

**Event:** Senate Committee Hearing on Productivity in Australia

**Date:** 22 April 2026

**Speaker:** Master Builders National Director for Policy and Legal Melissa Byrne

## Opening Statement

### E&OE

Chair and senators, thank you very much for the invitation to appear at today's hearing. Construction industry productivity is a shadow of its former self. The industry has suffered a seventh consecutive year of decline, with productivity now being 21.5 per cent lower than it was just over a decade ago.

The damage is visible right across our industry - but here are a few examples just from residential building.

Right before the pandemic, it took just under nine months to deliver a new house. By last year, the typical build time had stretched to eleven and a half months.

Delays have got even worse on the higher density side of the market. It now takes 33 months – just under 3 years – to create a new apartment.

This is in stark contrast to the 21-month build time of a decade ago.

It won't surprise anyone that longer delays magnify building costs.

The cost of building a new house is now 47 per cent more expensive than it was right before Covid.

That's for the houses that end up getting built.

There are many cases where unfavourable productivity torpedoes the financial viability of prospective housing developments. This deprives us of many of the new homes that we need so badly.

It means that a 205,000-home deficit is likely to scar the five-year term of the National Housing Accord.

All of this has occurred because of one thing: worsening productivity in our building and construction industry.

Today, the typical amount of output delivered per hour by a construction worker is 20 per cent lower than it was ten years ago.

And that was before the Crisis in the Middle East came our way.

Events over the past six weeks have thrown up a new – and very urgent – set of productivity challenges for our industry.

For our industry's 465,000 businesses to successfully navigate the current environment, we need a few things.

In an industry where fixed-price contracts are so prevalent, patience, flexibility and understanding needs to be provided by our industry's clients.

As one of our biggest clients, we ask that government engage with our industry in a collaborative and accommodative fashion when it comes to managing the cost increases arising from events outside the control of our industry.

In these uncertain times, our industry needs to be spared destabilising policy changes that do not improve productivity on worksites. Increased housing taxes through restrictions on the capital gains tax discount or negative gearing would be counterproductive.

Equally we must do more to sure up our workforce, both in terms of the domestic pipeline and skilled migrants. Without the people we need to build the houses, apartments, roads, bridges and stadium for example, we will never tackle our productivity challenge. On the flipside, tax settings can help boost productivity by magnifying the incentives for businesses to invest in plant, equipment and R&D.

Early last year, before the Middle East crisis, the Productivity Commission explored the reasons why construction industry productivity was so weak. It identified several obstacles.

One was regulation. The rules that our industry must obey are onerous and inflexible. They make it more expensive to perform work - in addition to slowing it down. Tighter regulations close off the avenues where our industry's businesses could search for breakthroughs on the innovation front.

The Productivity Commission estimates regulatory burden is costing up to \$320,000 per new house and we're even charged huge sums of money to read the rulebook. This is why Master Builders has joined with the Alliance of Industry Associations, calling on all levels of government to reduce red tape costs now and commit to a 25 per cent reduction in unnecessary regulation by 2030.

Current workplace relations settings are riddled with productivity impediments. The remit of existing competition laws needs to be revised to ensure it captures anti-competitive clauses in Enterprise Agreements, and enforcement agencies need to be empowered

and resourced accordingly to ensure bad actors engaging in monopolistic behaviour are rid from the industry.

Productivity is complicated – and it would be wrong to pretend that a silver bullet exists to cure all that ails it. However, as we outlined in our submission, we believe that our proposals offer a way forward that will benefit everyone.

Thank you for your time. We look forward to answering any questions you might have.