory, there are benefits to harmonisation with trusted international benchmarks. A key issue is regulatory fragmentation across jurisdictions. While frameworks like the National Construction Code (NCC) were deliberately implemented to harmonise, inconsistent implementation across states and territories leads to added complexity, duplication, and higher compliance costs for national businesses.

Another significant barrier is limited participation in international standard-setting bodies such as ISO and IEC. Without strong representation, Australian industry risks becoming a "standards taker," applying

rules not tailored to local conditions. Accordingly, Master Builders highlights the necessity for Australia to be more involved in the creation of ISO and IEC to ensure that Australian interests are reflected in the development of international standards when/if they are adopted for an Australian context.

Are there any reforms that should be made to Australia's standards and conformance infrastructure to support greater harmonisation while still addressing specific Australian risks and objectives?

– What measures could support access to international standards incorporated in Australian regulation?

As explained above, the cost and lack of socialisation are the biggest barriers to harmonisation. Standards for Australia need to be freely accessible to Australians, and in turn, access will allow socialisation of acceptable standardised thresholds.

In certain sectors, such as automotive, medical, and agricultural industries, regulators already incorporate international standards or accept overseas conformity assessments. These models have demonstrated that harmonisation can reduce costs and improve market responsiveness without compromising safety or public interest.

However, the experience is less consistent in building and construction. While mechanisms like the [CodeMark](#) scheme exist to allow certification of building products to international standards, uptake has been limited, and processes are often perceived as slow and complex.

The above should also align with industry proposals for the provision of consistent building product and systems information. Master Builders is part of a [National Building Products Coalition](#), which has developed an **implementation guide for the traceability and digitalisation of building project information** across the Australian construction supply chain.

Other Competition Reform Options

Which sectors or policy areas need reform to further promote competition?

Master Builders recommends urgent reform to Australia's industrial relations framework as a core element of revitalising the National Competition Policy. As outlined in our submission to Treasury's consultation on *National Competition Policy* in 2024, the ongoing exclusion of industrial relations from the scope of competition law has facilitated anti-competitive and cartel-like behaviour in the building and construction industry. In particular, the conduct of the CFMEU has enabled coercive market practices that suppress competition and limit choice for both contractors and clients.

This industrial coercion disproportionately harms small-to-medium enterprises, which are often priced out of major projects due to union-dictated enterprise agreements that are unaffordable or commercially unviable. Larger contractors, meanwhile, are frequently compelled to either yield to union demands or participate in arrangements that resemble price-fixing or collusion. These dynamics distort the functioning of competitive markets and entrench structural inefficiencies.

To restore competitive integrity, Master Builders supports removing the blanket exemption of industrial relations from competition law and introducing targeted, sector-specific amendments to the *Competition and Consumer Act 2010* (Cth). Key reforms should include:

- Strengthening provisions on cartel behaviour to capture collusive conduct in enterprise bargaining.
- Better targeting and enforcement of laws against secondary boycotts.
- Clarifying that enterprise agreements constitute contracts for competition law.
- Establishing an independent regulatory authority with robust investigatory and enforcement powers to oversee industrial conduct in the construction sector.

These changes are necessary to level the playing field across the industry, eliminate coercive practices, and reduce pressure on businesses to participate in or tolerate unlawful conduct. By realigning industrial relations with the objectives of a competitive, productive economy, these reforms will encourage innovation, enhance business confidence, and improve project delivery outcomes across Australia.