

30 October 2006

Regulation Benchmarking Study  
Productivity Commission  
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Dear Sir / Madam

Thank you for the opportunity to provide a submission on the Performance Benchmarking of Australian Business Regulation.

The CRC for Construction Innovation (hereafter called *Construction Innovation*) is a national research, development and implementation centre focused on the needs of the property, design, construction and facility management sectors. *Construction Innovation* was established in 2001, and is developing key technologies, tools and management systems to improve the effectiveness of the construction industry. Further information about *Construction Innovation* and the *Construction Industry Business Environment* (CIBE) project which undertook this research can be found in Attachment A.

The focus of our submission is on the types of costs exacted on construction projects, firms and industry by the current regulatory environment. Direct costs, indirect costs and adaptation costs are discussed.

We argue that typical approaches to estimating regulatory costs, such as regulatory impact analysis, may underestimate the cumulative effect of multiple spheres of government regulation on construction projects, firms and industry. Many construction projects and firms in Australia operate across jurisdictional boundaries, and these firms experience additional costs adjusting to the requirements of multiple jurisdictions.

I trust that the attached summary of the research proves useful to your current inquiry. Consequently, it is hoped that the Productivity Commission will be able to identify the most appropriate tools for estimating costs associated with the regulatory environment of the construction industry in Australia.

Yours sincerely

Dr Keith Hampson  
**Chief Executive Officer**