



HOUSING INDUSTRY ASSOCIATION



Housing Australians



Submission to

**Department of Economic Development, Jobs, Transport and
Resources**

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1. ABOUT THE HOUSING INDUSTRY ASSOCIATION

The Housing Industry Association (HIA) is Australia's only national industry association representing the interests of the residential building industry, including new home builders, renovators, trade contractors, land developers, related building professionals, and suppliers and manufacturers of building products.

As the voice of the industry, HIA represents some 40,000 member businesses throughout Australia. The residential building industry includes land development, detached home construction, home renovations, low/medium-density housing, high-rise apartment buildings and building product manufacturing.

HIA members comprise a diversity of residential builders, including large volume builders, small to medium builders and renovators, residential developers, trade contractors, major building product manufacturers and suppliers and consultants to the industry. HIA members construct over 85 per cent of the nation's new building stock.

HIA exists to service the businesses it represents, lobby for the best possible business environment for the building industry and to encourage a responsible and quality driven, affordable residential building development industry. HIA's mission is to:

“promote policies and provide services which enhance our members’ business practices, products and profitability, consistent with the highest standards of professional and commercial conduct.”

The residential building industry is one of Australia's most dynamic, innovative and efficient service industries and is a key driver of the Australian economy. The residential building industry has a wide reach into manufacturing, supply, and retail sectors.

The aggregate residential industry contribution to the Australian economy is over \$150 billion per annum, with over one million employees in building and construction, tens of thousands of small businesses, and over 200,000 sub-contractors reliant on the industry for their livelihood.

HIA develops and advocates policy on behalf of members to further advance new home building and renovating, enabling members to provide affordable and appropriate housing to the growing Australian population. New policy is generated through a grassroots process that starts with local and regional committees before progressing to the National Policy Congress by which time it has passed through almost 1,000 sets of hands.

Policy development is supported by an ongoing process of collecting and analysing data, forecasting, and providing industry data and insights for members, the general public and on a contract basis.

The association operates offices in 23 centres around the nation providing a wide range of advocacy, business support including services and products to members, technical and compliance advice, training services, contracts and stationary, industry awards for excellence, and member only discounts on goods and services.

2. INTRODUCTION

HIA welcomes the opportunity to provide comments on the *Improving Small Business Interaction with Regulators Small Business Regulation Review (Regulatory Interaction – Construction Sector) Discussion Paper*.

HIA understands that the discussion paper is part of the Small Business Regulation Review (SBRR) project that will lead to further consultation with stakeholders.

3. GENERAL COMMENTS

It is a regular occurrence for governments to stress the importance of reducing the burden of regulation and “cutting red tape” as part of regulation review projects. Regrettably, such statements are often made contemporaneously with governments introducing new regulations that impose additional red tape and increase the costs of complying with regulation.

HIA estimates that more than 90 per cent of the residential building industry is comprised of small businesses and sole traders. The red tape and regulation burden imposed on these businesses daily is significant.

The average small business builder/principal contractor spends significant hours each week attending to paperwork and compliance obligations arising from regulatory requirements. This generally includes business, income and payroll tax compliance, training regulations that apply to apprentice employees, workplace health and safety management, occupational licensing and contract management, planning and building approval requirements.

Regulations impose cost, barriers and administrative constraints on businesses that at times can distract from the principal objective of running a profitable and growing business that has greater capacity to expand and increase their workforce. The overwhelming burden of red tape and regulation is often cited by HIA members as the number one reason they leave the industry. HIA members would prefer less regulation and red tape rather than more constraints in their business operations.

Any projects or proposals that seek to minimise the regulatory burden for small businesses in the construction sector would be welcome.

4. BUILDING INDUSTRY INTERACTIONS WITH GOVERNMENT

HIA has identified the following list of agencies that small businesses in the residential building industry may need to interact with over time and the various reasons they may need to liaise with them.

Department of Environment, Land, Water and Planning

- Land title queries
- Land use and zoning information
- Planning information

WorkSafe Victoria

- Compliance with Safe Work Method Statements
- Compliance with Occupational Health and Safety laws
- Licensing of vehicles for high risk work compliance
- Notifying the authority of high risk work
- Notifiable offences reporting requirements



Victorian Civil and Administrative Tribunal

- Building disputes
- Planning disputes

Consumer Affairs

- Assistance with contractual issues
- Providing information about building disputes through the DBDRV

Victorian Building Authority

- Complying with registration and licensing obligations
- Regulatory compliance
- Disciplinary matters
- Compliance with Continuing professional development (CPD)

Department of Treasury and Finance

- Insurance requirements
- Property taxes and other taxes through the State Revenue Office

Local Council

- Asset protection requirements
- Planning Permits and requirements
- Planning schemes & amendments

5. MULTIPLE REGULATORS

At a state level, the residential building industry is regulated by raft of legislation and regulation that is administered by multiple agencies including the Victorian Building Authority (VBA) and Consumer Affairs Victoria (CAV), the Department of Environment Water Land and Planning (DEWLP) and the Department of Justice (DOJ) through the industry's interaction with the Victorian Civil and Administrative Tribunal.

It should also be noted that the residential building industry is subject to regulation administered by agencies such as Worksafe, the Environmental Protection Agency, Energy Safe Victoria, and 79 local governments.

At a national level, members are required to provide business details to multiple agencies including the Australian Tax Office and the Australian Business Register.

HIA members express concern about having to liaise with these multiple agencies when trying to comply with their regulatory obligations, many of which overlap or duplicate requirements. A common complaint is the need to provide the same or very similar information to multiple authorities.

HIA would support seeing practical reforms implemented to address this complexity and potential duplication, such as

1. Greater collaboration between industry regulators that require similar information - such a reform would reduce the administrative time small businesses spend on providing information to regulators. An example may include unnecessary duplication of information provided to the VBA and Worksafe



when applying to become a registered building practitioner and obtaining a licence to carry out work on a building site.

2. A streamlined approach between regulators may have the benefit of reducing administrative burdens for small businesses. Implementing a system where small businesses are spared from providing duplicate information to multiple regulators will save small businesses time by minimising their reporting requirements and provide greater consistency in the information presented by small businesses and reduce the need for regulators to seek overlapping information.

In addition any policy levers implemented should focus on matters that would see an increase in the supply of housing to meet demand.

More onerous regulation in areas such as planning and building including standards for water efficiency, energy efficiency, and numerous planning overlays, can have a similar effect on the operation of a business, and more importantly the efficient supply and cost of new housing. With further policy changes likely to increase the stringency of building standards to address matters such as energy efficiency, climate change, life cycle assessment and accessibility, there will be a considerable cost impact on new housing.

Often new regulatory controls, additional red tape or increased regulation stringencies are introduced without a proven market failure having occurred. Regulatory impact statements are often inadequate, fail to demonstrate the true cost-benefit justification and ignore the flow on impact on new housing supply, the impact on the price of established housing, employment and the economy more broadly.

Here are some suggested matters that could also be considered:

3. A State Government Minister could be responsible for leading reform. Regulation reduction should be made an explicit whole of government priority. Inter-departmental overlap and reform requires a single point of oversight.
4. The performance of regulatory agencies should be subject to annual review, with simplification and reduction of administrative processes a key performance indicator.
5. Standard Regulatory Impact Statement (RIS) methods and processes (for example standard discount rates) should be adopted to all changes, major or minor, to ensure that regulatory proposals are subjected to proper scrutiny and consultation.
6. Wherever possible, there should be an expectation (and performance indicator) that new regulations will not add to the overall compliance burden on a business.
7. Regulators introducing new regulation should be obliged to withdraw existing regulations as an offset (one in – one out approach).
8. An independent post-implementation review of major business regulations should be undertaken within two years of introduction to test the accuracy of the original cost-benefit analysis and to ensure that the presumed net benefits from regulation are being achieved. The post-implementation review should report directly to the responsible Minister and the Minister responsible for regulation reform; and a copy of the review should be released to the public.
9. New regulations and standards should include sunset clauses (no more than 5 years) which trigger formal re-assessment of the appropriateness of the regulation rather than automatic renewal of the regulation.



10. The Victorian Government should introduce an accessible register of all business regulation, similar to the register of legislative instruments. Regulations not included in this register by a set date should be void.

6. SUMMARY

The Housing Industry operates in a complex regulatory environment and there is significant scope for the State Government to assist with achieving productivity gains for small and large businesses operating in this sector. There are many policy levers but more importantly many administrative processes (forms, approvals, licenses, and the like). However, with the right policy and procedural reforms, the industry could operate more efficiently.

The Victorian Government should continue to recognise the challenges small residential building businesses face when dealing with multiple regulators. HIA would like to see a closer alliance between regulators with the intent of reducing the many regulatory burdens currently experienced through greater use of online information, online lodgements, shared information across agencies and hopefully, reductions in the number of interactions our small business members need to have with Government.

HIA would be pleased to expand on any matters contained in this submission.

