

HIA Response to Productivity Commission
Review of
National Competition Policy Reforms
Discussion Draft
December 2004



1. Introduction

This submission provides comments from the Housing Industry Association in response to the Productivity Commission's Discussion Paper on the Review of National Competition Policy Reforms.

National Competition Policy was introduced to lift Australia's economic performance, improve competitiveness in sectors not subject to the discipline of international competition. The Federal Government initiated a suite of reforms to lift performance. The policy has seen remarkable efficiency for the national economy. But, as identified there are still some significant areas requiring reform.

Housing is one of Australia's largest industry sectors. Housing represents more than 6.5 per cent of gross domestic product (larger than the mining or agricultural sectors). The industry has high income and employment multiplier effects. Every \$1 increase in construction output increases output elsewhere in the economy by \$1.87. \$1 million of housing industry activity generates 7 direct construction jobs, 4 jobs in building material manufacturing and 2 jobs in industries supplying construction.

From a housing industry perspective, competition is no stranger. The industry itself already operates in a highly competitive and volatile market environment. The highs and lows of the Australian economy exist in a symbiotic relationship to housing industry. However, regulatory responses exercised by the national and state and territory governments do affect outcomes in the industry. The taxation treatment of housing, infrastructure pricing policies, developer contribution requirements most of which are regulated by states and territories in an ad hoc and often inefficient manner impact upon the cost of housing, affecting consumers and housing businesses alike.

HIA comments on the areas of reform recommended by the Productivity Commission in its draft report. In particular HIA has focussed on energy and water initiatives, particularly where they affect the delivery of housing, the importance of infrastructure development and maintenance and legislative review. Additionally, HIA has made comment on the Productivity Commission's recommendations on labour market reform, reforms to the Trade Practices Act, consumer protection policy and vocational education and training initiatives.

Productivity gains in all of these areas have the potential to significantly improve the delivery of housing in Australia, producing efficiency gains more broadly for the Australian economy..

1.1 About HIA

As the peak body representing some 33,000 residential building industry professionals nationally – including, residential, commercial and industrial builders, building designers, developers, trade contractors, large and small product manufacturers, and professional services, HIA provides a strong and credible voice to government about key building industry issues.

HIA is firmly focused on the needs of its members and is a strong national advocate for the industry, promoting policies and providing services which enhance members' business practices, products and profitability, consistent with the highest standards of professional and commercial conduct.

The housing industry by nature is cyclical and volatile operating hand in hand with the Australian economy. HIA is the strongest national advocate for the building industry and supports and encourages:

- The right of trades people to contract freely with builders;
- HIA independence so it can represent members' interest without fear or favour;
- Industry self regulation;
- Affordable homes for Australians;
- Policy leadership and strength in a single united voice for the residential building and development industry; and
- A trading environment where members compete on fair and equitable terms.

HIA's membership structure mirrors the structure of the industry it represents. More than 90 per cent of HIA members are small businesses. These small firms, in particular, rely on HIA for advice and training to equip them to meet the challenges of the rapidly changing building market.

1.2 Proposals for a National Reform Agenda

HIA would support a wide-ranging second round of competition policy reform focused on improving the competitiveness of markets, reducing the regulatory burden of government regulation and ensuring that government intervention to address environmental and other problems is cost-effective and delivers a genuine net community benefit.

More generally, HIA is concerned that all too often governments resort to regulation rather than market-based solutions. Governments also tend to prefer to impose cascading regulatory requirements on a small number of "easy targets" (industries which may not contribute significantly to the problems at hand but can be conveniently regulated as a cheap alternative to investing public funds or pursuing more difficult changes in behaviour). This trend is perhaps most evident in greenhouse policy. The results of this approach tends to be that substantial opportunities for environmental and other gains are lost while a disproportionate effort is made to obtain marginal gains. If cost minimisation to government determines the reform agenda, reform will be piecemeal and inadequate.

HIA notes that the Productivity Commission has identified energy and water as reform priorities, over and above the agreed COAG initiatives. HIA agrees that such natural resource management issues are important. However, HIA is disappointed that reform of the vocational education and training system is not accorded equal importance. The education and training system is vitally important to Australia's future productivity; the current system is clearly failing to alleviate crippling skills shortages across industry and is being used (along with State licensing powers) to underpin an outdated industrial awards system. Reform of the system promises tremendous benefits to industry, trainees and the community generally.

HIA would highlight the dearth of public infrastructure investment as a major obstacle to underpin substantial environmental and economic gains. HIA believes that government borrowing is the most efficient and equitable means of financing long-lived social infrastructure assets. The increasing imposition of user pays charges to housing, such as land development and infrastructure charges, is far less efficient and equitable.

HIA supports the Commission's arguments for stronger regulatory "gate - keeping" arrangements to stem the proliferation of regulation. HIA would expect governments to complete their regulation review commitments under the original Commonwealth-State agreements and to retain a transparent, independent process of regulation review for future legislation. Governments should also regularly audit their body of legislation to ensure continued relevance and cost-effectiveness. HIA supports the Productivity Commission's recommendations for a broad national review into consumer protection.

HIA supports the view of the Productivity Commission that reform of trade practices legislation should only be pursued when it delivers *net* public benefits.

2. Addressing Energy and Water Inefficiencies

2.1 Infrastructure Reform

HIA agrees with the Commission that affordable, reliable and sustainable infrastructure services are critical to Australia's economic and social well being. As the Commission notes, "inadequate or inappropriate investment in infrastructure networks could have major ramifications for Australia's future economic performance and standard of living".

Whilst the Commission notes that competition policy reform has generally delivered improved infrastructure services for consumers and businesses, it is also clear that infrastructure in key areas such as energy and water is inadequate. HIA believes that these deficiencies demand significant public investment. Rather than re-investing in infrastructure to improve resource management, governments tend to rely on prescriptive regulation, which impose costly obligations on the private sector, but deliver modest environmental gains. Cost-shifting from the public sector to the private sector has lead to under-investment in infrastructure while raising the cost (and diminishing the reliability) of essential services to all Australians.

In NSW, for instance, a massive shortfall in general infrastructure spending was recently revealed by the recent NSW Auditor's report. The report found that approximately \$2 billion is expended each year maintaining the state's tired infrastructure assets and that significant funding, in the order of \$10 billion, was needed to fund the state's immediate infrastructure needs. A recent Engineers Australia 2003 NSW Report Card found that the status of the state's infrastructure was barely satisfactory and that rail systems in particular are operating at a critically poor level.

HIA supports the Commission's view that infrastructure reform must continue to be a high priority particularly in light of current pressures to improve environmental outcomes and encourage more sustainable resource use.

Implementation of the new energy and water programs is supported as both programs have the potential to deliver substantial benefits.

2.2 Energy Reforms

In the energy sector, there needs to be a concerted effort to reduce the regulatory fragmentation and policy uncertainty in relation to greenhouse gas abatement. The Productivity Commission has recognised many of the issues relevant to achieving better outcomes in this area are being considered as a part of the Commission's inquiry into energy efficiency. HIA's recent submission to this inquiry raised the uncoordinated nature of energy regulation, and the confusion it creates amongst builders, manufacturers, suppliers and consumers, as the major barrier to improved energy efficiency.

The residential sector's recent experience with the proliferation of energy efficiency requirements in local government planning schemes and through separate and uncoordinated State Government initiatives demonstrates the inefficiency and inadequacies of the current approach in building construction. The extent of variation in design and construction requirements imposed on our industry has made it extremely difficult for further efficiencies in production to be achieved.

At a time when local manufacturing is increasingly exposed to import competition, and with the prospect of an eventual free trade agreement with the powerful Chinese economy, Australian manufacturing cannot afford to be burdened by such costs.

Inconsistency in building regulations has a significant cost impact and the community is forced to pay a premium to compensate for the inefficiencies that multiple regulatory regimes produce. In order for the industry to cost-effectively transform regulatory requirements into built product, mandatory requirements must be consistent across the range of regulatory regimes within which the industry operates.

Recent regulatory efforts have concentrated on addressing the thermal performance of the residential building fabric. Far greater cost and energy efficiency gains can be achieved through the commissioning of larger sustainable energy infrastructure projects than through regulating the way that buildings are constructed or occupied.

Relevant policy targets would include, for instance, the efficiency of electricity generation and the various transport contributors. The HIA notes that housing contributes only 1.6 per cent of greenhouse gas emissions yet is subject to increasingly stringent regulation while other sectors, responsible for a far greater share of emissions, are much more lightly regulated. Energy efficiency regulations for housing have gone far beyond the level of minimum effective regulation to a mandatory 5 star level.

HIA is not aware of any national reviews of infrastructure that would have a significant influence on energy efficiency, such as a national electricity distribution grid. Such a study would be of benefit in evaluating the contribution that a nationally coordinated approach to energy infrastructure could achieve and could be undertaken through COAG.

The Australian, State and Territory governments have recognised the energy sector has a role to play in greenhouse gas emissions but between them have implemented a plethora of inconsistent and confusing measures that seek to reduce all types of greenhouse gas emissions. HIA therefore supports the Commission's view that COAG should give priority to developing a more effective process for achieving a national approach to greenhouse gas abatement.

2.3 Water Reform and Recycling

The Productivity Commission report states in reference to water efficiencies that:

“reforms in this area date back to the early 1980s and were motivated by excessive and inappropriate urban and rural water use. The cost of constructing new water supplies (dams); and the environmental damage caused to river systems, land (such as salinity and water logging) and biodiversity by excessive water use (IC 1988a, NCC 2003b). In 1994 CoAG agreed to develop a reform framework to make the Australian water industry more efficient and sustainable.”. (p26)

Key initiatives have included:

- Institutional Reforms;
- Pricing reforms;
- Investment reforms; and
- Allocation and Trading reforms.

The report concludes that all governments are making good progress in implementing water reform initiatives at *differing rates of progress*, and also that urban water reforms are the most progressed. It calls for a recommitment of all states to the National Water Initiative.

In particular the Productivity Commission states that National Competition Policy has been good to push states into managing water, but charging should make allocation for full cost recovery of infrastructure services or externality costs associated with the delivery of water.

In conjunction with this the Productivity Commission calls for investigation of new opportunities for cost effective water recycling and this is the area HIA wishes to comment.

2.4 Water Recycling

Similar to energy efficiency reforms, current approaches to water reuse for housing developments are *ad hoc* and not supported by a consistent government policy. With improvements there could be considerable gains made in this key public policy area.

The reuse and recycling of stormwater and roofwater can provide substantial community benefits including reduced mains water use and a lessening of stormwater discharges. But only some state government health departments recommend proper use and maintenance of rainwater tanks and systems for grey water reuse, relying on Australian standards. In many cases the uptake of initiatives has been restricted by this lack of support. Until recently, many water authorities have criticised the installation of water reuse facilities, particularly in domestic situations. There has been little encouragement for consumers to collect and use their own water – in particular potable water.

The philosophy behind source control for water reuse is to minimise cost-effectively the consumption of mains water and the production of storm and waste water at the development site. There are a variety of ways in which source control can be implemented such as through retention of roof rainwater (rainwater tanks), stormwater detention, on-site treatment of grey water (laundry, bathroom and kitchen) and black water (toilet), use of water-efficient appliances and practices, and on-site infiltration.

But while there has been considerable research into source control technologies little work has focused on detailed assessment of the broader solutions and their economic and environmental benefits. Equally, regulators have given little thought to the capacity of industry to supply items such as rain water tanks, with little lead-time given to industry to meet new regulatory requirements.

The focus to date has been on ***individual house based solutions*** rather than focusing on more broadly based answers. Although rainwater tanks can be installed to housing in many above and below ground configurations to supply various domestic uses, little guidance is available on the design of rainwater tanks for water supply and stormwater management. There is a great deal of industry and regulatory uncertainty about which systems should be implemented, how tanks should best be fitted (especially in domestic situations) and how roof design and downpipes need to be configured to maximise their potential.

A rainwater tank will only provide a significant reduction in mains water use and stormwater discharge when the tank water is drawn down. Moreover, as the required capacity of rainwater tanks will vary, depending on the number of persons in the household, water use, rainfall and roof area, lot size and dwelling type, it follows that measures will need to be flexible and focused on the desired outcome. Nevertheless, industry and consumers demand straightforward answers to common building situations. These should be considered and debated as part of any regulatory process.

2.5 Where Can Greater Gains for Water Recycling be Made?

It is clear that greater gains may be achieved if new developments are designed along water sensitive principles and managed as part of an overall water cycle strategy.

Such a strategy would allow trade-offs between the costs of on-site detention and roofwater retention with the necessary funding of urban water infrastructure, and may lead to lower charges for these purposes, thereby reducing the cost per household associated with achieving water use efficiencies.

In terms of the Commission's objectives of finding cost-effective water recycling measures, there are significant economies to be gained by the application of water reuse principles as part of the early planning of a neighbourhood or community, particularly when the installation of tanks and their associated costs on individual home sites may be excessive. At the subdivision scale sustainable stormwater management (which includes conveyance controls such as grass swales, water sensitive road design and natural waterways; and storage methods that include detention basins, infiltration basins, constructed wetlands and aquifer recharges), could offer opportunities for stormwater reuse for irrigation of parklands, sporting fields and for cluster housing groups.

There are many different methods of stormwater reuse including capture of stormwater in urban lakes for outdoor reuse, capture of stormwater in cluster scale tanks for outdoor and toilet reuse, aquifer storage and recovery, constructed wetlands, water harvesting, and industrial reuse.

Water recycling and reuse is one of many sustainability measures that is being considered by regulators across the country. As with other measures (such as, waste minimisation, material selection, indoor air quality, noise attenuation, appliance selection), each of these measures is being approached in relation to housing in a different way with different time frames and jurisdictions involved.

As with energy requirements across Australia, much has been implemented in a regulatory sense by State and Territories as well as local governments with little regard for the broad regulatory ask on the housing industry and consumers. In Victoria 5 Star energy requirements incorporate water savings measures but Basix requirements in New South Wales are different again. These regulations go far beyond the level of minimum effective regulation required under the Building Code of Australia.

Much greater efficiencies would be achieved by an integrated design approach to water recycling in urban situations. In particular, however, the greatest gains can be made from a concerted effort by governments to invest more broadly in infrastructure development - particularly for the development of water infrastructure (such as recycling initiatives) from which the whole community benefits. In a report produced by Access Economics during the 2003 Productivity Commission Inquiry into First Home Ownership, it was reported that if the infrastructure is for network investment:

...capital costs ...should be shared equally across all users (page 20)

Upfront charging for community infrastructure has been favoured most strongly in NSW. But it is occurring elsewhere and this cost shifting approach has taken place in the absence of any public debate.

Access Economics also notes in the same report that:

Due to the long-lived nature of urban infrastructure, issues of inter-generational equity arise. For example, the current generation may finance the large upfront costs of new infrastructure development that benefits future, as well as current, generations of residents. (page 8)

As a matter of principle, and in the interests of economic efficiency and equity for future generations greater public investment in infrastructure which is fundamental to the operation of cities should be funded through general taxation measures.

3. Gate Keeping Arrangements for New and Amended Legislation

The Productivity Commission makes a number of recommendations in relation to “gate – keeping arrangements” for new and amended legislation stressing the need to guard against the unwinding of previous reforms and to help ensure that regulatory initiatives are in the public interest. A strengthened national monitoring system is recommended.

HIA has already mentioned the difficulties incurred by the housing industry and confusion amongst consumers as a result of the plethora of new regulation which is entering state (and local) jurisdictions under the “sustainability umbrella”.

Several years ago, the Australian Building Codes Board commenced an Energy Efficiency Project comprising the development and implementation of energy efficiency measures for inclusion in the Building Code of Australia (BCA). The aim of BCA energy efficiency regulations is to reduce the greenhouse gas emissions of new buildings. Whilst the BCA covers all types of buildings, priority was given to housing as there were concerns about the high number of individual codes being developed and implemented independently of the national process.

At present a general stringency level of 4 stars under the Nationwide House Energy Rating Scheme (NatHERS) is required - implemented in the BCA on 1 January 2003. At this time, energy efficiency regulations had already been operating for several years in Victoria, the Australian Capital Territory and many local government areas of New South Wales. Consequently, most of these jurisdictions did not adopt the new provisions in the BCA and so a variety of differing regulations continued to be applied throughout Australia.

Following subsequent pressure from various State /Territory jurisdictions to increase the initial 4 star stringency of the BCA measures, the ABCB agreed in September 2003, only a matter of months after the introduction of their new provisions, that the housing provisions should be reviewed and the stringency increased.

In response to this decision the ABCB recently released a draft suite of revised regulations designed to increase the general stringency of its requirements to around 5

stars under NatHERS. The revised requirements are scheduled to be subject to a Regulatory Impact Statement and finalised during 2005 for introduction in the BCA in 2006.

Since the introduction of energy provisions into the BCA and the stringency debate amongst regulatory authorities that it has encouraged, there has been widespread competition amongst regulators to develop “better ways” of setting standards and of measuring their effectiveness. As a result state governments are imposing or investigating alternate “sustainability” indices, most of which are target-driven and web or software-based. BASIX is a case in point in NSW, as is IDEAS in Victoria, not to mention the plethora of local government scorecard approaches around the country. All of the schemes add substantially to the cost of design, approval and construction and often are poorly researched in terms of their overall environmental benefits. They also cause confusion in the industry and add to the cost of housing. Perhaps better “gate keeping” procedures would have halted some of these inefficiencies.

4. Regulation Review

HIA supports the Commission’s recommendations on legislation review. Legislation review has delivered significant benefits to the community and HIA would expect governments to complete their commitments under the original Commonwealth-State agreement. Retention of a legislation review process is essential to discourage the introduction of new anti-competitive legislation. HIA believes it is equally important to regularly audit and review existing legislation to ensure that such legislation continues to be in the public interest. To be effective, both these processes must be public, transparent and independent.

HIA would encourage governments to take a broad view of what constitutes anti-competitive legislation. Reform should be focused on encouraging competitive markets rather than just prohibiting anti-competitive conduct. Regulation can diminish competition in a market without necessarily sanctioning anti-competitive behaviour. Onerous regulatory requirements, for example, can be a barrier to entry or penalise businesses, particularly small businesses, which lack the capacity to comply. In other cases, governments may have a conflict of interest as a purchaser and as a provider of services. A case in point would be vocational education and training where State governments deliver services which, through other avenues, they also regulate. This situation creates the potential for regulation to be used to reduce private sector competition to the government provider; equally, a government’s power to set conditions for licensing can be used to create demand for services provided by other government agencies. In some jurisdictions, licensing conditions are tied to trade qualifications with independent contractors required to hold these qualifications while employees are not subject to this requirement. These arrangements distort markets and diminish competition.

5. Further Labour Market Reform

HIA supports the call by the Productivity Commission for further labour market reform, but recognises its view that the CoAG process is unlikely to be useful in progressing reform in the medium term.

HIA, in its initial submissions to the Productivity Commission, called for a proper application of the Trade Practices Act into those areas of industrial relations at both State and Federal level which went beyond the employer-employee relationship and trenched on competition and productivity. Examples cited were Certified Agreements under the **Workplace Relations Act** between unions and employers which explicitly excluded contractors from the workplace and required union approval of management decisions. In addition, State legislation (existing and proposed) contains power for industrial commissions to deem contractors to be employees and to set contract rates of remuneration.

Since that time, the High Court in the **Electrolux** case has clarified the law in this area, holding that such matters cannot be validly included in industrial agreements under the **Workplace Relations Act** as they do not pertain to the relationship between employers and employees. While the ramifications of this decision are still being worked out at the federal level, the decision left untouched the same problem which exists with State industrial relations Acts. The High Court's decision related to the extent of the Commonwealth Parliament's constitutional power to legislate over industrial disputes, limits which do not apply to state laws.

There is still an urgent requirement for National Competition Policy Principles to be applied to prevent States discriminating against contractors and attempting to prevent them competing with employees. The proposed federal Independent Contractors Act will be limited by Commonwealth constitutional power and could not apply to individual contractors dealing with other individuals within the limits of one State. National Competition Policy Principles could encourage States to fill this gap.

6. Dawson Report and Small Business Bargaining.

HIA supports the view of the Productivity Commission that the case for a notification process under the Trade Practices Act for collective bargaining by small business as an alternative to the authorisation process must rest primarily on their capacity to enhance the overall efficiency and effectiveness of the Trades Practices Act, rather than on their specific benefits for the small business sector.

HIA for some time has been drawing attention to the implications of such reforms where work is done in an industry (such as housing) by both small business contractors and by unionised employees. In such circumstances, collective bargaining by contractors is likely to lead to their assimilation by the industrial relations system. It would effectively change those contractors who primarily supply their own skill and labour from small businesses into employees, and destroy the fabric of competitive independent contracting. It would remove the existing competition amongst

businesses, and between the subcontracting system and the union EBA system. In our industry it would increase the cost of housing, and would risk delivering the housing industry into the hands of the CFMEU.

HIA again suggests that safeguards are necessary to prevent this in any legislation to give effect to collective bargaining by small businesses. HIA notes that the Productivity Commission to some extent supports this, in that it has suggested that in addressing legitimate small business concerns, 'targeted' responses that are separate from, but which complement the general provisions of the Trades Practices Act, may be valuable.

7. Consumer Protection

HIA supports the Productivity Commission's call for a broad national review into consumer protection policy and administration in Australia. HIA considers that this should be an independent review, based on National Competition Policy Principles, rather than an internal review.

HIA notes that, in the sphere of home building regulation, not all States have yet reviewed their legislation as required by the existing National Competition Policy. Queensland has had an independent review of its Building Services Act, but the result has not been (and apparently will not be) made public. South Australia had an internal review by staff of the Commissioner for Consumer Affairs, which strongly supported the existing regulatory regime in that State, but in the absence of an independent review, this conclusion remains subject to question.

HIA considers that existing State home building regulation, which is highly prescriptive in terms of contracts, deposits and cooling off periods, varies considerably from State to State, and imposes unnecessary costs on home buyers. As a major publisher of housing industry standard form contracts, widely used by builders and consumers, HIA must comply with eight separate sets of mutually incompatible contract requirements in preparing its contracts, and negotiate with eight separate administrations on details. This is a considerable cost burden. Eight different contracts also means shorter print runs and higher production costs. This all adds to the costs of the product, all of which is paid by new home buyers.

HIA also points out that States habitually fail to carry out Competition Policy reviews on new consumer protection and industry regulation legislation. A good example of this is the current NSW Home Building Bill, over which there was no industry consultation, and which deliberately disadvantages contractors as against employees.

8. VET Reforms

The Productivity Commission has noted that further reform is required in the education sector – particularly in the area of Vocational Education and Training.

Unfortunately, at this time of rising demand, the housing industry is facing an acute shortage of skilled labour. Key trades such as bricklaying, electrical and tiling are in short supply. Over the last year, 9 of the 13 key trades in the industry have become less available. Shortages are especially pronounced in some capital cities (eg. Brisbane, Adelaide and Perth) and regional areas (eg. country South Australia).

It would be wrong to dismiss the current skills shortage as just the transitional problems of an industry adjusting to escalating demand. There are also powerful structural problems at work. The workforce is ageing. It is difficult to attract and retain young people to traditional trades. While government support has prompted significant growth in training since 1996, very little of this growth has been in traditional apprenticeships.

To overcome these pressures, vocational education and training must be flexible and respond quickly to the needs of the market.

Australian vocational education and training falls far short of being such a market-driven system. The system is not meeting the needs of either trainees or employers. It is failing to attract and retain young people. More and more apprentices are not completing their qualifications – the “drop-out” rate in the building and construction sector is alarming. Employers are not receiving the skills and training options they need.

HIA believes that this failure reflects structural flaws in the system which can only be addressed through fundamental reform. The system is designed to reinforce an outdated awards structure. The emphasis on completing a full trades qualification discourages potential apprentices and raises the cost of training to employers. Training packages are inflexible and still tend to emphasise time served rather than competencies gained. The qualifications for trades varies across State jurisdictions. Entry into training is impeded by poorly developed pathways outside traditional apprenticeships.

All of these factors combine to make skilled labour more costly and less accessible than the industry needs. Unless the training system is made more responsive to the market, the skills shortage will worsen.

To its credit, the Australian Government has recognised the high economic and social cost of skills shortages. The National Skills Shortage Strategy announced in April 2004 promises some innovation in the delivery of training. During the 2004 election, the Government announced initiatives to attract and assist apprentices. The Government subsequently announced the abolition of the Australian National Training Authority. As valuable as these measures will be, there remains an urgent need to improve the quality and choice of training offered by the system. HIA does not share the confidence of the Commission that mooted reforms of the system will be sufficient to address the fundamental weaknesses in the system.

9. Conclusion and Recommendations

HIA is in broad agreement with many of the recommendations made by the Productivity Commission.

Energy and Water reform as outlined by the Commission is desirable but:

- A national review of infrastructure should be undertaken to support energy reform, including an evaluation of a nationally coordinated approach to energy infrastructure. This could be undertaken through COAG.
- COAG should give priority to developing a more effective process for achieving a national approach to greenhouse gas abatement.
- For urban water recycling efficiencies, there are significant economies to be gained by the application of water reuse principles as part of the early planning of a neighbourhood or community, particularly when

the instillation of tanks and their associated costs on individual home sites may be excessive.

- In the interests of economic efficiency and equity for future generations, greater public investment by government should be made in infrastructure which is fundamental to the operation of urban and regional development

The HIA would also make the following additional recommendations:

- The Government should guard against the unwinding of previous reforms that have strengthened National Competition Policy and help ensure that regulatory initiatives to be introduced are in the public interest. A strengthened national monitoring system is recommended.
- Retention of a public, transparent and independent legislation review process which is essential to discourage the introduction of anti-competitive legislation and ensure that existing legislation continues to be in the public interest.
- An independent review of State occupational licensing should be undertaken to ensure that these arrangements are not anti-competitive and do not discriminate against particular businesses (eg. contractors).
- National Competition Policy principles should be enforced to prevent States discriminating against contractors in terms of licensing, the commercial freedom to negotiate terms and conditions of engagement and other matters.
- A national review into consumer protection policy and administration in Australia should be undertaken, based on National Competition Policy principles.
- Vocational Education reform should be undertaken to address the fundamental weaknesses of the current system to ensure that training provision is industry driven and responsive to market trends – not based around the current inflexible traditional training packages.