Final Industry Report

Constructing Building Integrity: Raising Standards Through Professionalism

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Acknowledgments

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Preface

Governments around Australia are grappling with a chronic residential apartment housing shortage—exacerbated by construction sector delays and increasing costs associated with the aftermath of the COVID-19 pandemic, extreme weather events and uncertain geopolitics. Overall, too many people are chasing too few dwellings. Central to the government response is the rapid and at-scale building of multi-storey apartment buildings—generating greater density and more vertical cities. However, a series of scandals has rocked confidence in those apartments.

Several widely reported national and sector-based reviews have highlighted concerns about the quality and, in some circumstances, habitability of new apartments. This quality problem leads to apartment owners' and occupants' distress at the frequency and scale of building defects. Coupled with quality concerns is the limited accountability and action in fixing them—undermining trust in the industry and the dwellings it produces. This is despite the involvement of numerous long standing, emerging and aspiring professions who are intimately involved in planning, designing, constructing, selling and managing residential apartment buildings—all of whom are formally committed to furthering the public good. These include architects, building designers, building surveyors/certifiers, construction managers, engineers, landscape architects, property valuers, real estate agents, strata managers and town planners.

This project has investigated whether strengthening, reforming or re-positioning professionals involved in apartment design, construction and management can contribute to better governance, higher standards and restored trust. The *Constructing Building Integrity Report* provides clear and telling insights into the tensions that exist within and between the professions in delivering much needed quality residential apartments. The identified pathways to action and recommendations will strengthen ethical and professional standards in the construction sector, increase accountability and build public trust.

Executive summary

This report presents the key findings and recommendations from the ARC Linkage Project *Constructing Building Integrity: Raising Standards through Professionalism.* This executive summary outlines the key findings and main recommendations, explaining how strengthening and better leveraging professional standards in the industry can contribute to improved quality building outcomes.

The research project addresses the need to enhance public trust within the Australian residential apartment sector and respond to escalating concerns about major defects and the quality of multi-storey (4+ or higher) apartment buildings, as outlined in the *Building Confidence Report* ('Shergold Weir Report'). Building industry professionals practice in a complex environment, highlighted by the fact that their involvement spans numerous interconnected phases, including planning, design, procurement, tendering, construction and management. This provides the relevant context to explore the 'public trust' problem through the lens of professions and their professionalism.

What we did
(Section I)

Multi-storey apartment buildings that are fit for purpose, free from major defects, and effectively managed are more likely if they are the product of robust 'integrity systems'. An 'integrity system' is an inter-linked set of ethical standards, legal regulation, economic incentives and institutions to improve accountability and governance to deliver socially desired outcomes.

Because the building industry integrity system involves many professions, we investigated the role that professionals can and do play in delivering high quality buildings. We explored how the industry professionals, and their associated frameworks and standards, support and encourage 'working together' and how they deal with problems, individually and collectively, during and after construction.

Researchers from the four participating universities examined ten residential building sector professions: architects, building designers, building surveyors/certifiers, construction managers, engineers, landscape architects, property valuers, real estate agents, strata managers and town planners.

The research was guided by four research questions mapped to four phases, including desktop review, empirical interviews, integrity system modelling and recommendation development. We conducted more than fifty interviews with individual professionals, six focus group sessions with private sector professionals and regulators in Queensland, New South Wales and Western Australia, and a Practitioner Session gathering industry and regulator feedback. We also identified the key factors and associated ethical tensions that affect professional standards in the residential apartment sector.

What we found
(Sections II, III and IV)

Project researchers mapped the overall building industry 'integrity system', and the interactions and connections between its many elements. We observed key features that made ethics and quality outcomes less likely or more likely. Researchers examined the standards, regulations and practices within each profession, and the quality of interactions and collaborations across professions. The Summary Findings table shows the key findings.
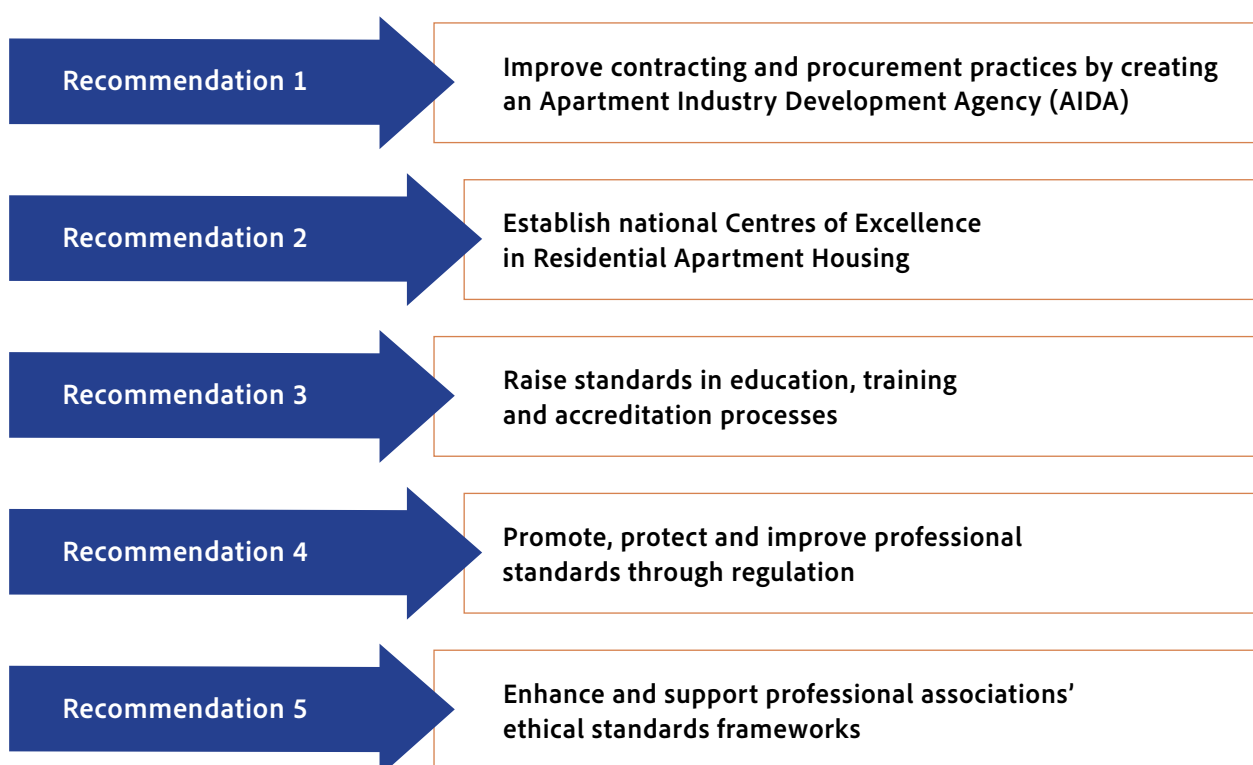
What can be done
(Section V)

The report concludes with recommendations to achieve quality outcomes for multi-storey apartment buildings and to enable better systems for remedying defects. The recommendations centre on five priority areas within the building industry's residential building sector. Each recommendation has several associated actions and responsibilities (see over page).

Additional project research, including profession-specific factsheets and scholarly publications, can be found at: **www.griffith.edu.au/law-futures-centre/institute-ethics-law-governance/construction-building-integrity**

Mapping professional standards and professionalism (Section II)	
Integrity systems	Integrity system mapping reveals a complex web of industry players (components), with varying levels of connectedness and influence.
Ethical tensions	10 common ethical tensions—including 'aggressive competition' and 'work overload'—affect the residential construction sector's level of professionalism.
Integrity enablers	10 'integrity enablers'—including professionalism and healthy business design—contribute to strong integrity systems and facilitate high quality building outcomes.
Opportunities for strengthening professional integrity systems (Section III)	
Qualifications, education and training, and professional competencies	Variability in qualification, education and training, and accreditation standards creates various ethical tensions (e.g. competence and work fragmentation) across the building sector professions.
Industry and professional associations	Professional associations can improve professionalism by having a multi-pronged focus on clients, professionals and the public interest, promoting ethical standards through practical codes of conduct, implementing robust governance processes, and advocating for their industry.
Regulatory frameworks	The efficacy of regulatory frameworks that codify professional standards and provide monitoring and oversight of industry practices varies significantly. This highlights the need for more fit-for-purpose legislation, co-regulatory arrangements that create a 'feedback loop' between regulators and professions, and harmonised statutory registration.
Addressing ethical tensions in professional interactions (Section IV)	
Professional interactions in organisational contexts	Four interactions were found to be critical in delivering quality outcomes: the professional-client relationship, the professional-principal relationship, professional interactions in employing organisations, and cross-professional collaboration.
Cross-professional collaboration	Ethical tensions arise when professionals interact with each other on projects and the resulting integrity system weaknesses can increase the likelihood of construction defects. However, collaboration between professionals promises higher quality.

Recommendation 1 → Improve contracting and procurement practices by creating an Apartment Industry Development Agency (AIDA)

Recommendation 2 → Establish national Centres of Excellence in Residential Apartment Housing

Recommendation 3 → Raise standards in education, training and accreditation processes

Recommendation 4 → Promote, protect and improve professional standards through regulation

Recommendation 5 → Enhance and support professional associations' ethical standards frameworks

I. Introduction

In 2017, a catastrophic fire in London's Grenfell Tower, caused largely by the building's polyethylene cladding material, claimed the lives of 72 people. Australia has also experienced a series of recent building disasters caused by defects, including the Bankstown apartment fire (2012), Lane Cove balcony collapse (2013), Lacrosse and Neo cladding fires in Melbourne (2014 and 2019), and Opal and Mascot Tower evacuations in Sydney (2018 and 2019).

These incidents not only raised serious questions about the ethical, professional and regulatory standards frameworks governing the building industry, but also prompted a series of inquiries and responses on how these frameworks could be strengthened (UNSW City Futures Centre, 2021). The Grenfell Tower inquiry led to the strengthening of the *Building Safety Act* 2022 (UK) with enhanced regulatory powers of enforcement and sanctions, as well as a remediation fund for the removal of unsafe building claddings. In response to the Lacrosse fire, the Victorian Government established the Victorian Cladding Taskforce, with investigations raising issues of product approval and accreditation, occupancy, and building code compliance. And in 2018, the *Building Confidence Report* (Shergold and Weir, 2018) identified a range of significant problems that were "likely to undermine public trust in the health and safety of buildings if they are not addressed in a comprehensive manner." The report presented twenty-four recommendations to improve key areas in the building industry. In response, the New South Wales Government enacted the *Design and Building Practitioners Act* 2020, with emerging evidence suggesting that this has impacted on behaviours across the construction sector.

Investigating the causes building design and construction failures and industry performance is not new—there has been a litany of royal commissions and government-led investigations both in Australia (e.g. 1992 Gyles Royal Commission) and internationally (at least seven investigations from 1944-2020 in the United Kingdom). While these investigations have produced quality recommendations and associated reforms, fundamental issues that impact professional integrity have resurfaced over time. This project therefore builds on these inquiries by looking specifically at the role that *professions* currently play—and could ideally play—in delivering high standards, good outcomes, and broad trust in the residential apartment sector. This can be done individually and collectively—as individual professionals, as members of professions and as professionals collaborating over what should be complementary disciplines. One of the project's key findings is that the sector requires—as opposed to a series of ad hoc investigations and reports—an ongoing entity (the Apartment Industry Development Agency (AIDA)) that can drive genuine change.

This research project explored:

- Professionals' goals and values, and whether their existing regulation, monitoring and ethics codes support the achievement of those goals and values.

- The interaction of professions, and how professionals function in different employing institutions.

- Whether these elements contribute to an effective residential apartment building integrity system by reinforcing each other when they are doing the right thing, and checking them when they are not.

- How standards can be raised through improvements to individual professions, their interactions and their relation to the overall building integrity system.

Methods

The research involved desk top reviews, more than fifty interviews with individual professionals, six focus group sessions with private sector professionals and regulators in Queensland, New South Wales and Western Australia, and practitioner sessions gathering industry and regulator feedback. The interview transcripts were coded to identify key themes, which were then categorised into specific factors that affect professional integrity systems across all professions in the study. Inter relationships between factors were identified and modelled as influence diagrams. This approach also drew on 'Bayesian Network Modelling', which is a quantitative probabilistic method for identifying which causal factors within a complex inter-related system offer the most promise for influencing outcomes. The resulting analysis enabled us to identify strengths and weaknesses in the integrity systems that underpin the residential apartment building sector. Section II below explains integrity systems in more detail, and provides two illustrative institutional 'maps' of the construction integrity system (**Figure 1** and **Figure 2**).

Professions and professionalism

There are several, largely overlapping, approaches to defining professions (see for example the Australian Council of Professions and Professional Standards Councils). This research project used the approach taken by the Institute for Ethics, Governance and Law. It involves:

- A *commitment* to a public good (e.g. health for doctors and justice under law for lawyers).

- A *body of skills and knowledge* to deliver that public good, developed and transmitted by its members.

- A *code of conduct* governing entry and exit from the profession in which the public good comes first, the client comes second, the profession third and the professional last.

Not all professions attain those attributes. Some are yet to develop them, some are subject to serious ethical tensions (see below) and weaker traditions to combat those tensions. Even long standing professions have problems meeting these ideal attributes. Professions lie on a continuum of the above attributes.

Within the construction sector, many professions play important roles in determining the quality, durability and life cycle of residential apartment buildings throughout the planning, design, construction, sales and management phases. These professions include: architects, building designers, building surveyors/certifiers, construction managers, engineers, landscape architects, property valuers, real estate agents, strata managers and town planners.

II. Mapping professional standards and professionalism

The project employed an integrity system approach for analysing the institutional structures governing construction industry professionals, and developed an ethical tensions framework for describing key features of the system that impacted on professional standards.

Integrity systems

Integrity systems comprise a combination of state institutions and agencies (courts, parliament, prosecutors), state watchdog agencies (industry regulators, statutory registration bodies, ombudsman, auditor general, parliamentary committees), NGOs laws, norms and incentive mechanisms. This combination of mutually supportive norms, institutions and mechanisms aims to promote the positive goal of integrity and high ethical standards, rather than the negative goal of preventing bad behaviour. The goal is to make the desired behaviour clear and easy to follow, while also making it hard and risky to do the wrong thing. It has been applied to national and sub-national governance, industries and professions. In this project they are applied to the building

industry and the various professions studied. In both cases, the relevant integrity system recognises that ethics and integrity cannot be left to individual professionals. The public good values of the profession need to be supported by ethical norms, legal regulation, economic incentives and institutional design.

To identify the strengths and weaknesses in the integrity system for building professionals, two separate maps were developed that outline the industry components that drive professionalism: a high-level map focusing on the system's core components (**Figure 1**); and a detailed map (see **Figure 2**) outlining all the integrity system components.
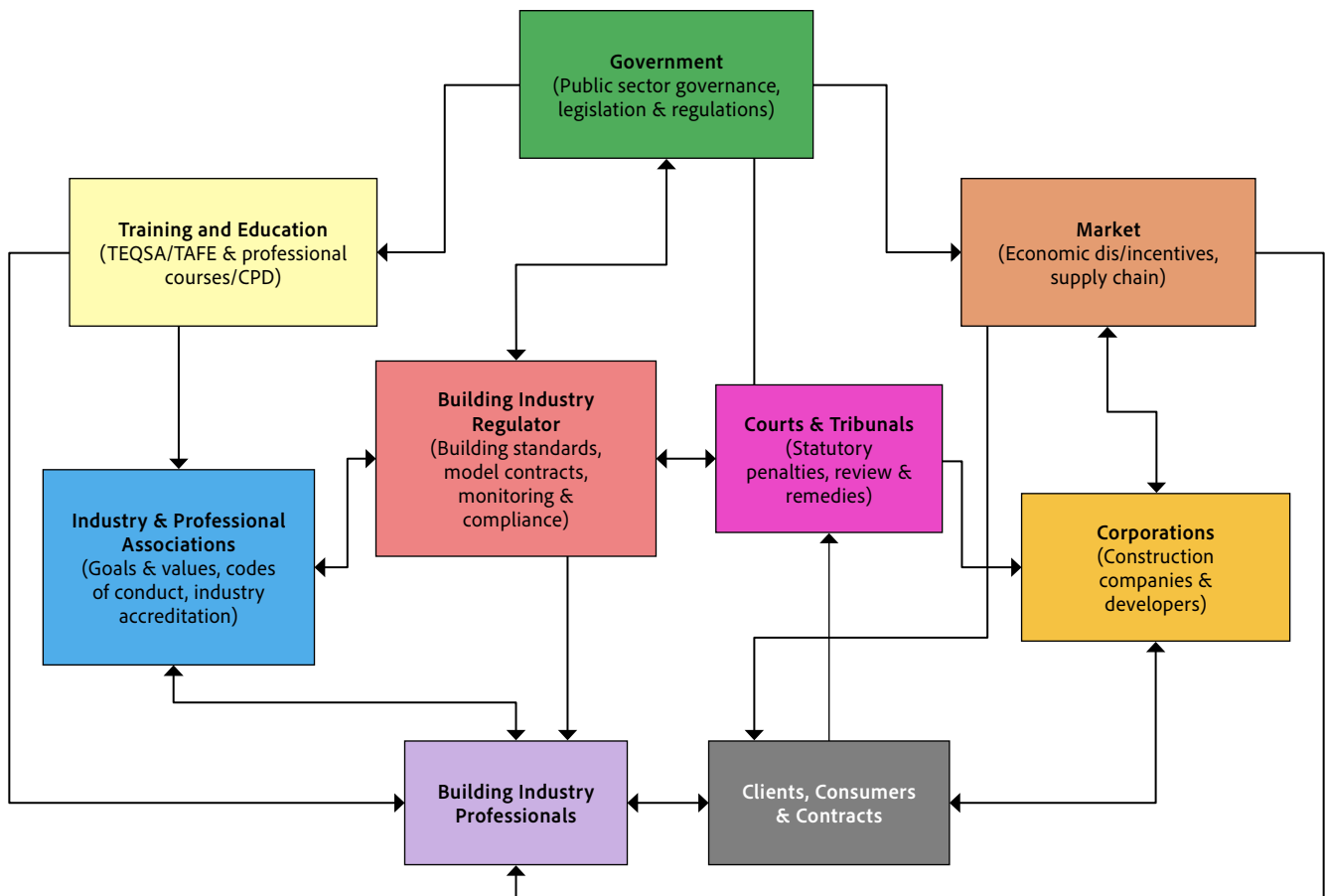

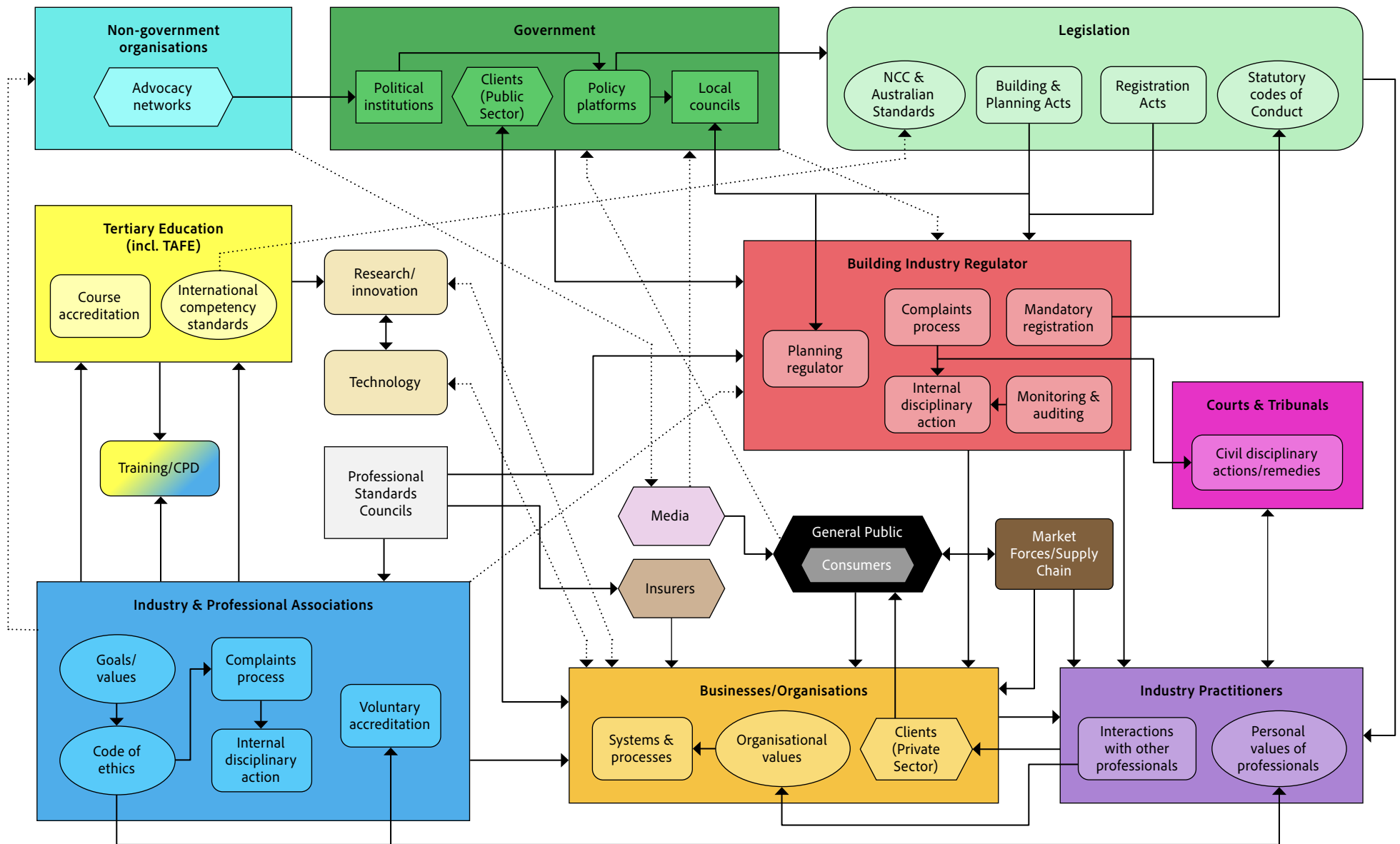**Figure 1:** High level professional integrity system map for the Building Industry

Figure 2: Detailed professional integrity system map for the Building Industry

Factors driving professional standards: *ethical tensions* and *integrity enablers*

The project found that, in the construction sector, individual professionals and their professional associations are trying hard to deliver quality, professionally sound outcomes but are being dragged down by a fractured, dysfunctional and poorly understood system that generates 'ethical tensions'. Ethical tensions between integrity system elements tend to drive professionals to ignore, minimise or shirk their professional obligations, and otherwise contribute to substandard building outcomes. An ethical tension does not guarantee a bad outcomes, but—especially if the tension is widespread, and exacerbated by other tensions—it does make bad outcomes more likely.

However, we also observed many factors that facilitate high standards and good quality outcomes. These mutually reinforcing 'integrity enablers' help professionals deliver quality outcomes to clients, end-users and the public, helping sustain professionalism and trustworthiness. Integrity enablers—especially when combined strategically—make good outcomes more likely.

TEN ETHICAL TENSIONS

In the building industry, ten key ethical tensions challenge ethical behaviour, professional standards and high-quality building outcomes.

1. Client vs. public tension: 'The client comes first!' The professional's obligations to the public good conflict with—and are made secondary to—the client's interests.

2. Professional vs. client tension: 'The abuse of trust.' The professional's obligations to the client conflict with—and become secondary to—the professional's self-interest.
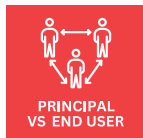
3. Principal (or employer) vs. end-user tension: 'Whoever pays the piper calls the tune.' The professional is selected, contracted, or paid by a party (the 'principal'), or is employed in a larger organisation, whose interests conflict with—and come to be prioritised over-those of their client or an end-user (e.g. the purchaser or renter of an apartment).
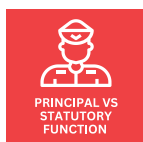
4. Principal vs. statutory function tension: 'Policing the client.' The professional is selected, contracted, or paid by a principal, whose interests conflict with—and come to be prioritised over—the professional's statutory function to officially certify or appraise the principal's work or property.
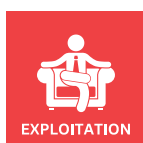
5. Exploitation tension: 'The vulnerable professional' The professional's employer or principal has interests that conflict with—and come to be prioritised over—the professional's interests (e.g. by using contracts to shift inappropriate risks or costs to the professional).

6. Aggressive competition tension: 'The race to the bottom.' The professional's work must be price-competitive, which—in a hyper-competitive market—makes performing professional obligations more difficult or even economically unsustainable.
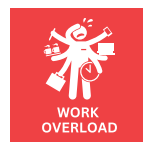
7. Work overload tension: 'The overworked professional.' The professional is overloaded with too many tasks to deliver professional-quality services.

8. Competence tension: 'The struggling professional.' The professional's education, experience and expertise are insufficient to deliver professional quality outcomes.

9. Collaboration tension: 'The siloed professional.' Multiple professionals (in the same or different professions) struggle to work together to deliver an outcome, perhaps because the task has been fragmented across several parties.

10. Problematic culture tension: 'Toxic industry culture.' The prevailing professional or industry culture is toxic, collusive, litigious, adversarial, hierarchical or permissive of ethical breaches and resistant to change.

INTEGRITY ENABLERS

Ethical behaviour, professional standards and high-quality building outcomes
are facilitated by the presence of ten integrity enablers.
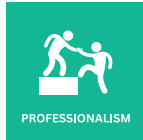
1. Professionalism and professional identity: Professionals take pride in being a professional, seeking to uphold professional obligations, interact collaboratively with other parties, and continuously develop their knowledge and skills.

2. Strong professional associations: Professional associations are powerful, proactive and visible, with active members who see their relevance and benefits, including as advocates for the profession. They are respected, providing leadership on professional standards and additional guardrails for good practice.

3. Healthy business design: Businesses that contract or employ professionals have structures, systems, formal and informal practices, business and procurement models, internal cultures and KPIs that enhance professional practice.
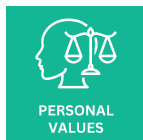
4. Personal values: Individual professionals have a strong sense of right and wrong. They act conscientiously and with responsibility, and uphold accountability.

5. Strong governance & accountability regimes: Registration, regulation and law—across individual professions and industry more broadly—are all clear, appropriate and well-enforced. They may also provide effective co-regulatory arrangements with professional associations.
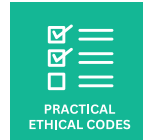
6. Practical ethical codes: Codes of ethics that are clear, detailed, appropriately enforced and applied in practice.

7. Quality education: Professionals are equipped with the skills and expertise required to perform their roles and responsibilities, are well-educated, and are committed to life-long learning.
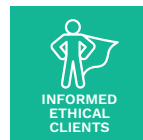
8. Informed ethical clients: Clients and end-users of apartment buildings are informed about their roles and responsibilities, and are empowered to exercise their influence to push for quality outcomes.
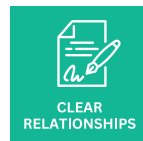
9. Clear relationships: Relationships and obligations between parties are clearly articulated. Contracting practices are well-understood by all parties and appropriately allocate risks and burdens.

10. Integration of profitability, quality and ethics: Professional practices, collaborative solutions, business models, or physical prototypes that integrate quality, ethics and profitability, making these three key goals mutually reinforcing.

Ethical tensions and integrity enablers are crucial parts of integrity systems. In terms of their *strength*, they can take stronger and weaker forms. In terms of their *scope*, they can be more or less widespread across the sector. And in terms of their *effects* on building outcomes, they can be amplified or suppressed by other integrity system elements.

For example: The 'aggressive competition' tension might be widespread (in scope), and powerful (in strength), with professionals concerned about being undercut on price. However, the tension's impacts (in effect) might be limited by the countervailing presence of key integrity enablers like professionalism and strong governance and accountability.

Strengthening the construction integrity system requires weakening and constraining the ethical tensions, and expanding and better-leveraging the integrity enablers. The project findings (Sections III-IV) provide more detailed explanations of where and how these ethical tensions and integrity enablers arise in the existing integrity system. In the final section (Section V), the project recommendations specify how integrity enablers can be expanded, strengthened, or better leveraged and ethical tensions reduced or weakened.

III. Opportunities for strengthening professional integrity systems

This section overviews the core integrity system components for the examined professions and associated ethical tensions. It provides examples and suggested actions for how these tensions can be addressed to raise ethical and professional standards, showing links to final recommendations (Section V).

Qualifications, education/training, and professional competencies

Qualification standards, education, training and continuing professional development (CPD) offerings, accreditation and licencing requirements vary considerably across the examined building sector professions (**Table 1**).

Profession	Qualification, Education & Training Standards							
	TEQSA (Bachelor Degree & Above)	International Competency Standards	PA-Accredited Degrees/Courses	Professional Ethics Courses (Curriculum Req.)	Practical Experience (hours/years)	Other Qualification Requirements	PA-driven Accreditation Programs	Annual CPD Requirements
Architects	✔	✔	✔	✔	Min 2 years/ 3300 hours	Registration Exams	✔	✔
Building Designers	O	✔	✔	✔	V	✘	✔ (voluntary)	V
Building Surveyors	✔	✘	✔	✘	3 yrs	✘	✔ (voluntary)	✔
Construction Managers	✔	✔	✔	✔	✘	✘	✔ (voluntary)	✔
Engineers	✔	✔	✔	✔	~5 yrs	✘	V	✔
Landscape Architects	✔	✘	✔	✔	2 years min (voluntary)	AILA-Entry Exam	✔ (voluntary)	✔
Property Valuers	✔	✔	✔	✔	2 years min	API-Interview	✔	✔
Real Estate Agents	✘	✘	✔	✔	✘	✘	✔	V
Strata Managers	✔	✘	✔	✔	V	V	✔ (voluntary)	V
Town Planners	✔	✘	✔	✔	✘	PA-Assessment	✔ (voluntary)	✔

Table 1: Comparison of qualification, education, and training standards (✔=YES, O=SOME/PARTIALLY, ✘=NO, V=Variable)

KEY FINDINGS

- **Table 1** shows that while most of the examined professionals require a tertiary education (bachelor and/or post-graduate degree) and additional training/CPD to become industry practitioners, the overall quality and robustness of qualification, education and training standards varies across the professions, potentially leading to competency tensions.

- As a registered profession, architects have some of the most stringent qualification, education and training standards, while real estate agents have the lowest: the average duration to attain a Certificate IV in Real Estate Practice is 12 months, but courses can range from 13 days to 24 months.

- Skills shortages and other barriers to entry to professional practice can also result in the professional being 'stretched too thin' to conduct work to a high professional standard:
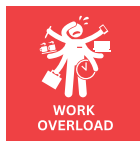
  "Some of them [certifiers] are getting a huge volume of work, so they're pushed to the absolute limit and they don't have time for some of their clients and that is very sad." **(Building Certifier)**

- Architects' critical response to the inclusion of building designers in the National Registration Framework (NRF) and NSW *Design and Building Practitioners Act* 2020 (DBP Act) also highlights existing controversies over professional competencies:

  "There is no point equating two entities that are fundamentally different. Architects have greater education and a wider set of skills. Building designers are not qualified to be architects and architects should not be identified as building designers of any level." **(NRF Discussion Paper, Response 429635139)**

- Other identified weaknesses in the training/education pipeline include: 1) lack of opportunities to undertake practice-based ethics training during and after education; and 2) the potentially negative influence of qualification standards that 'set the bar too low':

  "We've done nothing to improve the standard of our builders' registration qualifications. So there's still an AQF 4,5 and 6 and we wonder why we get the same mistakes." **(Construction Manager)**

PATHWAYS FOR ACTION

- While competence tensions arose for all examined professions (see above examples), rigorous accreditation standards, registration and CPD expectations, and active support networks have the potential to reduce the risk circumstances [see **Recommendation 3**]. However, the solution is not necessarily more regulation, but rather ensuring that professionals have access to (and develop) the right lifelong learning skills and knowledge exchange networks to identify and address competence-related shortcomings.

- These integrity system weaknesses also highlight the importance of further enhancing competence standards to develop exemplary industry standards, practices and prototypes. For example, the National Centre of Excellence was developed by Multiplex in response to the proliferation of low-quality building products arising from design and contract procurement models. To develop its Centre of Excellence, Multiplex:

  » made a deliberate decision to forgo faster, cheaper construction and recommit to a certain level of quality after determining that while they were initially saving, they wound up spending more on repairs (90-95% of projects)
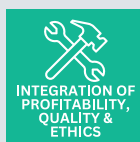
  » became strategic about partnering with clients who sought quality as well

  » traced five common sources of errors before beginning the process of building quality prototypes

  » brought together disparate standards and began showcasing these prototypes to the supply chain.

- This case study shows that market leaders, specifically construction companies, have power in the integrity system and can significantly influence ethics through practices. Market leaders can accommodate profit, quality and ethics, which are not necessarily mutually exclusive. The case study also lays the groundwork for larger Centres of Excellence that could potentially emerge from multi-stakeholder collaboration, while the existing successful model can be used as the basis to develop a Centre of Excellence for the residential apartment sector that is operating at a coordinated national level [see **Recommendation 2**].

COMPETENCE

WORK OVERLOAD

QUALITY EDUCATION

INTEGRATION OF PROFITABILITY, QUALITY & ETHICS

STRONG GOVERNANCE & ACCOUNTABILITY

Industry and Professional Associations

Table 2 summarises peak professional associations' goals and values, codes of conduct, ethics, accreditation standards, governance processes and policies, and accountability mechanisms of peak professional associations.

Profession	Industry/Professional Associations									
	Promotion of Ethical Standards on Professional Association Website	Detailed Professional Code of Conduct/Ethics (15+ Ethical Values)	Emphasis on Education, Training & CPD	Monitoring & Compliance Policies/Processes	Complaints Handling Policies/Processes	Lobbying/Advocacy	Equity/Diversity Policies	Risk Management Policies	Compulsory Professional Indemnity Insurance	Professional Association-driven accreditation & registration programs
Architects	✔	✔	✔	✔	✔	✔	✔	✖	✔	✔
Building Designers	O	✖	✔	✖	✖	✔	✖	✖	✔	✔
Building Surveyors	O	✔	✔	✔	✔	✔	✔	✖	✔	✔ (voluntary)
Construction Managers	✔	O	✔	O	O	✔	O	✔	✔	✔ (voluntary)
Engineers	O	✔	✔	✔	✔	✔	✔	✔	✔	✔
Landscape Architects	✔	✔	✔	✔	✔	✔	✔	✔	✖	✔ (voluntary)
Property Valuers	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Real Estate Agents	O	✖	✔	✖	✔	✔	✖	✖	✔	✔
Strata Managers	✔	✔	✔	✔	✔	✔	✖	V	✔	✔
Town Planners	O	✔	✔	✔	✔	✔	✔	✖	✖	✔ (voluntary)

Table 2: Comparison of Industry/Professional Associations (✔=YES, **O**=SOME/PARTIALLY, ✖=NO, **V**=Variable)

KEY FINDINGS

- Some industry associations focus primarily on providing education, training and networking. Others give greater prominence to ethical and professional standards, with a multi-pronged focus on professionals, clients and the public interest (e.g. Australian Property Institute (API), Australian Institute of Landscape Architects (AILA), Royal Institution of Chartered Surveyors (RICS)).

- Professional codes of conduct/ethics often do not appear to play a significant role in construction professionals' ethical decision-making due to multiple integrity system weaknesses:

> *"I think it's probably to do with competing for jobs, and earning income, in a sector [where] builders are going bankrupt... I think in that kind of environment, professional codes are probably seen by people to be a bit of a luxury that they can't afford to be bound by, or they're just not looking at it because they're just looking at the bottom line."* **(Architect)**

AGGRESSIVE COMPETITION

- There was also a lack of consistency and level of detail in professional codes of conduct/ethics. The research found that around 70% of peak national professional bodies' codes were 'detailed' in that they covered 15+ ethical values and professional standards. However, only some of these codes contained sub-sections or offered case studies and practical guidance on how these provisions can inform professionals' ethical decision-making.

- Some interviewees highlighted their profession's tenuous status and the resulting ambiguity as far as professionalisation was concerned. Construction managers commented that "building isn't recognised as a true profession," while landscape architects similarly grappled with the various challenges arising from their profile as a largely unregulated profession. Interviewees also noted that the public is largely uninformed about what construction professions do and that their perspectives are often based on prevailing stereotypes (e.g. building surveyors are seen as 'hurdles' to project completion):


PROBLEMATIC CULTURE

> *"We're often the public face of the built environment but we don't have the agency in terms of how that built environment was delivered and that's where I think the breakdown in trust has occurred. People don't understand how little a role we play."* **(Architect)**

- The relative invisibility of some professions also exacerbates skills shortages. Property valuer interviewees stated that the number of replacement graduates has not kept pace with demand, while building surveyor interviewees similarly noted that it is common for them to work in other sectors of the building industry before transitioning into building surveying as a career change.

PATHWAYS FOR ACTION

- The research suggests (1) more effective promotion of ethical values and professional standards by professional associations, (2) enhancing the practical utility of professional codes of conduct, and (3) greater engagement with regulators to develop more effective co-regulatory arrangements with professional associations [see **Recommendation 5**].

STRONG PROFESSIONAL ASSOCIATIONS

- The *Royal Institution of Chartered Surveyors (RICS) Rules of Conduct* is a good example of a professional code that has both ethical and practical applications. In February 2022, the rules

PRACTICAL ETHICAL CODES
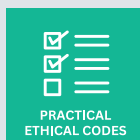
were updated in direct consultation with RICS members to "help the global profession respond to new risks and opportunities." The new code: (1) provides clear examples to help support members' professionalism, including 12 case studies that show the rules' real-life application; (2) has an increased focus on respect, diversity and inclusion; (3) acknowledges the evolving use of data and technology and the associated benefits and risks; and (4) tackles global challenges, including creating sustainable development and climate change. RICS also has a range of additional ethical guidance documents, including an Ethics Decision Tree and FAQs that clarify ethical and professional responsibilities.

Regulatory frameworks

Table 3 provides a broad-brush overview of the regulatory framework within which construction professionals operate (in NSW, QLD, VIC and WA as well as nationally).

Profession	Extent to which profession is regulated (low/medium/high)	Regulatory Frameworks						
		Profession-Specific Acts/Regulations	Statutory Codes of Professional Conduct	Statutory Registration/ Licencing Requirements	Statutory Penalties for Professional Misconduct	Civil Disciplinary Actions/Remedies	Profession-Specific Statutory Authorities	Professional Standards Scheme (Current)
Architects	High	✔	✔	✔	✔	✔	✔	✘
Building Designers	Medium	NSW	NSW	QLD, NSW, VIC	✔	✔	✘	✘
Building Surveyors	High	✘	✔	✔	✔	✔	✘	AIBS
Construction Managers	Medium	O	O	✔	✔	✔	✔	✘
Engineers	High	QLD, VIC	✔	✔	✔	✔	QLD	✘
Landscape Architects	Low	✘	✘	✘	✘	✘	✘	✘
Property Valuers	High	QLD, WA	QLD, WA	QLD, WA	✔	✔	✔	APIV
Real Estate Agents	High	✔	✔	✔	✔	✔	✘	✘
Strata Managers	Medium/Low	✘	✔	NSW, WA	✔	✔	V	(SCA NSW)
Town Planners	Medium/Low	O	✘	✘	O	✔	✔	✘

Table 3: Comparison of Regulatory Frameworks across professions (✔=YES, **O**=SOME/PARTIALLY, ✘=NO, **V**=Variable)

KEY FINDINGS

- Architects and real estate agents are the most highly regulated professions, followed by building surveyors, engineers and property valuers. While the property valuation profession has started to retreat from statutory registration in state jurisdictions, its robust co-regulatory arrangements with professional associations (API, Australian Valuers Institute and RICS) and additional regulatory mechanisms support its status as a highly regulated profession.

- Most of the established professions (e.g. architects, engineers) have profession-specific acts/regulations, statutory codes of conduct, and statutory registration requirements. Newer and emerging professions (e.g. town planners, landscape architects, building designers and construction managers) do not. However, enhanced statutory regulation of professions does not necessarily lead to higher professional standards. For example, while the real estate industry is governed by a seemingly robust framework of real property legislation and statutory codes of conduct, with compliance/complaints handled by non-statutory consumer watchdogs, public confidence in the profession remains low.

- Some professionals viewed the regulatory frameworks governing their professions as either insufficient or too heavy-handed; at times hindering, rather than raising, professional standards. For construction managers, the potential benefits of regulations were often seen to be hampered by a lack of appropriateness and enforceability because (1) their implementation and influence is laden with complexities, (2) they are not timely, (3) they reflect too much (or too little) detail, and/or (4) they are not crafted in ways that target appropriate stakeholders. Some focus group participants also felt that regulators were out of touch with their needs:

  "Now the regulators are looking at it saying, well the

STRONG GOVERNANCE & ACCOUNTABILITY

problem is it's around more strength, around licensing. It's not. It's got nothing to do with that… You've got to get back to actually allowing [the] right people, the right time, the right lane, the right processes to do it, free of commercial swaying." *(Civil Contractor)*

- Interviewees and focus group session participants also noted that a desirable 'feedback loop' between regulators, professional associations/professions and individual practitioners was often lacking, resulting in regulatory frameworks that are not fit for purpose:

  "developers will say that construction and government is critical [but] I do think it's not a good relationship... it should be a lot more about partnering than what it is." **(Property Valuer)**

- Another identified issue is the lack of coherence/consistency in statutory registration and licensing across state jurisdictions. The *Building Confidence Report* recommended registration of all key building professions and the *National Registration Framework* provides a coherent basis to help states and territories to implement this recommendation. Despite this, registration requirements continue to vary from state to state. Similarly, there are overlapping 'general rules of conduct' and specific rules for strata managers under state legislation and regulations, while there are also different requirements for strata managers to practice in each jurisdiction.

- Out of the ten examined professions, three professional associations (API, Australian Institute of Building Surveyors (AIBS), and Strata Community Association NSW (SCA NSW)) currently have Professional Standards Schemes. These schemes are legally binding instruments approved by the Professional Standards Councils that cap members' liability. Schemes can play an important role in raising professions' integrity by ensuring that a professional association has appropriate standards and processes in place, and in providing economic incentives for compliance. At the same time, new integrity system elements need flexibility to operate constructively in different institutional settings. This raises the possibility that schemes might in future allow greater flexibility in order to work effectively alongside pre-existing integrity elements.

- Professionals that exercise a statutory function (e.g. building surveyors) have a prescribed duty to act in the public interest in enforcing building compliance. This can create a 'principal versus statutory function tension', when this role conflicts with their clients' interests and, for that reason, the professionals' subsequent commercial interests. Stringent regulatory controls can mitigate this tension, but only to the extent of prescribing minimum standards if additional monitoring and compliance mechanisms are not present across the integrity system:


  PRINCIPAL VS STATUTORY FUNCTION

  "Most people will try to do the right thing, but as they see others getting away with something it makes it easier to accept a lower level." **(Building Surveyor)**

PATHWAYS FOR ACTION

- Comprehensive registration of the key building professions will provide a strong basis for improving professional standards. This should be established on the basis of the *National Registration Framework* (NRF).

  STRONG GOVERNANCE & ACCOUNTABILITY

- In addition to establishing better communication pathways between regulators and professions to develop fit-for-purpose regulations, more effective co-regulatory arrangements between professional associations and regulators should be implemented [see **Recommendation 4**].

- The 'lowest cost, lowest quality' paradigm that dominates the building industry continues to have significant adverse effects on professionalism and contributes to a potentially irreversible 'race to the bottom'. To address these

  INTEGRATION OF PROFITABILITY, QUALITY & ETHICS

  ethical tensions and integrity system weaknesses, we advocate for the establishment of an Apartment Industry Development Agency (AIDA) that will be responsible for providing workable solutions to the fragmentation and complexity of the procurement and contracting environment in the residential apartment building sector [see **Recommendation 1**].
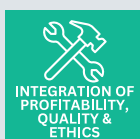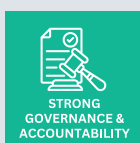
- Engineers Australia (EA) is a good example of a professional association that has an effective co-regulatory arrangement in place. When statutory registration was introduced for engineers, state and territory governments adopted EA's standards for qualifications, experience and competence. To be registered in Queensland, engineers must first have their qualifications and experience assessed by an approved professional association, or 'assessment entity'. Victoria, Western Australia and the Australian Capital Territory have also adopted this co-regulatory model to register engineers.

  STRONG PROFESSIONAL ASSOCIATIONS
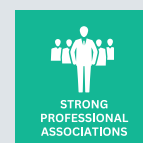
IV. Addressing ethical tensions in professional interactions

Building industry professionals interact with a wide range of industry stakeholders during the planning, design, building and sales and management phases of a residential apartment building. For example, construction managers interact with 18 different actors across the residential apartment housing supply chain (see **Figure 3**):
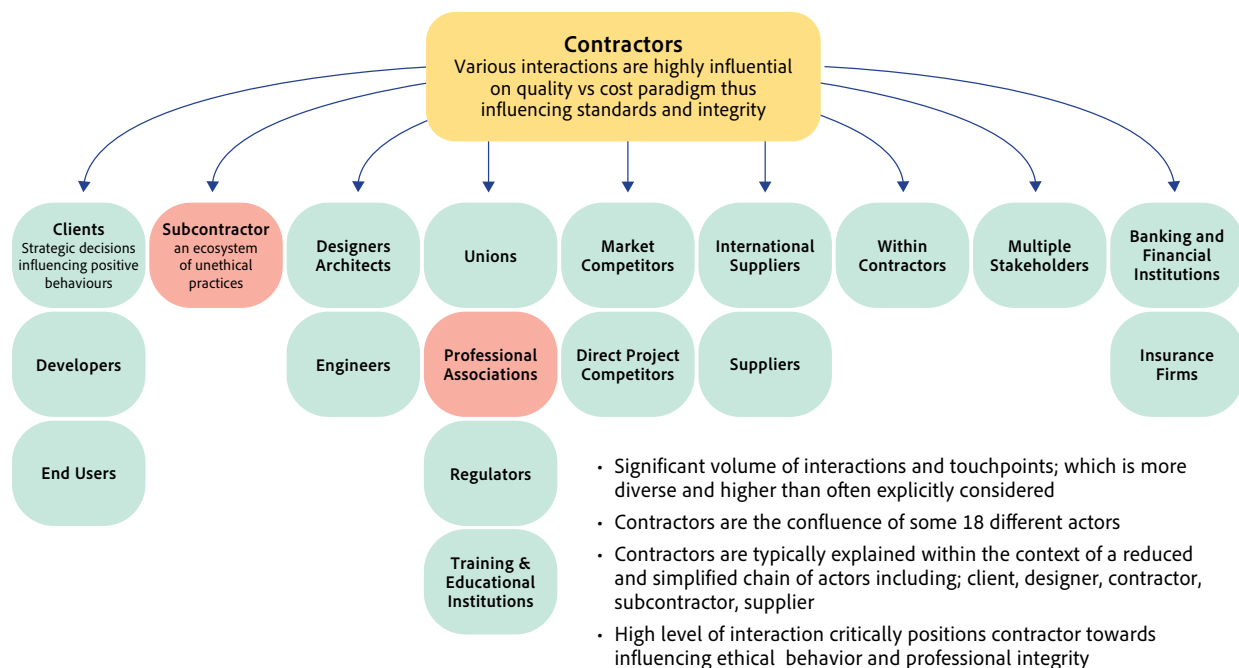

Figure 3: Construction manager interactions in the residential apartment housing supply chain

- Strata managers can also be subject to an extraordinary array of ethical tensions, where the professional has obligations to one party, but another party has power to pressure them to shirk or read down these obligations. The 'principal versus end-user tension' arises when the obligations owed to the owners corporation (the end-user) clash with the interests of a building developer who initially hired the strata manager (the 'principal'). The strata manager might avoid taking action (or avoid recommending that the owners corporation takes action) against the developer to remedy building defects to protect their relationship with the developer and contracts for future projects.
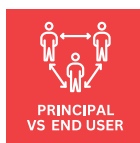
- A similar tension arises when the strata manager is instructed by the strata committee to do something that is not in the best interests of the owners corporation or the unit owners. In such cases, the strata manager has little incentive to resist the committee in defence of the owners' collective interests.

- A 'client versus public tension' arises when the owners corporation is legally obliged to maintain the property by remedying defects but is unwilling to do so because of costs involved, or uncertainty about the best course of action. In this case, the strata managers must balance obligations to the public (and to potential future owners) against the client's (the owners corporation) wishes. Strata managers appointed by a tribunal to get a dysfunctional scheme in order experience this tension acutely, having to 'police' their own client—a 'principal versus statutory function tension'.
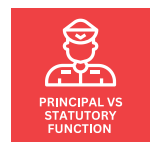
Professional-client relationship

- The research identified a range of ethical challenges during professional interactions with clients, with the most prominent being that professionals often felt pressured by clients to complete building works as quickly and cost-efficiently as possible.

- For construction managers, this tension can occur when they are caught between a client whose interest is in efficiency/ cost minimisation at the expense of quality, and the public (or more specifically a homeowner) whose interest is in quality fit-for-purpose dwellings. Ethical tensions can also arise in this context when architects advise clients to appoint particular firms or contractors (e.g. engineers or builders) because the architects trust these professionals and believe they can deliver a quality outcome. Such 'cooperative ecosystems' are, however, potentially open to perceptions of collusion and inducement which might be contrary to the client's interests.

PRINCIPAL VS END USER

PROFESSIONAL VS CLIENT
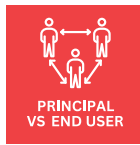
PATHWAYS FOR ACTION

Government can help address many of the tensions associated with clients and principals by leveraging its potentially significant role as a key market actor.

INFORMED ETHICAL CLIENTS
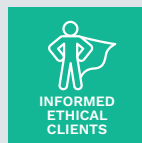
- As a major potential public client (for example in public housing), governments have a prime opportunity to drive higher industry standards by being a model client, using their market influence to redefine tendering criteria and practices, prioritise professional standards, and drive high-quality building outcomes.

Professional-principal relationship

- Ethical tensions can also arise when principals exploit their powers over professionals, including (1) exploitation/ work overload when working on construction projects with tight budgets or with construction companies that need to maintain their profit margins to remain competitive, (2) pressure to prioritise efficiency over quality, and (3) a power imbalance that favours principals and increases scope for them to compel professionals to act in an unethical manner:

EXPLOITATION

> *"there's traditionally been a history of developers putting a really hard word on Valuers to actually achieve a certain value on the valuation amount so that their deal goes through."* (Property Valuer)

PRINCIPAL VS END USER
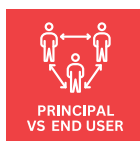
- Principals such as construction managers may view subcontractors as only 'quasi' professionals, leading them to downplay professional obligations. The largely commission-based real estate industry similarly provides fertile ground for exploitation. The resulting employment precarity and financial uncertainty renders affected professionals less likely to prioritise ethical and professional standards over the interests of principals/employing organisations.

Professional interactions in employing organisations

- The research found that the company structures and commercial drivers of larger firms/multi-profession companies can negatively influence the extent to which a professional can engage in independent ethical decision-making. Interviewees spoke at length about the tensions that can arise when construction firms pressure employees to act in ways that sacrifice quality and ethical integrity for the sake of short-term profitability and survival:

> *"[in] a lot of scenarios and development of a larger business that I've undertaken, if you allow the financial goals to dictate how you should treat clients, the outcomes go downhill from there."* (Building Designer)

Cross-professional collaboration

- Across all professions, a leading cause of building defects that do not become apparent until completion and handover is a lack of effective collaboration between different construction professions, especially during the design and construction phase of a residential apartment building.

- The often fragmented and decentralised nature of construction projects also creates various integrity system weaknesses at different stages in constructing a residential apartment building. **Figure 4** highlights these weaknesses within an illustrative simplified procurement model.

COLLABORATION

- Key collaborative challenges include: (1) lack of on-site coordination by building principals (e.g. developers), (2) lack of clearly delineated lines of responsibility, impeding construction professionals' ability to complete and follow up on building works, (3) lack of knowledge exchange between different professionals working on a project, (4) diminished roles and responsibilities of established professions (e.g. architects) due to the introduction of emerging professions, and (5) uncertainties regarding the competencies of other professionals.

- These weaknesses significantly impact on construction professionals' ethical and professional standards:

> *"the clear enunciation [and] agreement of values [often doesn't] happen in practice. People have different agendas. Some people are very competitive and self-serving [and] hold information and people tightly and don't want to cooperate."* (Town Planner)

> *"You have to take it on faith, when you're working in teams, that everybody knows what they're doing … In construction, nobody controls all of it. We're just a slice in the process."* (Building Surveyor)

POTENTIAL INTEGRITY SYSTEM WEAKNESSES

Phase 1
Planning

Phase 2
Building Design

Phase 3
Construction

Phase 4
Sales & management of apartment building

- **Hyper-competitiveness and/or cost undercutting** ('too much steel doesn't win the job').

- **Triple bottom line considerations may not be fully considered in planning schemes**.

- **Constraints may be manipulated/circumvented by developers** (e.g. corruption).

- **Final product fails to reach the standards of initial development proposal** due to a variety of factors (financial, supply chain, time constraints etc).

- **Commercial drivers can prioritise cost and efficiency over quality**.

- **Contractual models and timeframes limit effective collaboration** between designers (designers are 'siloed', or marginalised by developers' contract choices or cutting corners/costs).

- **Conflicts between design professions, builders and developers** (about costs, risk management and level of oversight available for designers).

- **Delays in approvals and implementing planning schemes** (caused by overload, lack of resources, complex and conflicting goals or policies).

- **Supply chain issues/workforce shortages/intervening events out of developer's control** (e.g. Covid pandemic), lack of on-site coordination and documentation.

- **Conflicts arising from multiple professions undertaking project management roles, including** exacerbated by communication/documentation issues (e.g. **lack of clear audit trail** of completed/in-progress works) and **ineffective handover strategies** that increase the risk of unidentified defects.

- **Certifiers being spread too thin and** unable **to conduct thorough inspections**.

- **Lack of independent inspections in some states**.

- **Pressure on certifiers to sign off on project**.

- **Failure to involve contractors during early project stages** leading to missed opportunities to obtain valuable input on design and methodology.

- **Pressure to manipulate valuation figure to maximise profits for clients or principals** ('write figures for payment').

- **Issues arising from unethical real estate practices**.

- **Developers exploiting relationship with strata managers to delay dealing with building defects**.

- **Challenges in identifying original source/responsibility for building defects** due to a variety of factors (builder/developer no longer operational e.g. phoenix companies, certifiers blamed for defects as the most 'visible' profession in the construction project supply chain etc).
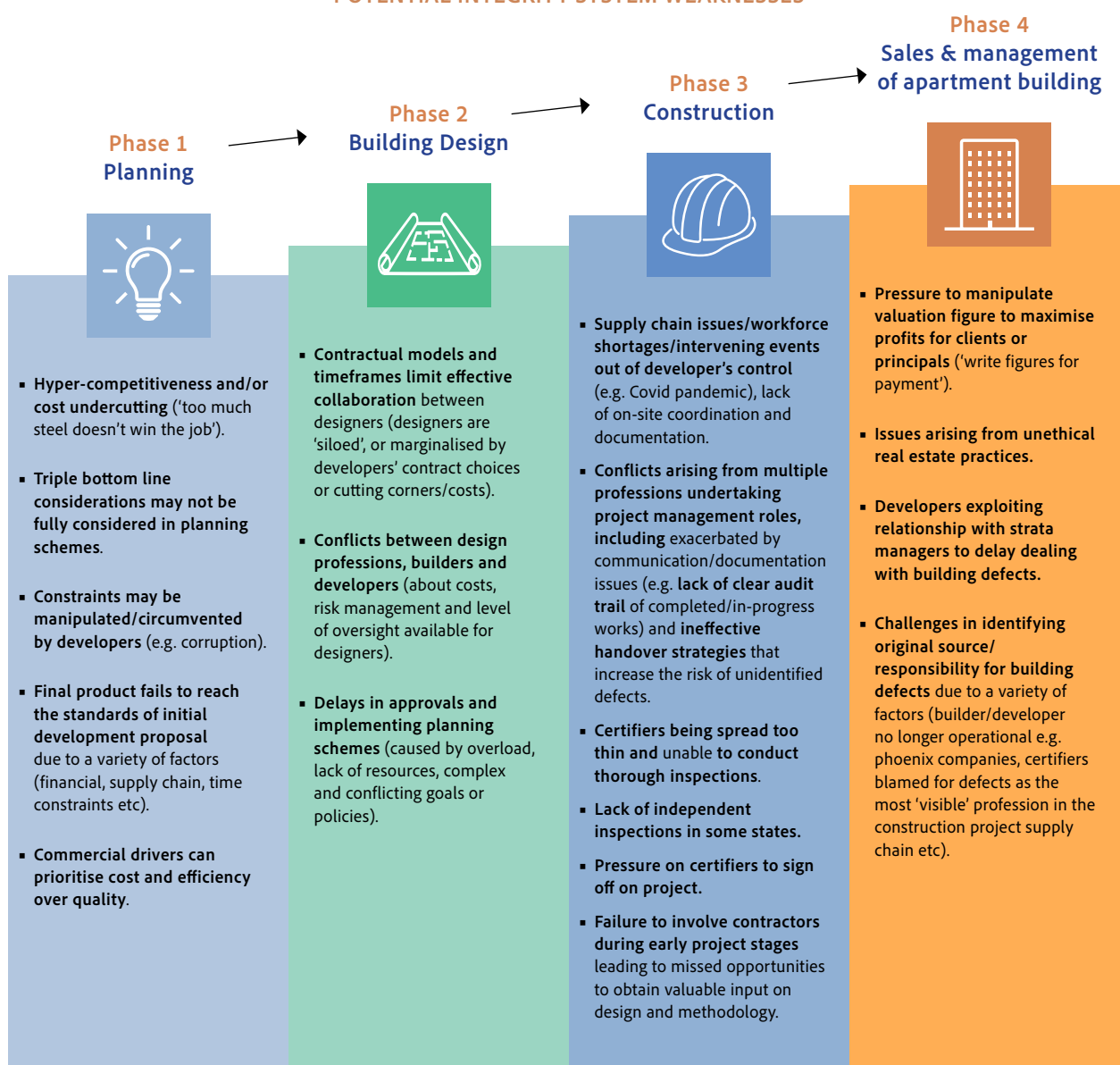
Figure 4: Potential integrity system weaknesses during the construction of residential apartment buildings

V. Raising professional standards in the building industry

Individual professionals, professional associations and regulators can act to rebuild trust and confidence in the building industry. The recommendations have been developed with the understanding that improved trust can best be achieved if the integrity systems for each profession and the building industry as a whole are improved by strengthening *all* components and interactions. As such, the report offers both global recommendations that provide holistic approaches to raising professional and ethical integrity in the residential apartment sector, and specific recommendations that outline what actions should be taken, and how they should be achieved.

1. Improve contracting and procurement practices by creating an Apartment Industry Development Agency (AIDA)

Recommendation 1 centres on the establishment of a fixed term government agency focusing on the development of residential apartment buildings. The proposed AIDA will address the increased fragmentation and complexity of the procurement and contracting environment for commercial buildings in recent decades by undertaking similar roles and responsibilities to the previous Construction Industry Development Agency (1991) for the multi-storey, strata-titled apartment sector.

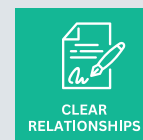| Recommendation 1	
What	■ An Apartment Industry Development Agency should be created to identify and document best-practice procurement guides and draft standard form contracts for key relationships.
Why	■ There is currently no national body developing best practice procurement and contracting practices to produce quality, defect-free apartments. The abovementioned fragmentation has resulted in a much more complicated contractual environment which has been made worse by the proliferation of bespoke contracts written to shift risk onto other parties regardless of how well they are able to manage them.
Who	■ The Commonwealth Government should set up the Apartment Industry Development Agency.
How	**1.1 Improving the procurement and contracting environment**
	■ AIDA will fulfil its function by: » developing best practice procurement and contracting practice, including standard-form contracts for the key relationships » showcasing the integration of residential apartment housing strategy, legislative and procurement instruments, and tendering criteria » providing effective risk management and reform tools that must be used when delivering government funded residential apartment housing.
	1.2 Promoting more effective contracting practices
	■ AIDA can promote contracting practices that discourage aggressive competition and risk avoidance, and promote more collaborative and equitable contracting practices by: » clarifying roles based on clear understanding of design and documentation, construction and commissioning, and operation and maintenance » providing relevant stakeholders with a clear set of rules to abide by and ensuring that each party is subject to appropriate corresponding obligations » enabling Governments to mandate the use of standard form contracts to help balance asymmetric relationships, such as between unit buyers and developers.

Recommendation 1	
How	▪ The types of standard form contracts that may be developed include:
	» consultant engagement conditions of contract for use between developers and design consultants for the various stages of design development and documentation
	» design-and-construct conditions of contract for use between developers and builders
	» matching subcontract conditions of contract for use between builders and key subcontractors
	» certifier conditions of contract for use between building surveyors (and other certifiers) and principals who engage them to do a statutory role
	» strata management conditions of contract for use between the strata corporation and a strata manager
	» facilities management conditions of contract for use between the strata corporation and a building or facilities manager.
	1.2 Client leadership best practice training program through AIDA
	▪ AIDA will also have a range of additional functions, such as:
	» Creating a national professional development program, including training programs and a suite of resources that incorporate ethical matrices and trustworthiness indexes (similar in theme to the **iCIRT star rating system**) for public and private sector clients (developers) aimed at best practice leadership behaviours
	» developing benchmarks for global best practice in client behaviours.

Fair, standard-form contracts and procurement guides developed by AIDA will clarify government policies and legal relationships, reduce the aggressive competition, collaboration, exploitation, and problematic culture ethical tensions and enhance the healthy business design, informed ethical clients, clear relationships, and integration of profitability, quality and ethics integrity enablers.

CLEAR
RELATIONSHIPS

2. Establish national Centres of Excellence in Residential Apartment Housing

Recommendation 2 is derived from the case study of a company (Multiplex) that decided to move away from design and contract models to focus on developing quality prototypes for building components and materials.

	Recommendation 2
What	- A Centre of Excellence is a mechanism for developers, designers, builders, suppliers and building managers to work together to: » incorporate exemplary planning and development practices and supply chain integration » develop physical prototypes that exemplify quality technical designs and construction methods and resolve conflicts in standards » integrate design and construction principles to resolve constructability challenges » underpin prototypes with sound business models and professional integrity principles.
Why	Business models that underpin quality residential apartment housing outcomes demonstrate that profit, quality and ethics are mutually reinforcing. This may be particularly important in modular housing.
Who	- The Commonwealth Government, in partnership with state and territory governments, will establish a national network of collaborative Centres of Excellence in Residential Apartment Housing. - State and territory governments, supported by Commonwealth government, will identify leading actors (a supply chain comprising developers, construction managers, consultants, contractors, architects, engineers, subcontractors, system/components and materials suppliers) OR the supply chain can self-nominate. - The Centre of Excellence in Residential Apartment Housing will also involve other key stakeholders such as professional and industry associations, trade and university educators, unions and regulators. The leading developer in each state or territory and their key industry partners should establish a Centre of Excellence based on best practice apartment planning, design, construction, sales and management processes.
How	- The steps taken by Multiplex are an exemplar of effective action to raise professional standards and reduce building defects (see Section III). - The supply chain (supported and incentivised by government) will define quality construction methods, based on their own apartment planning, design, construction, sales and management processes. - Initial focus will be on the integration of design and construction for detailed design quality, uncovering and resolving conflicts between work functions and between standards, leading to prototypes that address constructability challenges in priority areas (e.g. waterproofing). - Prototypes will be developed to underpin sound business models and professional integrity principles. - Later, lessons will cascade to education, training programs, tendering criteria of public/ private clients, then *regulation*.

National Centres of Excellence in Residential Apartment Housing will encourage industry practitioner and business organisation outputs, including quality prototypes and sound business models, reduce aggressive competition, problematic culture, collaboration, and competence ethical tensions, and strengthen healthy business design, informed ethical clients, clear relationships and integration of profitability, quality and ethics integrity enablers.

INTEGRATION OF PROFITABILITY, QUALITY & ETHICS
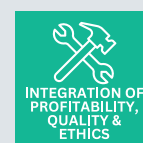
3. Raise standards in education, accreditation and registration processes

Recommendation 3 focuses on the development of more stringent qualification standards and additional mechanisms to enhance the visibility of professional ethics in education and training processes

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Recommendation 3	
What	▪ Education standards and practices should be raised for several professions. ▪ Education providers, training institutes and regulatory authorities in state and Territory jurisdictions should more effectively align their skills and training to particular building types.
Why	▪ The research identified variations in the education, accreditation/licensing, registration and training/CPD standards of the examined professions. ▪ The level of education and training plays a crucial role in driving high ethical and professional standards, as exemplified by real estate agents who are highly regulated but have little public trust due to low qualification/entry thresholds. ▪ Improved education can reduce the number of design-related building failures nationally and address the volume of disputes and claims of negligence associated with building professionals working on projects which are beyond their experience and training.
Who	▪ Education providers, professional associations and regulators should improve education and training pathways and practices.
How	**3.1 Education and qualifications**

	▪ Education and Training providers can enhance ethical standards by:
	  » providing mandatory courses on professional ethics as part of the qualification process (tertiary degrees, industry courses etc) that also provide practical advice on how to deal with ethical dilemmas in various contexts
	  » develop joint ethics courses for postgraduate professional masters
	  » mandating higher entry requirements and/or longer course durations to ensure that they (1) cover all relevant skill and knowledge expectations for some professions, and (2) are more commensurate with the expected competence standards for their industry.
	▪ Professional associations that accredit courses should review the ethics components to ensure that they meet or exceed nationally agreed standards.
	▪ Regulators can also improve competence standards by:
	  » stipulating minimum qualification requirements in profession-specific Acts, Regulations and statutory codes of conduct.

	3.2 Accreditation, registration and licencing

	▪ Professional associations should:
	  » strengthen voluntary professional accreditation programs to allow robust co-regulatory mechanisms to enhance their efficacy and enforceability (e.g. API and property valuers, Engineers Australia and professional engineers).
	  » Regulators can also do more to address integrity system weaknesses in statutory registration regimes by:
	  » providing registration authorities with additional education/training on professional ethics to enable them to integrate them more effectively into registration processes
	  » improving the 'teeth' of professional standards by introducing statutory registration for key professions with the understanding that it will be most effective if it is underpinned by a co-regulatory framework that works off the strengths of government regulators (enforcement capabilities) and professional associations (professional knowledge and standards).

How	**3.3 Continuing professional development (CPD) and lifelong learning**

	▪ Professional Associations have a key role to play in raising professional competence standards by:
	  » making annual CPD a compulsory requirement for ongoing membership
	  » incorporating ongoing ethics training (e.g. modules, risk management training) into their annual CPD requirements
	  » promoting the use of technology and digitised building practices (e.g. Building Information Modelling and Artificial Intelligence) as an additional (rather than replacement) mechanism for creating a more efficient audit trail of in-progress and completed works
	  » incorporating risk management strategies into CPD training to address key issues of concern for specific professions (e.g. conflicts of interest for strata managers).
	▪ Regulators should:
	  » incorporate CPD requirements into profession-specific Acts, Regulations and statutory codes of conduct.

Raising standards in education, accreditation and registration processes will improve professional association and tertiary education standards, reduce the competence and work overload ethical tensions and improve the quality education integrity enabler, leading to greater professionalism.

QUALITY
EDUCATION

4. Promote, protect and improve professional standards through regulation

Recommendation 4 focuses on the research finding that there were significant differences in the level of robustness of the regulatory frameworks of the building professions across the examined jurisdictions.

Recommendation 4		
What	■ Regulatory frameworks should be improved and implemented for more building professions.	
Why	■ Regulatory weaknesses in the integrity system arise in cases where (1) professional standards are not enforceable, and (2) rights, duties and associated obligations are unclear.	
	■ Certain building professions do not have profession-specific Acts, Regulations or statutory codes of conduct. This creates uncertainties over the profession's status its professional standards.	
Who	■ This recommendation applies to (1) building professions that are either largely unregulated (e.g. landscape architects) or are currently not represented in legislative frameworks as a profession (e.g. town planners), and (2) regulators.	
How	**4.1 Enhancing profession-specific regulatory frameworks**	
	■ Statutory regulators can enhance the regulatory frameworks of building professions working in the residential apartment sector by:	
	» enacting profession-specific Acts, Regulations and statutory codes of conduct for a wider range of building professions	
	» working with professional associations to set up co-regulatory registration schemes	
	» ensuring that statutory professional ethics frameworks are consistently applied across all state and territory jurisdictions	
	» additional monitoring for professions with low public confidence in ethical/professional standards (e.g. real estate agents).	
	4.2 More effective co-regulatory arrangements with professional associations	
	■ Statutory regulators can play a key role in raising professional standards by developing an effective co-regulatory relationship, enhancing the feedback loop between individual professionals, professions and regulators.	
	■ Effective co-regulatory arrangements are also contingent on:	
	» greater recognition by regulators of the important regulatory role that professional associations play in setting, promoting, and monitoring ethical and professional standards (e.g. harnessing their direct lines of communication to the profession and technical expertise to investigate complaints and undertake auditing functions)	
	» the incorporation of maturity model assessment frameworks to provide more definitive measurements of professionalisation processes.	

Promoting, protecting and improving professional standards through regulation and clear and enforced codes of ethics will improve government and regulator functions, reduce the client vs. public, professional vs. client, principal vs. client, principal vs. statutory function, exploitation and competence ethical tensions, and strengthen the governance and accountability and practical ethical codes integrity enablers.

PRACTICAL
ETHICAL CODES
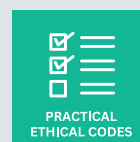
5. Enhance and support professional associations' ethical standards frameworks

Recommendation 5: Professional associations need to do more to enhance their role in raising ethical and professional standards in the residential apartment sector.

	Recommendation 5	
What	• Professional associations can play a crucial role in raising professional standards and supporting co-regulatory mechanisms to overcome the barriers of voluntary membership and non-enforceable codes	
Why	• The extent to which professional associations promote and incorporate ethical and professional standards into their governance processes, codes of conduct and strategic planning varies significantly.	
Who	• This recommendation applies to individual professionals (as members of professional associations), Professions, professional associations (especially national peak representative bodies) and regulators	
How	**5.1 More effective promotion of ethical values and professional standards**	
	• It is recommended that Professional Associations should provide: » greater promotion of ethical values, professional standards and codes of conduct on websites of peak professional associations, and through other mechanisms » additional sources of ethical guidance that professionals can draw on (e.g. equity/diversity policies, ethi-call etc) » greater visibility and integration of professional codes of conduct into training/CPD and membership application and renewal protocols.	
	5.2 Enhancing the practical utility of professional codes of conduct	
	• Professional associations can also do more to address the key finding that professional codes of conduct were generally not factored into the ethical decision-making of industry professionals. This can be done by developing more detailed codes that include: » both aspirational and substantive ethical values and professional standards » detailed sections containing multiple provisions on ethical decision-making in a range of different contexts » accompanying case studies to provide practical examples of how they should be actioned » a clearly defined process for receiving and investigate complaints of professional misconduct » supportive regulations with enforceable penalties for professional misconduct » provisions that promote cooperation and mutual support by industry professionals.	

Enhancing and supporting professional associations' ethical standards frameworks will deliver greater support in co-regulation and clearer understanding of professional obligations, reduce the client vs. public, professional vs. client, principal vs. end user, exploitation and competence ethical tensions, and enhance the strong governance and accountability regimes, practical ethical codes, professionalism and quality education integrity enablers.

STRONG PROFESSIONAL ASSOCIATIONS

A FINAL WORD ON COSTS

Adopting these recommendations will involve additional costs both to government and to the construction industry, some of which will be passed on to consumers. However, failure to adopt these recommendations will have a far greater cost. One estimate of the costs to building owners and governments of addressing structural and safety defects in the Australian apartment market over a ten-year period (2010-2019) place the cost of rectification at $6.2 billion (**Equity Economics 2020**). Reduced government regulatory oversight of construction and the failure of the construction industry to adequately self-regulate (including the failure of insurers and financiers to properly price risk) has resulted in a system characterised by risk-shifting and cost-shifting to consumers (Crommelin et al. 2021). This has ultimately resulted in market failure manifest in the lack of consumer confidence in the new build apartment market in Australia (e.g. **NSW Government 2022**). Similarly, the reported 85% reduction in defects as a result of Multiplex's improved practices (p.20 **Recommendation 2** above) translates to saved costs that would have otherwise been borne by the company or by the end user. Ultimately, improving the construction integrity system through implementing the above recommendations represents a tiny fraction of the serious costs created by the status quo.

FURTHER READING

NSW Government (2022) *Benchmarking consumer confidence towards purchasing class 2 residential properties in NSW.* May 2022.

Equity Economics (2020) *The Cost of Apartment Building Defects.*

Crommelin, L., Thompson, S. & Easthope, H. et. al (2021) *Cracks in the Compact City: Tackling defects in multi-unit strata housing*, Final Project Report, October 2021.

Shergold, P. & Weir, B. (2018) *Building Confidence: Improving the effectiveness of compliance and enforcement systems for the building and construction industry across Australia.* May 2018.

Australian Council of Professions (2024) "What is a Profession?"

Chellew, J., Rogers, J. & and Dimity Kingsford Smith, D. (2021) *Professionalism.* PSC Research Library.

Australian Building Codes Board (2020) *Discussion paper: National Registration Framework for Building Practitioners.* Published responses.

PROJECT RESEARCH

Additional research arising from the project, including profession-specific Factsheets and scholarly publications, can be found at: **www.griffith.edu.au/law-futures-centre/institute-ethics-law-governance/our-research/construction-building-integrity**.

The research will also be made available at:

Professional Standards Councils Research Library: https://www.psc.gov.au/professional-standards-research/constructing-building-integrity

UNSW City Futures Centre: https://cityfutures.ada.unsw.edu.au/research/projects/constructing-building-integrity-raising-standards-through-professionalism/

Sustainable Built Environment National Research Centre (SBEnrc): https://sbenrc.com.au/research-programs/p2-67arc-constructing-building-integrity-raising-standards-through-professionalism/

Torrens University Australia: https://www.torrens.edu.au/research/featured-research/unpacking-professionalism-in-the-housing-sector