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OPPORTUNITIES TO IMPROVE PRODUCTIVITY OF THE CONSTRUCTION INDUSTRY

Final Report

Summary

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Foreword

Productivity growth of the Queensland construction industry over the last 30 years has been poor, with labour productivity being only 5 per cent higher than it was in 1994–95. In comparison, labour productivity in the market economy grew by 65 per cent over the same period. This level of performance is not inherent to the industry. Rather historically, at various points in time, some parts of the construction industry have performed on par to that of the market sector.

From 2018 there appears to have been a significant decline in productivity, in the order of 9 per cent, in the Queensland construction industry. If this productive capacity had been maintained and funnelled into housing construction from 2018, Queensland could have delivered around 77,000 additional dwellings — sufficient to address the current shortfalls in supply.

A compelling case exists for a renewed focus on the importance of productivity.

The terms of reference for the inquiry into opportunities to improve productivity in the Queensland construction industry are broad; and necessarily so. The construction of a house, hospital, school or stadium requires a high level of coordination from sectors, supply chains and participants (for example, policy makers, regulators, community) that are independent but potentially in active competition with one another.

Legislative and policy changes, investment priorities, timeframes, changing demographics, availability of capital and constrained supply chains are all part of the typical ebb and flow of a market. Generally, one or two conflicts or miscalculations can be managed by consumers, industry and/or government to smooth out or ameliorate the adverse or unintended outcomes.

In the case of the current Queensland construction industry, what makes the current environment notable in addition to the above-mentioned, is the cumulative growth in regulatory burdens and suboptimal procurement practices.

Due to the magnitude of the issues, the usual policy responses are no longer as effective, stakeholders are frustrated, and some industry participants are opting to leave the Queensland market or the industry altogether. Each of these outcomes inadvertently adds to the enormity of the current productivity challenge.

Following the receipt of the terms of reference on 24 April 2025, the Queensland Productivity Commission commenced an initial round of consultation with key stakeholders and called for submissions and comments on any matters relating to the terms of reference.

An Interim Report was released at the end of July 2025, followed by another call for submissions and round of consultations. The level of interest from stakeholders has been very high, with over 250 public submissions and comments received. Despite the enormity of the challenge, stakeholders have indicated they are keen to find a way to increase productivity in the construction industry and deliver better outcomes for Queenslanders. This Final Report sets out the Queensland Productivity Commission's analysis and research, key issues raised by stakeholders and a broad set of recommendations. Consistent with the terms of reference, the recommendations most likely to provide material improvements in productivity are identified.

The Queensland Productivity Commission sincerely thanks all participants for their contributions to this inquiry and for their willingness to discuss this important issue.

Contents

Foreword	1
Contents	3
About this inquiry	5
What stakeholders said	8
Diagnosing the key problems	10
A way to increase construction productivity	12
Proposed actions to improve productivity	13
An industry reset	13
Improving procurement	18
Improving regulation of land use	22
Improving building regulation	31
Improving labour market operation	37
Other matters	39
Prioritising the pathway for improved productivity	41
Recommendations	45

Key points

- Queensland's construction industry is facing significant challenges, with rising levels of demand, a tight labour market, ongoing supply chain issues, and declining productivity.
- Productivity growth in Queensland's construction industry has been weak. Although there have been periods of growth, labour productivity today is only 5 per cent higher than it was in 1994-95. In comparison, labour productivity in the market economy grew by 65 per cent over the same period.
- While there are difficulties in assessing more recent changes in productivity, it appears that since 2018, construction industry productivity has declined by around 9 per cent. This means the industry today needs 9 per cent more labour than it did in 2018, to produce the same level of output.
- The causes of slow productivity growth appear to be related to two main factors:
 - Growing regulatory burdens — these burdens cut across land use, building activity and labour markets and seem to explain much of the long run slowdown in construction productivity.
 - Sub-optimal procurement practices — productivity losses since 2018 have been associated with a growing government capital works program and increasingly interventionist procurement policies.
- If Queensland is to meet the needs of its growing population, match infrastructure commitments and deliver the 2032 Olympic and Paralympic Games, productivity across the industry will need to improve.
- This report proposes a series of actions to improve productivity across the industry, focusing on five key areas:
 - An industry reset — there are opportunities to improve cultural and commercial settings on large construction sites so they are less adversarial and have a greater focus on productivity, site safety and improved working conditions.
 - Reforming procurement — there are opportunities to rationalise the current suite of procurement policies, and to improve project selection, sequencing and contracting.
 - Improving land use regulation — there are opportunities to improve the operation of the housing market by reducing unnecessary regulation of building form, streamlining approvals processes and undertaking reforms to increase opportunities for development.
 - Improving the regulation of building activity — there are opportunities to improve National Construction Code regulations, financial regulations, and the operation of workplace health and safety regulation. Unnecessary regulatory barriers to modern methods of construction should also be removed.
 - Improving labour market operation — given labour market shortages across the economy, it will be challenging to increase the construction labour force. However, there are opportunities to improve its operation through reforms to apprenticeship and training schemes, occupational licensing, and regulation affecting labour mobility, and by improving the retention of those already in the industry.
- There are also opportunities for the Queensland Government to commit to better regulatory and procurement practices. Too frequently governments, at all levels, announce regulatory changes or commit to large infrastructure projects without undertaking due diligence, consulting with stakeholders or ensuring agency or regulator capacity exists to minimise costs to industry.
- The Commission has identified 64 recommendations, to address these five key areas and other issues. Ten recommendations have been identified for prioritisation.
- Although there are solutions, the pathway to better productivity will not be easy. There are no silver bullets, and improving matters will take concerted effort to restore confidence and enable investment in the housing and other infrastructure we need.
- Nevertheless, there are answers, and government and non-government stakeholders working together can put the industry back on track to improved levels of productivity.

About this inquiry

The construction industry in Queensland (and the rest of Australia) has been grappling with poor productivity outcomes.

In Queensland, labour productivity in the construction industry today is only 5 per cent higher than it was in 1994-95. In comparison, labour productivity in the market economy grew by 65 per cent.

The data suggests productivity in Queensland's construction industry has declined by around 9 per cent since 2018. This means, today, Queensland needs 9 per cent more workers to produce the same level of output as it did in 2018.

At the same time, Queensland's construction industry is facing growing demand, and is increasingly unable to meet this demand. The value of the pipeline of construction works has more than doubled since June 2020, while the value of total work done has increased by only 42 per cent. As a result, the gap between total work done and total work yet to be done has almost tripled, increasing from \$13.3 billion to \$34.3 billion over this period.

New housing supply is well below the levels needed to meet demand and, as a result, affordability is declining rapidly, with government housing targets looking increasingly difficult to meet.

In response to these issues, on 24 April 2025, the Queensland Government asked the Queensland Productivity Commission (the Commission) to undertake a public inquiry to identify ways to improve productivity in the construction industry. The terms of reference for the inquiry asked the Commission to consider:

- conditions in the housing and non-residential construction sectors
- the key systemic policy and regulatory settings that are likely to increase productivity across these sectors
- government procurement, including the Best Practice Industry Conditions (BPICs)
- key issues when implementing reforms, including how reforms should be prioritised.

The terms of reference require that the Commission's recommendations do not compromise safety or quality outcomes.

Our approach

The construction industry captures activities ranging from housing construction to heavy engineering. These activities are typically undertaken in a high-risk environment, requiring input or collaboration across many firms, workers, and suppliers, and are affected by a large range of policies and regulatory/approval bodies.

Within this context, this report has identified the main issues preventing productivity in the construction industry and the construction of the homes and infrastructure Queensland needs over the next decade and beyond.

Not every policy or regulatory issue affecting the construction industry raised by stakeholders or the associated literature is addressed in this report. Rather, the Commission has identified the key issues that are affecting productivity in the Queensland construction industry, and the key actions most likely to 'shift the dial' over the next decade. Some of these actions will deliver immediate positive outcomes, while others will take time to implement and take effect.

Consultation

The Commission operates on a public inquiry model, underpinned by transparent and open consultation.

This final report presents the Commission's findings and recommendations based on its analysis of the evidence provided by a broad range of stakeholders, including peak bodies, government (local and state), construction firms, unions, developers, academics and the broader community.

Following receipt of the direction on 24 April 2025, the Commission commenced initial consultation with stakeholders and called for submissions and comments on any matters relating to the inquiry's terms of reference. The Commission released an Interim Report on 31 July 2025 and called for comments and submissions on the preliminary recommendations and reform directions.

An overview of the Commission's consultation activities is noted in the figure below. The Interim Report and stakeholder submissions can be found on the Commission's website.

Figure 1 Consultation summary



Box 1 The construction industry

The construction industry is one of the largest industries in Queensland, accounting for 7.9 per cent of Queensland's total output and employing almost 10 per cent of the state's workforce across a range of activities from dwelling renovations to highway construction.

The construction industry includes:

- building construction, which includes detached homebuilding, multi-unit and high-rise apartment construction, renovations and non-residential building activities such as industrial construction, office building and other commercial building
- heavy and civil engineering construction, which includes the construction of large-scale infrastructure projects, such as roads, bridges, mine sites, railways and utilities
- construction services which incorporate specialised construction activities that are usually performed by subcontractors, such as plumbers, carpenters, electricians, tilers, plasterers and landscapers.

Figure 2 The construction industry is diverse, with key issues affecting each part differently

	RESIDENTIAL BUILDING CONSTRUCTION	NON-RESIDENTIAL BUILDING CONSTRUCTION	CIVIL CONSTRUCTION
Project type 	Detached houses Townhouses and duplexes Apartments and multi-residential units Renovation activity	Office towers and commercial complexes Hospitals, schools, government buildings Factories, warehouses, retail developments	Railways, airports Roads, highways, bridges, tunnels Water supply and sewage systems Mines and dams Utilities and energy infrastructure
Sub-sector characteristics 	Mix of small and large contractors Traditionally lowest average wages of the three sectors	Mix of small and large contractors Faces competition with the mining industry and interstate projects Workforce tends to remain within each industry from project to project	Large multinational firms and specialised civil contractors
Key issues identified 	Building regulation WHS National Construction Code Labour shortages BPICs Land use regulation Financial regulations		

Source: QPC based on stakeholder consultation and Queensland Unions submission (sub. 59, pp. 7-8).

There are strong links between the outputs from each part of the construction industry. For example, residential development requires access to infrastructure supplied by the civil construction industry.

The industry also relies heavily on the services and manufacturing sectors for inputs to support production.

The industry is also highly leveraged, with projects typically facing high up-front costs, supply chain risks and cash flows dependent on hierarchical contracting chains. As a result, the industry has high insolvency rates. In the 2024 financial year, 297 construction companies collapsed, accounting for 23 per cent of all insolvencies in Queensland.

What stakeholders said

The construction industry is locked into low productivity settings exacerbated by government policies

A fragmented and inconsistent regulatory environment creates delays, increases costs, and undermines innovation. Clearer, more predictable systems are essential to improving construction productivity. (Australian Institute of Architects, sub. 26, p. 4)

BPIC has reduced the attractiveness of Queensland to contractors as it has resulted in delivery costs being substantially higher than other jurisdictions with little appetite from clients to accept these higher costs. Further, non EBA employers are reluctant to enter the Queensland market where there will be pressure to meet the benchmark that has been set through BPIC. (Australian Contractors Association, sub. 39, p. 22)

BPIC added significant complexity to the procurement process, added significant costs to projects and the overall program and reduced productivity on site through restrictive operating conditions. (Queensland Major Contractors Association, sub. IR102, p. 22)

While pausing BPIC in public sector projects will assist in boosting productivity, the existing EBA's that are not due to be renegotiated until 2027, have BPIC conditions embedded in them, are continuing to impact the Queensland construction sector resulting in a catastrophic impact on productivity and cost to the private sector. (Property Council of Australia, IR97, p. 6)

Small and regional businesses have been disproportionately impacted by BPICs

GAWB maintains BPIC disproportionately disadvantages regional businesses directly (challenges to local businesses to comply with BPIC processes, particularly in the early years of application) and indirectly (as BPIC contract terms are adopted across the industry). (Gladstone Area Water Board, sub. IR32, pp. 1-2)

These requirements disproportionately affect smaller businesses that lack the resources to handle higher operating costs tied to BPIC wage and condition rules. For businesses working on both government and private projects, BPICs have increased wages and operational costs, eroding competitiveness in the broader market. (Queensland Small Business Commissioner, sub. IR87, pp. 6-7)

Workplace health and safety is being used for other industrial objectives

Work Health and Safety regulation is an area that has become increasingly weaponised by certain union officials and it is being used to achieve industry outcomes that have no relationship to the health and safety of workers. (Australian Constructors Association, sub. 39, p. 23)

Health and Safety Representatives (HSRs) play a critical role in maintaining safe working environments across construction sites. Their ability to stop work in response to safety concerns is a vital safeguard. However, in some instances, localised issues, in a confined area have led to full site shutdowns. (Master Plumbers Association of Queensland, sub. 62, p. 1)

There is a need to improve workplace culture

To address the ageing workforce and ongoing skills shortages across all sectors of the construction industry, industry stakeholders must come together to agree upon initiatives to attract, employ and retain more women at all levels within the industry, including addressing current work practices such as long working hours, conditions of employment, and other factors such as poor workplace culture. (Queensland Unions, sub. 59, p. 4)

The construction industry is facing a retention problem. In recent yet to be published research 74% of people in the industry say it struggles to retain workers, and while wages and physical demand are major factors, 17% specifically call out workplace culture and poor management as a reason people leave. (Civil Contractors Federation Queensland, sub. IR76, p. 5)

A lack of coordination has resulted in crowding out and cost pressures

A strategic approach to project sequencing is essential to avoid crowding out the private sector, which will be critical in addressing Queensland's housing crisis and shortages across key sectors ...

Sequencing also supports a sustainable pipeline of workers and trades, helping to mitigate labour shortages and ensure long term industry capacity. (Property Council of Australia, IR97, p. 2)

A visible, long term, and credibly sequenced infrastructure pipeline is the single most important reform to unlock the sector's capacity to invest, innovate, and build a productive workforce. (AMCA, MPAQ, NFIA, NECA & Surveyors Australia, sub. IR75, p. 5)

Large scale government infrastructure programs inevitably impact private non residential construction by competing for specialist trades and engineering capacity ... Without proactive sequencing and coordination, these overlaps risk inflating costs, delaying delivery, and straining already limited specialist labour. (Air Conditioning and Mechanical Contractors Association of Australia, pers. comm.)

To reduce pressure on the construction industry, a review of the government's capital program is needed

Infrastructure Partnerships Australia conditionally supports the QPC's recommendations for a full review of the Queensland Government's capital program. The design of any potential review must be strictly time limited with a Terms of Reference (ToRs) that is free from interpretation, and which enables actionable outcomes. The Sangster Review is an example of a best practice capital program review and presents as a framework which could be replicated across the balance of the capital program. (Infrastructure Partnerships Australia, sub. IR95, p. 3)

Onerous public procurement policies have restricted competition and increased costs

Our members have reported that, when assisting government entities ... with the conduct of procurement processes for construction work, it can be difficult for those entities to identify, understand and properly apply the various State government procurement policies in practice. (Queensland Law Society, sub. 63, p. 2)

Small and medium enterprises (SMEs), including in regional areas, are particularly burdened by complex contracts and procurement policies

SMEs are often excluded from government procurement opportunities due to the complexity, inconsistency, and legal overhead associated with bespoke or heavily modified contracts. (Pinsent Masons, sub. IR14, p. 7)

The Queensland Government's Prequalification (PQC) system functions as a significant barrier to entry for the SMEs that dominate the subcontractor sector. Its one size fits all approach imposes a high administrative cost that disproportionately affects smaller and regional businesses ... leading to a less competitive market dominated by a few large players. (AMCA, MPAQ, NFIA, NECA & Surveyors Australia, sub. IR75, p. 5)

Queensland Government building contracts now seem to require onerous reporting requirements to meet state government policy objectives (e.g. training policies) which small contractors do not have the resources to meet. (Project Legal, sub. 60, p. 5)

Firms in regional Queensland report that the PQC System can be a barrier to competing for government projects. ... Unlike larger firms, small consultancies cannot easily amortise the cost of maintaining elaborate pre qualification submissions. If the PQC process were simpler or tiered appropriately, more regional players could throw their hat in the ring, increasing competition and building local capability. (Association of Consulting Architects, sub. IR41, p. 13)

Land use regulations have constrained housing development and density

Council policies on height limits, lot minimums and character protections in residential zoning all severely limit the developable land to a handful of large sites, particularly in the inner city where transport access is barely relevant for access to employment. (Greater Brisbane, sub. 11, p. 2)

Queensland has 77 local government areas, each with its own bespoke planning scheme provisions. ... Across councils, schemes vary widely in structure, format, and provisions, creating unnecessary complexity, higher costs, and inefficiencies for councils, businesses, and communities. (Urban Development Institute of Australia, sub. IR96, p. 16)

Improvements to productivity would come through a reduction in transport times between homes and workplaces and an increase in agglomeration benefits' ... More flexible residential planning that allows for greater density would also be highly likely to significantly reduce costs for building new homes. (Menzies Research Centre, sub. 35, p. 5)

Minimum lot sizes and setback requirements evolved in the nineteenth century to respond to the (then) very real risk of urban fires and cholera ... Today, we have building standards and sewerage systems. Yet, these restrictions remain, with many cited under amorphous rationales like 'character'. (anonymous, sub. IR64, pp. 2-3)

The majority of residential land in local government planning schemes is allocated to a low density residential zone or similar purpose (estimated as high as 80% of all residential land in LGAs). This zoning generally prohibits diverse housing types such as duplexes, townhouses and terrace homes. (Housing Industry Association, sub. 32, p. 4)

Burgeoning regulatory frameworks are not delivering productive outcomes

Approval processes currently do not get the balance right between the benefits of regulation and the impact on productivity and affordability. Excessive regulation hinders construction productivity and makes infrastructure more expensive. The sheer volume of regulation and the difficulty in understanding and navigating it, can act as a barrier to competition. (Queensland Major Contractors Association, sub. 66, p. 23)

The construction sector in Australia operates within one of the country's most heavily regulated environments. ... while these regulations are fundamentally important, the current regulatory burden has become a significant barrier to innovation, efficiency, and adaptability. (Queensland University of Technology, sub. 73, p. 13)

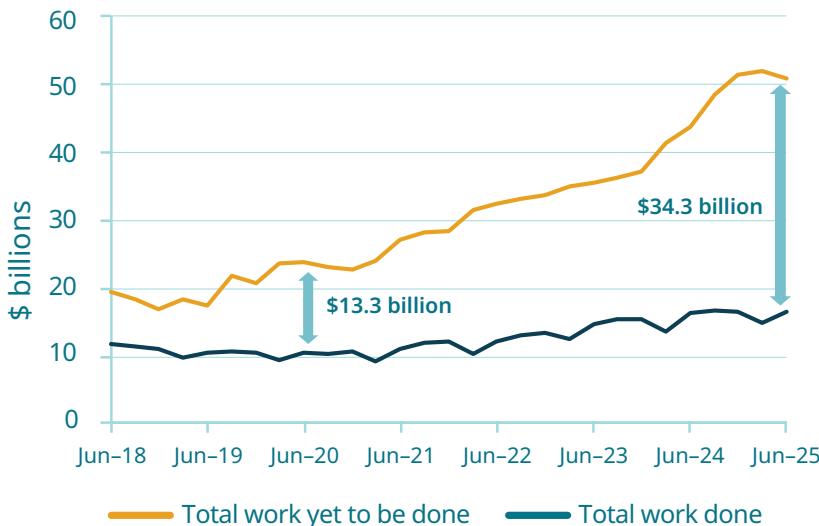
The current framework is riddled with confusion requiring complex and headache inducing zig zag reading between 2 legislative branches which contain multiple conflicting and similar definitions and numerous other subordinate documents which differ from region to region ... (Erin Dunn, sub. 64, p. 1)

There are not enough workers to deliver infrastructure and housing

Persistent skills shortages across all specialist trades represent a major constraint on the industry's capacity to deliver on Queensland's significant infrastructure agenda and contribute to overall economic growth. Coordinated and strategic efforts are urgently needed to promote careers in the specialist trades ... This includes improving apprenticeship attraction and completion rates, and creating accessible avenues for upskilling and new entrants, including those from underrepresented groups and mature aged career changers. (AMCA, NECA & NFIA, sub. 47, p. 6)

Diagnosing the key problems

Construction is not keeping pace with demand



Source: QPC based on ABS.

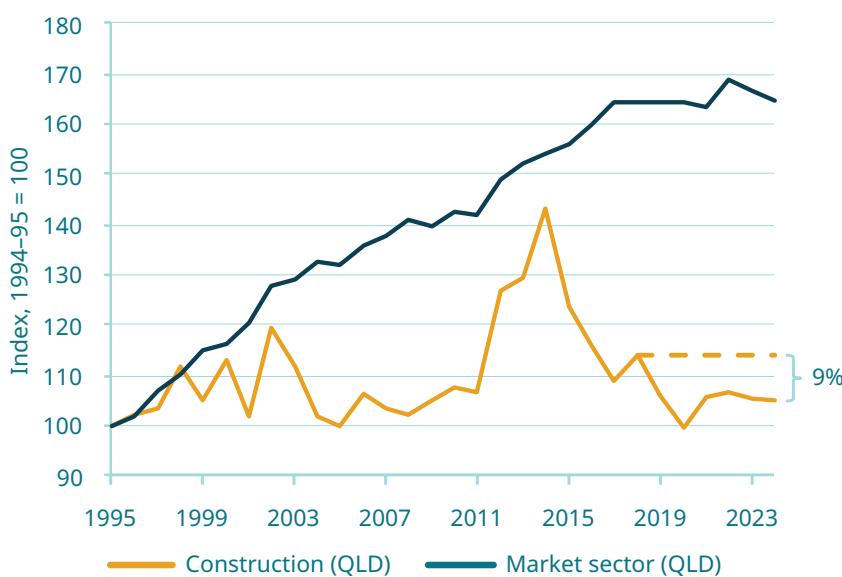
Demand is historically high

The pipeline of work in the Queensland construction pipeline has more than doubled since 2020

And the gap is growing

The gap between work done and work yet to be done has almost tripled since 2020

Productivity performance is historically poor and getting worse



Long-term productivity growth has been poor

Productivity in Queensland's construction industry today is only 5% higher than it was 30 years ago

And productivity has declined by 9% since 2018

But poor performance is not inherent

At times, the construction industry has performed on par with the market sector.

Source: QPC based on ABS.

Poor productivity outcomes have



Reduced housing affordability



Reduced project feasibility



Reduced timeliness of housing & infrastructure



Increased cost of housing & infrastructure

Had productivity remained at its 2018 level, we could have



Built 77,000 more homes

or



Offset projected worker shortages

Likely causes of poor productivity



Government procurement frameworks:

- Best Practice Industry Conditions
- Poor project selection contributing to an overheated market
- Complex procurement processes and policies



Regulation:

- Restrictive land use regulation
- Complex building regulation
- Interjurisdictional variations
- Poor regulator performance

High construction and regulatory costs

Higher construction costs (from poor productivity) and high regulatory costs are affecting housing affordability and the commercial feasibility of the industry

Composition of housing build cost (urban fringe)



Notes: Costs estimated for a greenfield residential development on Brisbane's fringe.

Source: The Centre for International Economics.

A way to increase construction productivity

Where are we now?

Construction productivity has fallen by 9 per cent since 2018, limiting the delivery of the infrastructure and housing Queensland needs. The Queensland construction industry has:

- an operating landscape locked into a mode of low productivity and adversarial relationships
- expended significant effort on workplace health and safety and increasing diversity. But outcomes have not improved, and parts of the industry have an acknowledged cultural problem with workplace health and safety being used to further alternative objectives
- a historically large forward public capital program that has not been effectively coordinated or prioritised, resulting in market overcrowding and cost pressures, and underutilised urban infrastructure
- onerous public sector procurement policies, processes and contracting models that poorly allocate risk and increase costs
- been unable to deliver housing in sufficient quantities and in locations where people want to live, exacerbated by land use regulations that increase costs and constrain development opportunities
- burgeoning regulatory frameworks and instruments that are not effectively delivering the outcomes initially contemplated or desired by the community.

While government, industry, regulators and unions have made commitments to improve current industry settings, a broad set of deliberate and sustained changes are required to improve productivity.

What is the aim?

To restore productivity levels and set the industry on a pathway to future productivity growth.

A less adversarial contractual and operating environment.

A capital works program that is deliverable and cognisant of industry conditions.

A planning system that delivers a broad range of housing options in locations where people want to live.

Regulation that delivers better outcomes for Queenslanders.

How to get there

1 Reset industry conditions by:

- permanently removing BPICs and requirements for subcontractor prequalification
- ensuring the WHS regime supports the primacy of safety matters
- clearly setting expectations for productivity

2 Improve procurement outcomes by:

- applying a portfolio wide perspective to project selection and sequencing, and ensuring infrastructure is better planned
- reforming the procurement system by focusing on value for money, administrative simplicity, and improved risk management and contracting

3 Enable better planning by:

- removing restrictions on housing density in well located areas
- requiring consistency across local government planning schemes
- streamlining approval processes, and incentivising better performance

4 Ensure building regulations benefit the community by:

- removing building and financial regulations that do not provide a net benefit to the community
- improving regulator practice
- removing impediments to modern methods of construction (MMC)

5 Enable efficient labour market operation by:

- ensuring occupational licensing requirements are fit for purpose
- removing barriers to labour mobility
- ensuring training is efficient, well targeted and aligned with future need
- ensuring supports are effective in encouraging enrolments, businesses taking on apprentices, and retention of entrants during and beyond trade and course completion.

Proposed actions to improve productivity

There is no single action that will deliver a material improvement in productivity for the construction industry. Rather, a series of actions are required. Some of these will deliver some immediate gains, but others will take several years to materialise. While the proposed actions in this report are, by necessity, directed at the policy settings of government, achieving improvements in productivity will require active engagement by all industry participants.

Improved productivity will only be achieved if a broad set of deliberate and sustained changes are made, and these are supported by all stakeholders, including the broader community. There is also some uncertainty about how these changes will occur, with success depending on market factors and the response of key industry stakeholders.

This means the Queensland Government will need to actively engage with stakeholders and adapt its response over time.

An industry reset

While there are systemic issues that have impeded construction productivity growth over the longer term, the significant productivity declines observed since 2018 appear to be the result of other factors.

There are parts of the industry which are still recovering from the COVID era, where material shortages and rising input costs put significant strain on financial reserves. However, it appears that strong demand, partly resulting from an unconstrained Queensland Government capital program and a series of policy choices related to procurement, have increased transaction costs, exacerbated adversarial conditions and created a culture that is conducive to poor productivity.

Returning the industry to 2018 productivity levels will require some resetting of the way industry operates. These changes are needed to reduce construction costs, to increase market participation and for the Queensland Government to deliver on its commitments.

While many of these matters are issues for industry to resolve, resetting the conditions to facilitate productivity growth in the construction industry will require some policy action by government.

Remove Best Practice Industry Conditions

A principal rationale for introducing BPICs was to improve worker safety. However, data suggests there have been no material improvements to safety outcomes across the Queensland construction industry since the introduction of BPICs. Further, most of the WHS provisions in BPICs are either covered in legislation, codes of practice or relevant awards.

While there was some contention about the policy's impacts on wages and conditions, on balance, the evidence, including stakeholder experience, suggests the policy has had a significant negative impact on productivity, with large costs imposed on the community (see Box 2).

Stakeholders have noted that, by requiring excessively prescriptive conditions and providing power to a small subset of workers to dictate site activity, BPICs allowed safety issues to be used to support other industrial objectives. These factors have had an adverse impact on industry culture and facilitated an unbalanced process for addressing safety for site works.

Many of the BPICs requirements are now contained in pattern enterprise bargaining agreements (EBAs), with stakeholders noting that many smaller firms were compelled to enter similar agreements or exit the market for government work. Removal of BPICs is needed to not only support improved practices on government construction sites, but also to allow constructive negotiation on future EBAs.

The BPICs policy should be permanently removed.

Box 2 Modelled impacts of BPICs

The Commission undertook modelling to assess the economic impact of BPICs. This modelling was presented in detail in the Interim Report for comment. Key outcomes from consultation include:

- Project cost escalations provided by stakeholders were consistent with the modelled results, and consistent with previously benchmarked project cost escalations.
- Some evidence was provided to suggest impacts were mitigated where parties engaged constructively on achieving the BPICs provisions, with some benefits achieved from fewer industrial stoppages.
- Some evidence was presented suggesting tier 1 firm wage rates have been unaffected by BPICs, however, no new evidence was provided on subcontractor wage rates and conditions, with stakeholders confirming subcontractors have been subject to 'jump up' provisions.
- There was some contention on the impact of BPICs on work stoppages, including weather-related stoppages and rostered days off (RDOs), however there was no consensus on this.
- No evidence of improved safety outcomes was provided to the Commission.

Overall, while there was some debate about the results, the Commission did not receive robust evidence that non-BPICs factors are responsible for observed project cost escalations. For this reason, the Commission has not changed its key findings. That is, BPICs established conditions that allowed significant declines in construction site productivity.

While there is some uncertainty on the magnitude of the results, the Commission's modelling remains unchanged from the Interim Report, suggesting that, if BPICs were to remain in place until 2029-30, it is likely to:

- have increased project costs by around 10 to 25 per cent
- have a significant impact on the housing market, with up to 26,500 fewer homes being constructed over the period 2024-25 to 2029-30
- deliver significant financial benefits to construction workers but impose net costs on the community of between \$5.7 billion and \$20.6 billion.

As noted in the Interim Report, following initial stakeholder feedback, a scenario was considered where wages were assumed to be unaffected by BPICs. Under this scenario, the net costs are still significant, reflecting the costs are predominantly driven by productivity losses. The modelling shows, under this scenario, the net economic costs would be between \$4.4 billion and \$18.4 billion over the modelled period.

While there are significant uncertainties in the modelling, the key results hold under a wide range of plausible assumptions.

Source: QPC.

Reform prequalification

Subcontractors were previously required to be prequalified to work on Queensland Government building projects, although this requirement has been temporarily suspended.

This requirement restricted competition, made it difficult for smaller and regional firms to participate and effectively required subcontractors to adopt EBA conditions they otherwise would not have adopted.

This requirement should be permanently removed.

Effort should also be put towards ensuring prequalification requirements, such as rigid thresholds and administratively complex or duplicative processes, are not preventing smaller firms from competing for government tenders. This is discussed in more detail in the section on improving procurement.

Improving the operation of the workplace health and safety regime

While there have been significant gains to safety outcomes across the construction industry over the last 30 years, the data shows that no further gains have been made over the last decade, despite substantial policy effort.

In addition, there is evidence that WHS provisions have become more costly and, in some cases, misused. Stakeholders report that WHS provisions have been 'weaponised' and used as leverage on larger construction sites to achieve objectives other than safety. This is consistent with the findings of the recent Watson report, *Violence in the Queensland CFMEU*. Others have noted instances where minor workplace health risks or incidents, localised to a particular area, have resulted in site-wide shutdowns or toolbox meetings being held across multiple sites.

While legislation provides options for parties to apply to the Queensland Industrial Relations Commission (QIRC) to resolve safety disputes (including applying to disqualify a Health and Safety Representative (HSR) where they have exercised a power as HSR for an improper purpose), these are infrequently used. Stakeholders indicated that this is because they either fear retribution and/or are uncertain about the process and the outcomes it can deliver.

To enable efficient use of existing mechanisms, the Office of Industrial Relations (OIR) should develop and issue guidance to unions, Persons Conducting a Business or Undertaking (PCBUs), HSRs and construction workers on the mechanisms available under existing legislation to deal with WHS issues, including the misuse of HSR powers. This guidance should include:

- case studies to illustrate what is and is not an appropriate and proportionate response to a WHS incident
- advice on how to use existing mechanisms for dealing with WHS disputes, including the role of the QIRC in mediating and arbitrating these disputes
- circumstances under which an HSR can be removed, including for the misuse of provisions under the *Work Health and Safety Act 2011* (WHS Act)
- right of entry provisions and how they should be used.

Stakeholders note the management of work during adverse weather was challenging and there is a lack of consensus on how this should be managed. To address this, the OIR should also develop and issue clear guidance for managing work during wet and hot weather events, including requirements for site shutdowns and processes for reopening. This guidance should include clear case studies and examples to remove ambiguity on appropriate procedures.

These guidance materials should be developed with key stakeholders.

To support better use of existing WHS provisions, the OIR should also:

- review its Compliance Monitoring and Enforcement Policy to ensure it provides adequate guidance and direction on how to ensure that compliance monitoring and enforcement activities appropriately manage risk while minimising unnecessary costs to businesses and the community
- ensure OIR inspectors have sufficient resourcing and powers to intervene in WHS matters, where this is necessary to ensure adherence to the WHS Act
- issue guidance on how to appropriately assess proportionality as outlined in the WHS Act
- undertake any other actions that would encourage greater and more effective use of provisions in the WHS Act, including to make greater use of QIRC to conciliate or arbitrate disputes on WHS matters.

Consideration should also be given to removing section 26A of the WHS Act, to bring the Act in line with model laws. This matter is discussed in more detail under the *Improving Building Regulation* section.

Industrial relations matters

Industrial relations matters, including issues relating to EBAs, are largely beyond the direct control of the Queensland Government, because regulation is covered under Australian legislation and involves direct negotiations between firms and workers (or their representatives).

While market conditions and the strong pipeline of government work meant workers were able to negotiate favourable conditions, several stakeholders indicated EBAs had often been negotiated under duress. Stakeholders also confirmed that government policy, including BPICs, whether deliberate or not, helped to foster the conditions in which productivity reducing clauses were able to be negotiated across the industry.

While EBAs are to be negotiated between employers and employees, the Queensland Government should ensure its procurement policies do not bias these negotiations. Stakeholders noted that 'jump up' clauses which require head contractors to use subcontracting firms with the same pay and conditions has compelled smaller firms to agree to EBA conditions they otherwise would not have negotiated, or to exit the market for government projects.

The government should clarify its expectations about productivity on government projects. This could include requiring that contractors do not include EBA provisions that pass conditions through to subcontractors (i.e. jump up clauses). This will help to facilitate more competition in the Queensland market by encouraging smaller (and regional) firms to bid for government work.

A revised code of practice

Government should provide a clear market signal — via a code of practice — to industry on expectations in relation to site conduct and productivity for entities that choose to tender for Queensland Government funded construction work.

The starting point for the code could be the current Building and Construction Code of Practice 2000, which is currently administered by OIR. The revised code should be supported by consultation with key stakeholders, including industry, unions and government, but include requirements that:

- contractors preclude any unnecessary productivity limiting clauses in their EBAs
- contractors do not include EBA provisions that pass-through conditions to subcontractors (that is, jump up clauses)
- right of entry provisions prevent the misuse of workplace health and safety procedures.

The Code should focus on productivity matters and not be used to achieve other objectives, duplicate other policy and regulation or mandate specific clauses or quotas.

Consideration should be given to whether the Code should initially be provided as guidance. Enforcement of the Code could be introduced sometime in early 2027, when most building and construction EBAs are due for renegotiation, and the outcomes of the Wood Commission of Inquiry into the CFMEU and Misconduct in the Construction Industry (Wood Commission of Inquiry) are known.

Enforcement of a code of practice

If the Code is made a mandatory requirement for Queensland Government projects, any enforcement mechanisms should be low cost to industry. A 'negative licensing' approach should be considered, where building and construction contractors can be excluded from tendering for Queensland Government projects, once material evidence of non-compliance is discovered and verified. Firms should not be required to demonstrate compliance with the Code during procurement, tendering or prequalification processes.

Improving industry culture

There is widespread agreement the construction industry's culture needs to be improved, with research showing national construction industry stress and suicide rates are significantly higher than the national average rates. This has made it difficult to attract workers to the industry and has contributed to the adversarial conditions that are undermining productivity.

While BPICs attempted to mandate improved cultural practices on Queensland's large public construction projects, the prescriptive nature of the policy meant it was an inefficient and often ineffective mechanism. For example, stakeholders indicated that apprentice targets on BPICs sites were often achieved by poaching from other worksites, and that quotas were often 'tick the box' exercises.

The need to improve is not specific to Queensland, and industry in collaboration with the public sector and academia have pursued initiatives such as the Culture Standard, with the aim of adopting an evidence-based approach to improving employee wellbeing and site productivity.

While the Culture Standard has been recommended by several stakeholders, there is limited evidence as to its effectiveness. While government should continue to monitor learnings from the implementation of the Culture Standard in other jurisdictions, culture is ultimately an area for industry to progress.

Improved dialogue and collaboration

Stakeholders agreed that improving workplace practices on large construction sites will need continued collaboration between contractors, subcontractors, unions, workers and government. As noted by stakeholders, the way EBA provisions are enforced, and the extent to which stakeholders collaborate on their implementation is key to improved site outcomes.

Government should find ways and mechanisms to encourage and facilitate greater collaboration between the parties directly engaged on large construction sites.

This collaboration should have a clear purpose and defined outcomes or deliverables, such as:

- providing feedback on WHS guidelines, adverse weather guidelines and other relevant policies
- identifying challenges to collaboration on construction sites, and potential solutions for overcoming these challenges
- providing updates on construction-related matters, including but not limited to WHS matters.

The OIR should provide support, sharing data on WHS outcomes, stoppages and other relevant information where appropriate.

Government should consider leveraging existing advisory committees and forums, or subject to feedback, convene a new forum to enhance industry collaboration and consultation.

The Department should update the relevant Minister on progress towards improved cooperation on WHS matters, including the operation of provisions as intended under the WHS Act.

Additional action may be required

Stakeholders generally agreed there are some early signs that cooperation on construction sites is improving. This is generally attributed to the pausing of BPICs, the Construction, Forestry and Maritime Employees Union (CFMEU) entering administration, and the response of the administrator to the Watson report, *Violence in the Queensland CFMEU*. However, concerns remain that adversarial conditions could easily return.

The Wood Commission of Inquiry is currently underway and has been asked to consider whether any law or policy change is needed in the construction industry including criminal laws, the implementation of a fit and proper person test and whistleblower laws. The inquiry will also examine whether or not any EBAs were negotiated in good faith by all parties. The Wood Commission of Inquiry is expected to deliver its final report by 31 July 2026.

Nevertheless, there may be a need for government to consider a regulatory response if there is evidence that the adopted actions, guided by this report, are insufficient to achieve the objective of allowing the industry to take a more cooperative approach to improving productivity. In such an instance, government should review regulator powers with a view to rapidly establishing, if required, a construction industry specific regulator with the broader investigative and enforcement powers necessary to maintain and improve safety and productivity on worksites.

Improving procurement

The Queensland Government's capital program makes up a large share of construction activity and this program has been rising rapidly over recent years. Government procurement practices are having a substantial influence over the construction market, including its productivity, through three main mechanisms:

- directly, by imposing conditions on how site works are conducted and tendered for
- indirectly, by influencing standards and expectations across the broader construction market
- by inflating demand for construction when the construction industry is at capacity (this can also affect productivity where it creates labour shortages that prevent the efficient sequencing of work).

Improving Queensland Government procurement policies and processes

Removing multiple objectives from procurement policies and focusing on value for money

Over time, Queensland Government procurement policies have increasingly moved beyond a focus on achieving value for money for the community, with policies:

- imposing numerous conditions on contractors that are unrelated to value for money. While the objectives of many of these conditions may be desirable, it is not clear procurement policies are the most efficient policy instrument to deliver these objectives
- becoming unnecessarily complex and prescriptive for contractors, with more than 15 overarching and subordinate policies, totalling more than 1,000 pages. Stakeholders have told us this imposes a significant administrative burden on tenderers and their subcontractors, and disproportionately impacts smaller firms, particularly those in regional areas
- containing ambiguities that reduce transparency by providing procuring agencies a certain level of flexibility and discretion in procurement decision-making. While some discretion can be beneficial, stakeholders told us this creates uncertainty, may have restricted the entry of some participants, particularly those in remote and regional areas, and introduces opportunities for subjective decision-making.

These policies appear to have incentivised contractors in some sectors to orient their priorities away from delivering projects for the best value for money. This has resulted in inflated bid prices and lower site productivity, culminating in elevated project costs and delays for the Queensland Government, and ultimately the community.

Queensland Government procurement policies should be solely focused on achieving value for money, where it is defined as how well a proposal will deliver the community's required outcomes (in the case of public construction projects, how well a proposal will deliver the required outcomes from the infrastructure being procured), assessed against:

- the proposal's expected whole of life costs, including costs relating to acquisition, transaction, maintenance and disposal
- supplier capability, capacity, commercial viability, and experience
- operational risk.

Other elements of procurement policy not strictly related to value for money should be removed. These include the:

- Ethical Supplier Mandate and Ethical Supplier Threshold, including the Tripartite Procurement Advisory Panel
- Supplier Code of Conduct
- Queensland Renewable Energy Procurement Policy.

Similarly, while training and apprenticeships are critical to the construction industry, evidence available to this inquiry suggests the inclusion of mandatory requirements in procurement policies is a blunt and inefficient instrument. On this basis, the Queensland Government Building and Construction Training Policy (the Training Policy) should be repealed.

Consideration should be given to:

- whether there is a need to develop a better targeted policy to facilitate training and apprenticeship numbers outside of procurement policy (options for a revised policy are discussed in the *Improving labour market operation* section)
- whether transitional measures are required for apprentices who have commenced an apprenticeship under the existing policy.

The requirement for local benefits should also be removed from all procurement policies. These requirements have been shown to reduce opportunities for innovation (such as modern methods of construction (MMC)) and have had the perverse effect of making it more difficult for smaller, regional firms to tender for government projects.

To encourage greater local participation, the Queensland Government should simplify administrative requirements in procurement policy as these requirements disproportionately hinder small, local firms' ability to tender for government projects. The Department of Housing and Public Works (DHPW) should consider if there are other procurement barriers preventing small and regional firms from tendering or participating in Queensland Government infrastructure projects.

Streamlining prequalification processes

The complexity of DHPW's building prequalification system was identified by stakeholders as being a key impediment to greater competition for government work, particularly for small and regional firms.

As noted above, the requirement for subcontractors to be prequalified under DHPW's prequalification system should be permanently removed. The mandatory requirement for agencies to use building consultants and contractors who are prequalified under the Building Policy Framework should also be removed. Where agencies have the expertise to assess building consultants and contractors' financial and project management capability, there should be no further requirements.

Effort is needed to streamline the prequalification system for building work. To this end, DHPW should review its prequalification system for building work to reduce administrative burden on building consultants and contractors, such as by:

- making Queensland's building prequalification system as close as possible to the National Prequalification System for Non-residential Buildings, including aligning Queensland's financial requirements with other jurisdictions to the extent possible
- improving information sharing between the Queensland Building and Construction Commission (QBCC), DHPW and other agencies to reduce duplication of information requirements
- to the extent possible, ensuring that financial requirements under the prequalification system are consistent with QBCC's minimum financial requirements to reduce duplication
- adjusting prequalification thresholds to better match project complexity, scope, and risk profile, rather than relying solely on contract value
- ensuring that contract and commission fee value thresholds reflect market conditions
- introducing greater flexibility on how consultant and contractor thresholds are assessed, including allowing for alternative demonstrations of capability (for example, a track record of on-budget delivery, or a successful partnership with a larger firm)
- introducing scaled compliance requirements, ensuring reporting requirements are proportionate to the role and risk the contractor carries on the project.

Delivery agencies should also consider allowing tenderers to confirm that the information provided on DHPW's Prequalification Portal is up-to-date, rather than being required to resubmit information during the tender process.

Better tendering and contracting arrangements

Stakeholders have raised concerns that contracting arrangements are outdated, cumbersome and are preventing innovation. For example, contractual arrangements can contain excessively rigid specifications that include both means and methods, rather than focusing on the outputs required. If such conditions exist, they are likely to prevent innovation and unnecessarily increase construction costs.

While the Commission has not been able to make a full assessment of tendering and contracting arrangements, there are opportunities to better manage risk and reduce tender costs through greater use of standardised contracts and by government having a stronger focus on achieving better outcomes.

The Queensland Government already has a suite of standardised contracts that government agencies are required to use for building construction works. However, these are not always used or are heavily modified. There are no official standard contracts for civil engineering works, although the Department of Transport and Main Roads (DTMR) maintains a suite of contracts for its transport-related works. The Commission has not made any assessment of these contracts; however, it is noted that industry has raised concerns about the level of contract variation across government.

Stakeholders indicated that standardising construction contracts would provide a low-cost option to improve productivity, reduce bid and dispute costs, improve access for small to medium enterprises and enhance risk management. This position is consistent with the literature, and many overseas jurisdictions have moved to standardised forms of contracting. To address these concerns, the Queensland Government should task a suitable entity to maintain and update a standard suite of contracts for building construction and civil engineering works, in consultation with industry and procuring agencies. To ensure agencies adopt standardised contracts, guidance should be provided to each procuring agency outlining the government's expectations.

A common theme from submissions is that there are significant opportunities to improve the way procuring agencies manage risk, enable collaboration and early-stage market sounding, and encourage innovation and competition. Based on initial observations of good practice in agencies, it is evident that while improved outcomes are possible, there are unlikely to be simple solutions. Rather, improved outcomes are likely to be achieved where agencies have strong incentives to build capability and to work collaboratively with industry.

In this regard, procuring agencies should aim to shift from compliance based, risk avoiding approaches to more outcomes-based approaches, by:

- minimising risk shifting to parties unable to efficiently manage the risk
- engaging industry early in the development phase to inform decisions around project feasibility and design
- adopting performance-based specifications, rather than tight technical specifications, to encourage tenderers to incorporate innovation, such as MMC, where it can improve project outcomes
- allowing tenderers to rely on information about site risks uncovered during the project development phase, as this will reduce duplication of effort
- adopting the usage of common digital tools to increase efficiency, including removing the requirement for paper-based plans to be relied upon
- right-sizing projects, to provide opportunities for industry to benefit from economies of scale where appropriate by bundling projects, or, conversely, to separate projects to provide opportunities for smaller contractors to tender for government projects.

To enable this, the Queensland Government should issue guidance to agencies on the government's preferred approach to risk and the extent to which collaboration and innovation is to be adopted.

Some consideration needs to be given to how agencies could bolster their capabilities to enable better contracting with the market. This could occur through improved governance, redirecting of resourcing and/or facilitating greater collaboration and learning across agencies. Another option would be for government to assign capacity from a central body to perform this function (this could be through an existing central agency or an infrastructure body established for coordinating infrastructure delivery, discussed in more detail below).

Improving project selection and sequencing

Better project selection and sequencing

There are significant opportunities to improve project selection and sequencing of the Queensland Government's capital program, to minimise costs and the impact on the rest of the market, as:

- planning and coordination processes are fragmented, with insufficient thought given to efficient infrastructure use, and how this is influenced by other policy and regulatory requirements, such as land use planning
- there are insufficient robust processes to allow decision makers to consider infrastructure priorities in the context of a whole-of-government outlook
- while not unique to Queensland, there is a general lack of transparency around the selection of projects, undermining incentives for good decision-making.

The result is a system where agencies are competing for resources, projects are poorly sequenced with insufficient assessment of market capacity or projects are announced without an assessment of the benefits. For example:

- in South Queensland, rail station upgrades have occurred without commensurate changes to surrounding density, while insufficient infrastructure is being delivered to support the urban fringe where growth is occurring
- the Sangster Review into Queensland Health's Capacity Expansion Program (CEP) — covering the construction of a new Cancer Centre, three new hospitals, and 11 hospital upgrades — found businesses cases were not undertaken prior to the announcement of projects nor the allocation of project budgets (Klok Advisory 2025).

Improving the way government plans, selects, coordinates and sequences future projects will be essential for improving future infrastructure outcomes in Queensland. Evidence suggests that good governance processes, robust cost-benefit analyses and high levels of transparency can help to improve outcomes. The following information should be made available to key government decision makers (cabinet and procuring agencies):

- the potential trade-offs of different infrastructure options, including timing and costs
- options for better utilising existing infrastructure assets
- the ability of the market to deliver infrastructure
- how public projects are likely to affect the private market, including the delivery of housing.

While some agencies, such as DTMR, have strong processes for managing these processes within their portfolios, others do not, and there are no mechanisms for ensuring whole-of-government perspectives are considered. As a result, decision making processes are unable to appropriately consider trade-offs, poor infrastructure choices are made, scarce construction resources are not being put to their best use and industry is unable to invest based on a secure pipeline of work.

While there are many options for improving the governance arrangements, the Commission's assessment is that this would be best achieved through the establishment of an infrastructure body with the following key functions:

- coordinating rolling ten-year whole-of-government infrastructure plans outlining the state's public infrastructure needs and priorities
- publishing and maintaining an annual four-year whole-of-government infrastructure pipeline (budgeted pipeline)
- conducting market sounding to test the viability of the planned infrastructure program
- providing advice and information to key government decision makers (cabinet and agencies) from a whole-of-government perspective
- improving accountability and transparency of infrastructure decisions within government.

Consideration should also be given to other functions the body could perform, including the provision of leadership and advice to agencies on the development of business cases, contracting and managing risk.

While the form of any infrastructure body is a matter for government, consideration should be given to the various institutional and governance arrangements that have been adopted by other jurisdictions to improve the assessment and prioritisation of infrastructure projects, and how successful these have been.

Government should also undertake a full review of its capital program to:

- ensure the forward work program reflects key priorities, whilst being cognisant of market factors, including impacts on productivity
- ensure the scope of works is necessary to achieve the outcomes being sought, for example, the scope does not include any features that add unnecessary costs
- consider ways of delivering infrastructure outcomes (such as reduced congestion) at a lower cost, including through non-infrastructure solutions (such as a greater focus on demand management).

Improving regulation of land use

Land use regulation seeks to reduce negative impacts arising from development, protect amenity, and coordinate the location and construction of infrastructure. This is primarily enacted through planning regulation.¹

In Queensland, planning is enacted through the *Planning Act 2016* (the Planning Act) and Planning Regulation 2017 (Planning Regulation). Under this regime the Queensland Government sets out its interests, policy goals and desired outcomes through State Planning Policy and regional plans. The regional plans provide a framework for achieving desired outcomes, which include growth targets based on forecasts of economic and population growth. Local governments implement local plans which regulate how planning outcomes will be delivered in detail, including how they should be delivered (that is, where development can occur, and what form it should take).

While local plans regulate building form to some extent, building work is regulated through the *Building Act 1975* (the Building Act), with a separate approvals process. The Building Act stipulates that local planning schemes should not generally regulate building activity.

Good planning is focussed on the public interest and aims to create economically functional and thriving urban environments. In increasingly complex and crowded urban environments, good planning is essential to enable good development that creates higher amenity.

However, there is emerging literature that suggests land use regulation can be a significant impediment to productivity in the housing industry:

- Research from the United States shows that productivity declines in housing construction seem to be linked with the advent of greater land use regulation commencing from the 1970's.
- Evidence from New Zealand suggests that removing tight restrictions on density (upzoning) has been associated with strong productivity gains (see Box 3).

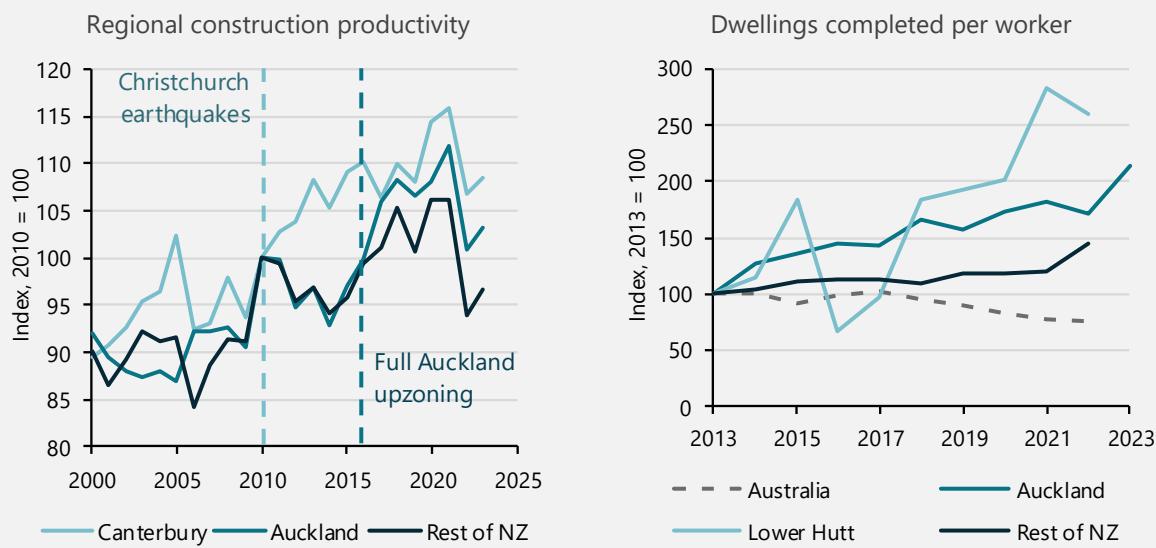
¹ Environmental regulation also plays a key role, however, given this is mainly regulated by the Australian Government, the Commission has not prioritised this for review.

Box 3 Lessons from New Zealand

Research from New Zealand suggests that zoning reform can materially improve construction industry productivity. As shown in the figure below, productivity increased faster than the rest of New Zealand in Christchurch, Auckland and Lower Hutt in the 2013-2021 period, with these cities enacting ambitious reforms to reduce zoning restrictions and increase density. In Auckland, for example, construction productivity rose by an estimated 8 per cent relative to comparable cities, with completions per worker rising 114 per cent since the reform. These gains were underpinned by common mechanisms, including medium-density housing enabling more efficient delivery, centralisation of construction activity into urban centres, small operators scaling up and intensifying competition.

Together, these effects meant that output during the construction boom of 2013-2021 was driven by not just input, but also productivity gains prompted through zoning reform. Previous construction booms (2000, 2002-2008) were only input driven, suggesting that upzoning in specific cities, rather than cyclical factors, was key in improving productivity.

Figure 3 Construction productivity in Auckland and Canterbury has outpaced the rest of NZ



Note: 'Australia' line is measured as dwellings completed per hour worked, NZ lines are hours-adjusted per worker.

Source: Maltman 2025b; Maltman 2025a.

Although it is difficult to assess the extent to which land use regulation has impacted productivity in Australia, there are several key mechanisms through which land use regulation can impede productivity and increase housing costs, including:

- restrictions on housing density, such as minimum lot size, height restrictions and floor area ratios, and variations in these restrictions across jurisdictions, which impede the achievement of scale economies and innovation
- design conditions which add to the cost of construction, but do not provide a commensurate improvement in the building quality desired by consumers
- approval processes that cause delays and uncertainty, resulting in idling of resources, inefficient sequencing of activities and higher financial costs
- restrictions on development rights in locations close to work, transport and amenity can create housing supply shortages, increase dwelling prices and rents, lengthen commute times and cause inefficient use of infrastructure.

This means that planning regulation needs to carefully consider the costs it imposes, as well as the benefits it creates.

There is some evidence that insufficient focus has been given to these costs. While there are many requirements in planning schemes that impose significant costs on construction (and the broader community), few have been rigorously assessed to ensure the benefits justify the costs imposed, including whether there are likely to be unintended consequences. For example:

- Minimum parking regulations have been shown to increase construction costs but are often not reflective of resident needs or preferences, particularly for urban infill.
- Height restrictions are typically applied rigidly, but it is unclear they reflect community preferences given they have been shown to cause significant loss of greenspace and prevent more efficient use of land.
- Blanket character protections have been imposed across large areas, restricting density and adding to the cost of construction, but evidence suggests they do little to preserve heritage, or may not reflect broader community preferences.

There is also some evidence that planning regulation in Queensland is less efficient than it could be. For example, stakeholders told us that:

- Land use regulations are inconsistent and difficult to navigate, creating significant uncertainty for industry, and often result in expensive legal proceedings.
- Approval processes are excessively bureaucratic, slow, confusing and duplicative, and regulators, particularly local governments, have limited accountability.
- 'Back and forth' processes and poor coordination or alignment in interpretation within some local governments mean that expensive remedial work or unnecessary building works are more common than they should be.
- Good building design is often sacrificed to meet unnecessary requirements in planning instruments.
- Land is often released in locations that do not reflect market realities.

Stakeholders told us that, because of this, development and housing costs are much higher than they otherwise would be, with many developments becoming unviable.

This is supported by research commissioned by the Commission, which suggests planning regulation adds:

- up to \$137,000 to the cost of a townhouse in a character zone in Brisbane — equivalent to 84 per cent of estimated regulatory costs
- up to \$117,000 to the cost of an inner-city apartment in Brisbane — equivalent to 75 per cent of estimated regulatory costs
- over \$160,000 to the cost of a detached house on the urban fringe in Brisbane — equivalent to 86 per cent of the estimated regulatory costs.²

² It should be noted that these estimates do not account for any benefits that might be provided from planning regulation. For example, regulatory costs might be justifiable where they prevent habitat loss on urban fringes or encourage more efficient use of infrastructure. The costs also include parking requirements, which may not apply in all instances.

A need for greater state involvement

While local planning does not fully control housing supply — it can only control the flow of development rights, not housing supply — there is clear evidence that local planning schemes in some local government areas are not providing sufficient commercially viable development opportunities where people prefer to live. That is, close to work, transport and amenities.

The supply of development rights needs to reflect market realities if they are to be exercised. That is, land supply is only construction ready if it is in locations where people want to live, allows for forms of housing people want to live in and can afford, and has infrastructure already connected or has a feasible pathway for connecting to new infrastructure.

While state level planning, such as the *ShapingSEQ* highlights these issues, and makes some identification of high amenity areas, local planning schemes have been slow to adopt changes. Even in high growth areas, many locations that are close to jobs, amenities and existing infrastructure continue to have restrictive zoning.

For example, within the Brisbane Local Government Area (LGA), most land within 6 km of the CBD and 69 per cent of residential land within 1 km of the high-capacity rail network is effectively zoned for low density, either explicitly or because it has character overlays that make most development untenable (see Figure 4).

The result is that planning regulations are contributing to declining housing affordability by restricting supply. Further, where housing supply is occurring, it is often not matched to where people want to live, where it is efficient for development to occur or is in the form consumers want. As a result, development is predominantly on urban fringes, leading to rising commute times and inefficient use of infrastructure.

While some reforms have been undertaken by the Queensland Government, more is needed to deliver the housing outcomes desired by the community.

Facilitating a greater supply of development rights

The Commission acknowledges there are challenges with achieving greater densities in well-located areas, and that these challenges are particularly difficult for local governments who must contend with existing residents who may not be amenable to change.

Nevertheless, there are likely to be large benefits from making regulation of land use less restrictive. Commission modelling of the costs and benefits of relaxing zoning in South East Queensland indicates that:

- Targeted zoning reforms that reduce restrictiveness in well-located areas, including around transport hubs, could deliver net benefits to the community up to \$48 billion and reduce dwelling price growth by as much as 64 per cent.
- Dispersed zoning reforms to provide more development opportunities both in infill areas and on the urban fringe, are projected to reduce dwelling price growth by similar amounts but provide fewer benefits (\$18 billion) since they require more expensive infrastructure and deliver less amenity.

Given these large potential benefits, there appears to be a strong case for relaxing land use regulations to increase development rights in well-located areas, particularly to increase density.

However, under existing arrangements local governments may find it challenging to enact necessary reforms without the involvement of the Queensland Government. As the costs of development are concentrated locally, while the benefits are dispersed more broadly, local governments typically do not have strong incentives to implement this type of reform.

For this reason, more direct involvement from the Queensland Government is required.

Ideally, reforms to increase development rights would be developed over time, supported by evidence, with mechanisms to allow expert input and community consultation. Successful reforms in Auckland, for example, were developed over several years and included mechanisms to engage local governments and communities on the need for change.

However, as has been recognised by several Australian jurisdictions, more urgent action is needed to address declining housing affordability.

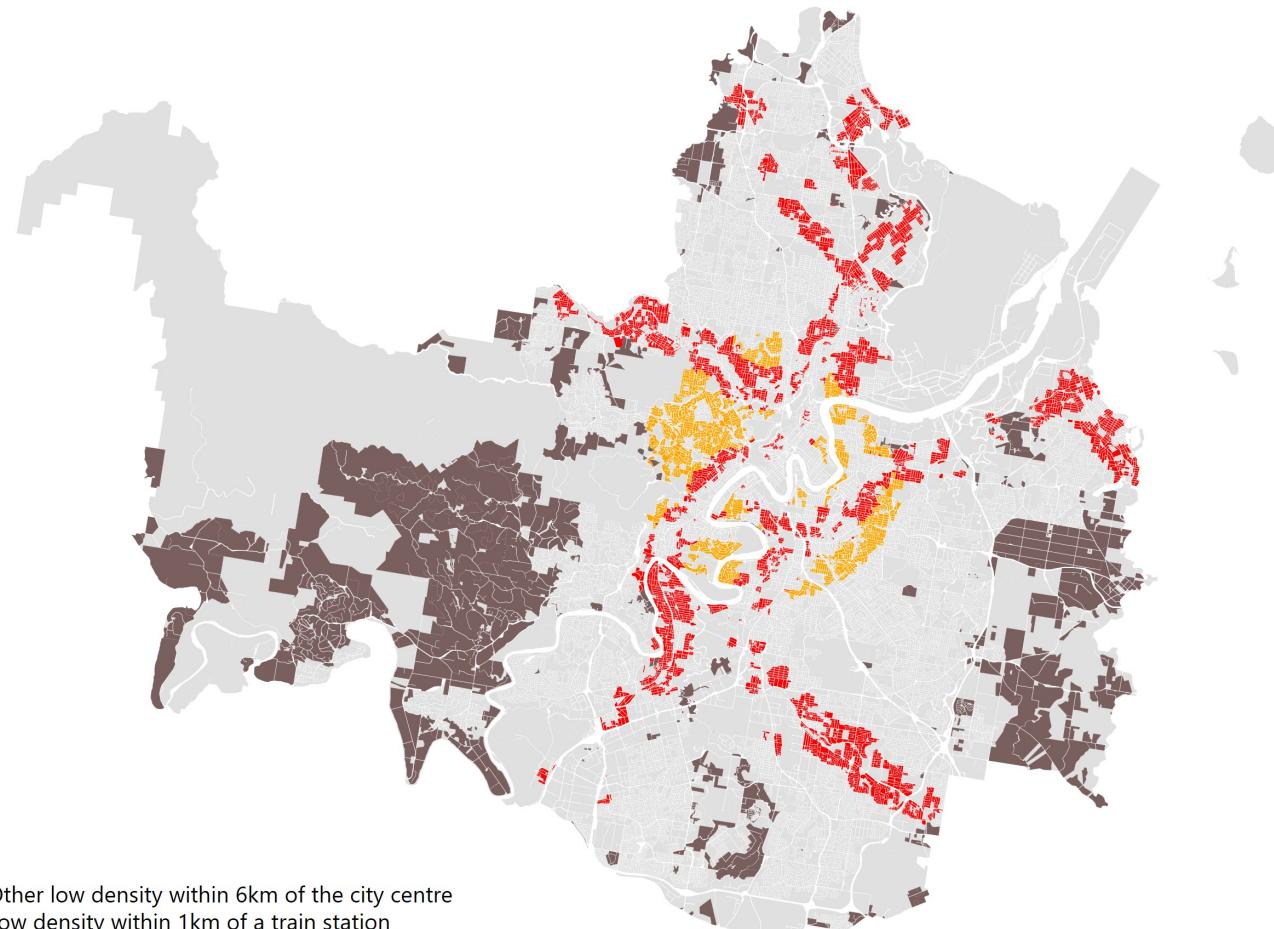
In the immediate term, the Queensland Government should commit to increasing densities in locations consistent with *ShapingSEQ*. In the first instance, policy effort should be focused on increasing densities within walkable distance of train stations and busways in South East Queensland. While significant policy work is required to develop the mechanisms to achieve this, there are several options that government should consider, including:

- using state powers under the Planning Act to amend local plans or establish new Priority Development Areas (PDAs) to increase densities
- working with local governments to encourage them to rapidly amend their local plans to increase densities — consideration could be given to approaches such as the New South Wales *Transport Orientated Development* which provided financial incentives for investments in community infrastructure for identified precincts.

In New Zealand, independent hearings panels have been successfully used to bridge the divide between nationally desired outcomes and local plans. These independent hearings panels are comprised of a mixture of planning experts, economists, legal professionals and former local government officials who hear submissions and evidence on local planning. They make recommendations to local government about how plans should be amended. While local governments can reject these recommendations, they must provide a rationale for any rejected recommendations. Because they provide a formal, evidence-based process to inform decisions, the independent hearings panels have been successful in allowing local governments to enable zoning reforms that might otherwise be politically challenging.

To support longer term reform, and to allow better evidence-based planning, a similar system should be established in Queensland.

The Commission recommends that the Department of State Development, Infrastructure and Planning (DSDIP) review the outcomes from New Zealand's planning reforms and enact similar reforms in Queensland.

Figure 4 Zoning in Brisbane City Council

Source: QPC analysis of Train Station and Brisbane City Council Zoning data.

Note: Character 1 and 2 which allows low density housing is included with low density. In the character 'infill' one the maximum yield is 300m² in a region where the average new greenfield house is built on a block of around 400m². The environmental zone which allows very low-density residential development, and rural zoning is included with rural residential. The grey 'other' zone incorporates a wide variety of land use, including, high density, low density residential, commercial, industrial, civil and greenspace.

Community engagement

Consideration also needs to be given to improving the way that consultation mechanisms are conducted. Current consultation mechanisms are not representative of broader community sentiment. While communities may be generally supportive of development, neighbouring residents tend to be less supportive because they incur direct costs. This means local consultation processes can give insufficient weight to the views of the broader community who are more likely to be supportive of development.

There is also evidence that the broader community often misunderstands planning processes, the link between housing supply and affordability, and tend to overstate the negative impacts of rising density.

To improve matters, government needs to be more proactive in developing and building the case for reform. To this end the Queensland Government should:

- consider consultation mechanisms that more accurately reflect community sentiment, such as citizen panels
- build the case for reform through transparent rigorous analysis of policy alternatives
- engage with the public on the trade-offs from alternative land uses
- explore opportunities to trial local community-led zoning decision-making, such as those adopted in some overseas jurisdictions.

Improving the design and operation of regulation

Stakeholders have noted there are significant inconsistencies between the Building Act and the Planning Act. Further, there appear to be significant inconsistencies between local governments in the way they interpret and apply legislation.

It is common for local planning schemes to apply local variations to the Queensland Development Code (QDC). These variations create additional complexity and barriers to standardisation, scale economies and innovation, but are rarely tested to ensure they are likely to provide net benefits to the community or to assess if they are likely to result in unintended consequences.

These problems were a common theme in submissions, with stakeholders arguing these problems were unnecessarily increasing costs, and creating confusion between planning and building regulatory requirements. This, in turn, creates delays, inefficient design costs and an increased risk of non-compliant work requiring expensive rectification.

While it is not possible for the Commission to make a full assessment of the Planning Act, Planning Regulation and the regulation inherent in local government planning instruments, it is clear policy effort is required to:

- reduce the complexity of the planning regime
- introduce greater consistency across local government planning instruments
- enable more standardised forms of building, including for infill development, that do not require planning approval
- ensure local government planning schemes are compliant with the intent of planning legislation
- ensure that statutory timeframes and approvals processes are consistent.

To this end, the Queensland Government should:

- undertake a legislative review of the Planning Act, Building Act and their subordinate instruments to provide greater regulatory certainty for industry participants. The review should consider options to resolve inconsistencies between the acts, address any ambiguity in their application, and implement the above recommendations to improve consistency in the regulation of building works
- require local government to comply more closely with the QDC. Where local government wishes to vary a requirement, it should be required to demonstrate that the variation would generate a net benefit to the broader community

- continue to develop and update standards for siting and design. The Queensland Government is currently progressing a Queensland Housing Code to provide design and siting standards for detached houses on single lots. This code should be extended to include secondary dwellings. Consideration should also be given to establishing a 'gentle density' code or set of pattern books (with appropriate regional variations) to expedite the delivery of housing. These could be developed in consultation with the Office of the Queensland Government Architect
- develop options to reduce unnecessary inconsistency or compliance costs associated with the use of zoning and overlays, including by:
 - more precisely defining zoning requirements in the Planning Act to promote consistency across different regions
 - requiring local governments to draw from a prescribed list of standardised overlays
 - centralising responsibility for determining flood and bushfire requirements with the Queensland Government
 - removing character zoning as a prescribed zoning form from the Planning Act
- request that DSDIP undertake an internal review of its processes to ensure it has sufficient oversight of local plans, including whether they are consistent with the Planning and Building Acts.

Infrastructure review

Many stakeholders raised concerns about difficulties ensuring that infrastructure is in place prior to development occurring. There is a clear need to review how the infrastructure to support urban development is planned, sequenced and paid for.

To this end the Queensland Government should commission an independent review to assess matters such as the process for infrastructure planning, funding, charging, coordination and delivery, to ensure:

- there is an efficient level of funding to support the infrastructure needed for future urban development
- there are strong incentives for enabling efficient use of existing and planned future infrastructure
- infrastructure is well planned and coordinated with future housing and other needs
- funding is based on long term strategic planning and available to facilitate infill development, where this is appropriate
- any charges or prices align with long term costs.

The review should consult widely, including with local governments and industry stakeholders.

Improving approval processes

Approval processes can create delays and uncertainty which, in turn, can increase construction costs through the idling of labour and capital, higher financing and other holding costs.

A lack of publicly available data on local government performance makes it difficult to formally assess whether approval processes are working as efficiently as they should. However, the anecdotal evidence suggests outcomes are mixed:

- There are some signs of good practice. For example, Brisbane City Council has created a Special Assessment Unit to prioritise assessment of complex high-priority development, which has seen faster approval times. Similarly, Ipswich City Council offers a free pre-lodgement service to assist applicants with identifying relevant matters to be addressed to speed up approval processes.
- There have been significant reform efforts aimed at streamlining approvals. For example, Queensland Government reforms enacted in 2017 prohibited planning schemes from requiring approval for a house or dual occupancy unless other local matters such as flooding apply.
- Approval processes, particularly for developments that are not code assessable, may be excessively onerous. For example, developers have asserted that approvals for townhouses can require more than 30 approvals from local councils and statutory bodies.

- Stakeholder submissions provided numerous examples of a convoluted approvals system that is plagued by a lack of accountability, confusing approvals processes and uncertainties that create unnecessary delays and requirements for re-worked designs and plans.

As noted above, removing inconsistencies between planning and building regulation, introducing more consistency across local government areas and making greater use of standard design and codes will help further streamline approval pathways for many developments.

Nevertheless, there are several other reforms that the Queensland Government should make to improve approval processes.

The first of these should be to amend the existing state-facilitated development pathway. While attempts have been made to streamline this pathway, it remains under-utilised. A key reason for this is that the pathway requires (under Planning Regulation 2017) developments to include at least 15 per cent affordable housing. This requirement is difficult to comply with in practice, increases development costs and, as a result, has made the pathway unattractive for most developers.

The affordable housing requirements should be removed, and the streamlined development pathway should be expanded to include non-residential development.

The pathway should be easy to use and be supported by sufficient expertise to expedite appropriate residential and non-residential development that is in the state's interest.

Economic Development Queensland (EDQ) also plays a key role in planning for and approving projects in high growth areas where PDAs are identified. EDQ should enhance local government engagement to support its role in development assessment within PDAs, rather than delegating these to local government.

A state-wide planning portal to allow consistent digital processes across all local governments should also be established. The planning portal should aim to:

- host consistent digital mapping
- provide an efficient process for applicants to electronically prepare, lodge and track applications
- provide a standardised process for making applications across all local government areas
- include reporting tools to increase transparency and accountability for all stakeholders.

Similar reforms have been successfully implemented in New South Wales and South Australia.

Consideration should also be given to better harnessing technology to speed up approval processes. For example, New South Wales is currently trialling the use of artificial intelligence to assist with approval processes.

While funding for the portal needs to be negotiated with local government, the state will need to lead the development of this portal.

Several stakeholders raised environmental approvals under the *Environmental Protection and Biodiversity Conversation Act 1999* (Cth). The Commission has not considered these issues in detail, as amendments to that act are a matter for the Australian Government.

Making better data available

There is a lack of consistent, timely data to support evidence-based planning. As a result, it is difficult to identify problems, build consensus on key issues, build the case for reform or hold decision makers or processes accountable for outcomes. A key reason for the lack of detailed data on land supply, zoned supply, approvals and other performance metrics is that local government data is dispersed and inconsistent, making data collation and analysis expensive.

To help address this, the Queensland Government should establish a growth monitoring entity. The entity's functions should include integrating data collection, developing improved indicators on the availability and feasibility of supply, publicly reporting approval and outcomes data, and monitoring planning and housing performance targets. The planning portal discussed earlier would assist in performing these functions.

The Queensland Government should consider whether there is a need for the entity to be an independent body to aid transparency and accountability.

While the growth monitoring entity is being established, DSDIP should release land supply information through the land supply and development monitoring (LSDM) report, including for 2022, 2023 and 2024.

Improving building regulation

The construction industry is subject to a wide range of regulations, codes and standards, implemented by all levels of government. Like other regulation, these generally seek to support the efficient functioning of markets and improve outcomes for the community.

Regulation of the construction industry is necessary to protect worker and public safety, protect consumers from poor quality products or services, and minimise environmental impacts. Where regulations have a strong rationale and are designed and administered well to address the underlying problem, the benefits should outweigh any costs that arise.

However, regulation that is either unnecessary, poorly designed or administered, or has failed to evolve in response to changing technologies, conditions or consumer preferences can introduce unnecessary costs, distort economic activity and adversely affect productivity.

Stakeholders indicated that regulations are particularly problematic where:

- there has been a lack of proper assessment, including consultation prior to implementation and assessment of possible unintended consequences or regional implications
- there are differences between jurisdictions, including at the local government level
- the pace of regulatory change makes it difficult to adapt to, or understand obligations
- regulations are not updated to reflect changing circumstances, such as technological advances that allow more efficient construction techniques
- regulator performance is lacking.

There are existing processes for making and managing regulation, however these are too often ignored. When this happens, regulation is often imposed despite it being an inefficient mechanism with costs being imposed on a select few.

The off-budget nature of regulation means that costs are typically given less scrutiny (even though the costs to the community can be higher) because regulatory costs are not budget constrained and are often difficult to observe. In construction, new regulations will raise the cost of housing, with the costs being disproportionately borne by those not already in the housing market; that is, younger and marginalised community members.

In addition to regulatory reforms identified elsewhere in this report, the Commission has identified four key areas where building regulations are either likely to be affecting productivity or where issues have been consistently raised by stakeholders. These four areas are:

- building codes and standards
- financial regulations
- regulations affecting MMC
- WHS regulations.

Given the volume of evidence on problematic areas of regulation, there is likely to be merit in a more comprehensive program of review of sector or occupation specific regulations affecting the building industry.

Building codes and standards

Building codes establish minimum standards for the design, construction, and maintenance of buildings, in areas such as structural and fire safety, health and sanitation, and light and ventilation. The core rationale for building codes and standards are that, if effectively enforced, they:

- set a baseline of safety and quality that consumers can expect
- mitigate the risk of building failures and potential hazards that could lead to harm or economic loss.

Building codes can also provide a clear standard against which liability can be assessed in the event that any issues arise due to a builder's work.

Building codes are primarily developed through a national process, the National Construction Code (NCC), with states enacting changes through their legislation.

The NCC's original purpose was to provide the *minimum* standards required to establish safety and quality expectations on building work. It also sought to provide a harmonised approach across the nation to maximise community benefits. This is only achieved where there is wide-spread agreement on the purpose of, the process for making changes to and the broad application of the NCC. Further, changes to the NCC were to be made on the basis there were demonstrated net benefits to the community.

More recently, there has been a significant increase in the scope of building codes and standards that go beyond the core rationale of safety and quality. They now cover energy efficiency and accessibility standards (through the NCC) and a broad range of aesthetic and other standards (through local government planning schemes).

Recent changes have not been uniformly adopted by states and territories. For example, Tasmania has not adopted the energy efficiency standards, while Western Australia and New South Wales have not adopted the accessibility standards.

A key reason for this is that recent changes to the NCC have followed poor regulatory processes. These include recent changes to energy efficiency and accessibility standards in the NCC that were adopted despite having been assessed as imposing net costs on the community.

In response to the Interim Report, some stakeholders (including the Queensland Independent Disability Advocacy Network and the Melbourne Disability Institute) raised concerns in relation to the Commission's preliminary recommendation to make the NCC standards, related to accessibility and energy efficiency, voluntary. Stakeholders argued that opting-out of mandatory standards would be more costly in the long-run and undermine a nationally consistent approach, and claimed that the accessibility housing regulatory impact statement for NCC 2022 significantly understates the benefits that application of the standards would deliver.

Similar concerns were raised about the energy efficiency standards.

While it acknowledges the concerns raised in stakeholder submissions, the Commission was unable to identify clear or uncontested evidence that would refute the analysis undertaken during the regulatory assessment process for the energy efficiency and accessibility standards as part of the NCC 2022 revisions — that is, those standards are likely to come at a net cost to the community.

Further, the costs of the accessibility standards are borne by a minority (new home buyers, many of whom are likely younger and face tighter financial constraints) who may never benefit from the requirement. Regulation used in this way is typically both inefficient (poorly targeted) and inequitable (benefits are not gained by those bearing the cost).

For this reason, the Commission has not changed its recommendation from the Interim Report for this inquiry. That is:

- there remains a strong case for Queensland to opt out of any regulatory change, including changes to the NCC, where a net benefit has not been demonstrated
- Queensland should opt out of the recent NCC energy efficiency and accessibility standards.

Such a change would not restrict the market, that is, builders or consumers, from adopting the stronger energy efficiency or accessibility standards set out in the current NCC if they believe there are benefits from doing so. Where applicable, there should be a commensurate reduction in construction costs.

That said, given feedback from stakeholders, the Queensland Government should consider whether there is a case for government action to ensure that consumers are appropriately informed of the benefits they may achieve from adopting the accessibility or energy efficiency standards when purchasing or designing a new home. Beyond this, government may also seek more efficient and targeted mechanisms to deliver desired policy outcomes. For example, in relation to accessible housing, government may wish to provide financial incentives for the development of accessible housing rather than imposing the cost through regulation.

Stakeholders have also expressed concerns about the rate at which building standards and code changes occur, and provided several examples of licensing, training and enforcement not keeping pace with these changes. Similarly, stakeholders told us the rapid pace of change was increasing the rate of building defects and rectification works, sometimes simply because a builder was unaware of a new requirement.

As such there appears to be a strong case for either moving to a longer time between allowable NCC amendments to the QDC or imposing a moratorium on any future changes to allow the industry to adapt to recent changes. Consideration also needs to be given to policy mechanisms that would enable industry to more quickly understand and adapt to any future changes.

Finally, the Queensland Government should continue to advocate that future NCC changes be dependent on regulatory best practice and the importance of a consistent national approach to minimum safety and quality standards.

A review of the stock of building regulation

One of the few strategies that has shown to be effective in improving the quality of regulation is the evaluation of the 'stock' of regulation that has accumulated over time, to ensure its continued relevance and effectiveness. Evaluation can effectively target the key issue — regulatory design — and provide a robust assessment of whether a regulation supports the public interest or not. Management of the stock of regulation involves retaining the good parts of regulation, while removing or amending those parts that are no longer fit for purpose.

Given the cumulative regulatory burden of building regulation, interactions between regulation, and the level of technical complexity, there is likely to be value in undertaking a targeted, in-depth stock review of building codes and standards.

The Commission has identified the following areas as priorities for stock reviews:

- A review of the *Building Act 1975* and subordinate legislation, including a focus on areas of overlapping or inconsistent requirements between the NCC, Australian Standards and the *Planning Act 2016* as well as the appropriateness of prescribed timeframes.
- A review of the *Queensland Building and Construction Commission Act 1991* with a view to modernising its functions, streamlining processes and reducing regulatory burden.
- The Queensland Government should also work with the Australian Government on the streamlining of the NCC.

Financial regulation

Financial regulations are intended to ensure the financial integrity of the construction industry in Queensland, protect consumers, and reduce the risk of insolvencies and disputes.

Stakeholders told the Commission that, despite financial regulations being in place, non-payment of contractors remains a significant issue. However, there were divergent views on what changes were needed, with some arguing regulations are costly and unnecessary and others arguing the framework needs to be strengthened.

Financial regulation specific to the construction industry relates to two matters.

The first of these are minimum financial requirements. In Queensland, building and construction contractor licensees must demonstrate they meet a prescribed minimum financial requirement. The intent of this regulation is to prevent insolvencies by ensuring that contractors demonstrate ongoing financial sustainability to the QBCC through annual financial reporting.

No other state or territory currently has similar requirements, although Victoria is in the process of implementing minimum financial requirements.

While the intent behind the regulation seems sound, there is no evidence they have improved financial sustainability. Since their reinstatement in 2019 (reporting requirements were removed in 2014), Queensland insolvencies have trended in line with those states without comparable reporting obligations.

Further, stakeholders told the Commission that annual financial reporting imposes a significant compliance cost on contractors.

In March 2025, the Queensland Government removed minimum financial reporting obligations for 97 per cent of all individual licensees. To further reduce burden, the Commission recommends removing all remaining minimum financial reporting requirements.

Beyond removing the reporting obligations, it is evident from stakeholder feedback that there may be potential costs if the minimum financial requirements are completely removed without having an alternative mechanism in place for verifying financial probity. As such, the Commission recommends that further investigations are conducted to determine whether some requirements are necessary and if so, whether alternative arrangements could achieve similar objectives at a lower cost to the community.

The second financial regulation of the construction industry occurs through trust accounts.

Queensland legislation prohibits head contractors from using retentions or project funds paid for subcontractor work as part of their cash flow or on other projects. The scheme has progressively been rolled out, however an extension to private projects valued below \$10 million has recently been paused.

Given there has been no formal assessment of their impacts (and there appears to be a range of other mechanisms for resolving payment disputes under Queensland's security of payment framework), the trust account requirements should be formally reviewed.

Given stakeholder concerns about non-payment of subcontractors, this assessment should also explore the efficiency and effectiveness of alternative options to address the issue of non-payment in the construction industry. The trust account framework should remain paused until this assessment has been completed.

Modern methods of construction

Increased use of MMC, including offsite fabrication, modular assembly and prefabrication, has the potential to increase productivity in the construction industry. Evidence suggests that MMC is used less widely in Australia than in other overseas jurisdictions.

While stakeholders have noted that MMC offers significant opportunities for increasing productivity, none were able to identify market failures that prevent more widespread use. Rather, most stakeholders pointed to regulatory issues and procurement policies that impede or disincentivise MMC.

Within this context, the Commission has no evidence to support an interventionist approach, such as procurement mandates or direct subsidisation by government.

Efforts to address regulatory barriers, including those that prevent the achievement of scale (such as regulatory differences across jurisdictions), as well as efforts to ensure government procurement processes do not discourage innovative approaches like MMC, appear most likely to address barriers to MMC and deliver net benefits to the community.

Beyond the recommendations relating to procurement and jurisdictional harmonisation of regulation, the Commission suggests working through the revitalised National Competition Policy to address unnecessary regulatory barriers and ensure 'regulatory neutrality' between MMC and conventional construction methods in local planning schemes and consumer protections.

Further, efforts are required to ensure that procurement policies are sufficiently production-neutral so that they do not prevent innovative approaches such as MMC. For example, local content rules may prevent the adoption of MMC, as offsite production methods may occur far from the final infrastructure location.

Workplace health and safety

Regulations governing WHS are designed to minimise the risk of accidents and injuries. These include rules around safe work practices, hazard identification and training, as well as associated administrative and reporting requirements.

Stakeholder feedback suggests the implementation of WHS in the construction industry needs to be improved.

There is evidence to suggest that regulatory burdens have increased in recent years. Queensland businesses are reporting an increased compliance burden dealing with WHS regulation and regulators, with 38 per cent reporting a 'high burden' compared to 27 per cent in 2017. Stakeholders have also noted there is duplication of WHS reporting requirements between the WHS regulator and QBCC.

While there seems to have been an increase in burden associated with WHS regulation, the data show there has been no improvement in outcomes. Since 2018, there has been no significant improvements in WHS outcomes, including the occurrence of workplace fatalities and serious incidents.

While many WHS issues have been discussed under the *Industry reset* section, the Queensland Government should consider other options for reducing regulatory burdens associated with WHS regulation that would not compromise safety outcomes. These include:

- developing a single, harmonised incident reporting framework, with single point digital reporting
- reviewing the OIR's Compliance Monitoring and Enforcement Policy so that it provides adequate guidance and direction for ensuring compliance, monitoring and enforcement activities appropriately manage WHS risks while minimising unnecessary costs to businesses.

Queensland Building and Construction Commission performance

Stakeholders stated there have been longstanding issues with the performance of the QBCC, claiming it is not effectively and transparently managing its core regulatory functions. Common themes from stakeholder submissions are that the QBCC needs to:

- be more efficient and remove duplicative and unclear processes
- respond faster to resolve issues
- be more transparent, consistent and effective in its enforcement of licensing and technical standards
- have a greater focus on genuine instances of non-compliance and unlicensed operators, rather than minor issues
- increase its presence and inspection activity in regional areas.

These views are broadly consistent with previous considerations of QBCC performance.³

³ Such as a recent 2023 Business Chamber Queensland report, which found 58 per cent of respondents in the construction industry considered the QBCC to impose a high regulatory burden, and the 2022 QBCC Governance review, which is yet to be fully implemented.

Following consultation with the QBCC and other key stakeholders, the Commission is aware the QBCC has commenced a process to improve its performance, with new leadership tasked with an improved focus on consumers and a more accountable, transparent, risk-based, and outcomes-driven regulatory approach.

The QBCC should continue with these business improvement processes, including the development of an ongoing customer improvement plan and the establishment of an online licensing registration facility. The QBCC should evaluate the outstanding recommendations of the 2022 QBCC governance review and, if they are still considered appropriate, prioritise their implementation.

Beyond this, a key issue is whether the regulatory framework QBCC operates under provides the right incentives to effectively and efficiently deliver its activities.

The QBCC currently reports quarterly against a range of measures, including processing times for renewals, licence applications and defects, movement to online forms and the proportion of QBCC decisions set aside by the Queensland Civil and Administrative Tribunal. The QBCC is largely meeting all targets on these measures. Nevertheless, consideration should be given to developing a new suite of transparent and publicly reported metrics that align with the QBCC's focus areas. These should be developed in consultation with industry and relevant consumer bodies.

Thresholds for insurable works

In Queensland, individuals and companies must hold a QBCC licence to carry out building work that is valued over \$3,300, where the threshold includes the cost of materials, labour and GST. In addition, most residential building work (including renovations and repairs) in Queensland valued at more than this threshold must have cover under the Queensland Home Warranty Scheme.

The threshold for insurable works has not changed since 2000 despite significant increases in construction prices. Further, the current threshold for insurable works is significantly lower than other states.

Given the potential impact of the low threshold on administrative costs for small jobs, there is a strong case for reviewing the current thresholds, particularly given consumer protections remain through the QBCC's dispute resolution services and the Queensland Civil and Administrative Tribunal.

Any increased value should be subject to actuarial advice on the impact on premiums and scheme viability, and should be periodically reviewed (for example, every five years) to account for inflation and the cost of building work.

Deposit caps

In Queensland, contracts for domestic building work are subject to deposit caps (that is the maximum deposit a builder can require prior to the commencement of work). These were put in place in 2000 following concerns about financial risks to consumers. For works over \$20,000, the deposit cap is 5 per cent of the value of the contract, while for contracts under \$20,000 the deposit cap is 10 per cent of the value of the contract.

The deposit caps have not changed since 2000, despite significant changes to the way the building industry operates, with stakeholders contending that the deposit caps have not kept pace with increases in requirements (and costs) prior to building commencement. These additional requirements include higher design assessments, site safety plans and levies such as the training and portable leave levy. Further, other stakeholders note that items like appliances seem to have been captured under the requirements, despite this not being intended.

As a result, stakeholders have requested that government review:

- the deposit cap thresholds and percentages
- the types of works covered by the deposit cap regulation.

Any review should consider the potential impacts on consumers and the Queensland Home Warranty Scheme, and whether there are other non-regulatory options that might address the purpose of the regulation.

Improving labour market operation

There are many labour market issues affecting the construction industry. For this inquiry, labour market settings have been considered to the extent they materially affect productivity in the construction industry, such as where:

- shortages of labour are concentrated in one area preventing the sequencing of works
- regulations prevent the efficient allocation of labour (that is, to where it is most needed) or slow innovation by restricting competition or being unnecessarily prescriptive about how work must be performed
- training frameworks and policies do not deliver the right skills to meet industry and community needs, are excessively costly or have high non-completion rates.

Apprenticeships and training

Apprenticeships, combining on-the-job work experience with off-the-job training, are a key training pathway for the construction industry.

As of December 2024, there were approximately 50 per cent more construction apprentices in-training in Queensland compared to four years prior. With some exceptions in particular trades, the share of apprentices in Queensland as a proportion of the total workforce is either close to or above the national average. According to National Centre for Vocational Education Research surveys, there are high levels of satisfaction among employers and workers with the apprenticeship and vocational education systems. These results are despite construction apprenticeship withdrawals outpacing completions since 2021.

However, given the escalating demand for construction work, more will be required of the apprenticeship pathway if growing labour shortages are not to become an increasing drag on construction productivity.

Issues raised by stakeholders focus on three key areas:

- information barriers facing apprentices, and the opportunities to attract and retain apprentices in the system, including the use of pre-apprenticeship and mentoring programs; this also applies to other supporting disciplines in the construction industry, such as building certifiers
- limited training system capacity and competition among service providers, especially for some trades and in some regional areas; stakeholders indicated better use could be made of the existing capacity of Registered Training Organisations and education facilities, and greater use of Group Training Organisations and technology
- financial barriers facing employers, apprentices and students that restrict their ability to participate in the training system. This includes the higher costs facing employers and students in regional areas to access training and continue to work while training.

These apprenticeship and training issues are complex and have implications beyond the construction industry. They require collaboration between industry and relevant government organisations and agencies to identify problems and reform opportunities and priorities.

If the Building and Construction Training Policy is removed and the government considers that additional support for the attraction and retention of apprenticeships and other workers in the construction industry is necessary, consideration should be given to better leveraging of the industry-funded Building and Construction Industry Training Fund.

Occupational licensing

Occupational licensing and accreditation requirements are intended to ensure that work is completed safely, and with appropriate care and skill. It provides benefits by allowing consumers and others to assess competency and help ensure that workers have the necessary skills and are accountable for the work they do.

However, occupational licencing can impose significant costs, raise barriers to entry and restrict the mobility of the labour force. In Australia the stringency of occupational entry regulation has been linked to lower rates of business entry and exit, a slower flow of workers from low to high productivity firms, and skill shortages.

While there are likely to be large gains from occupational licensing reform, specific licensing requirements are often complex and technical in nature. Reforms may also have significant impacts on many stakeholders, and 'getting it wrong' could lead to health and safety risks for consumers and workers.

Given the risks, the Commission's recommendation is that a coordinated stock review of licensing requirements should be conducted in accordance with best practice regulation principles. These reviews should identify where there would be net benefits to the community in reducing these requirements, including the opportunity to better recognise prior learning and experience, in assessing whether licensing requirements have been met.

Reviews should be prioritised according to the potential benefits of reform, considering factors such as:

- the projected level of demand for the occupation in the construction industry, and whether shortages are projected
- the stringency of licensing in Queensland compared to other jurisdictions
- the level of risk associated with the occupation, both in terms of worker and consumer harm, and the opportunity to identify and rectify defects associated with the work
- stakeholder input and feedback, including to this and other inquiries.

Occupations aligned with one or more of these criteria that should be considered for a first tranche of reviews include painting and decorating, plastering, glazing, plumbing, and fire protection.

Improving labour mobility

Attracting skilled workers from other jurisdictions will be important for Queensland.

Where licensing is justified, it should not impede the movement of workers between jurisdictions. Allowing the free flow of workers between jurisdictions enables scarce labour resources to be used where they are most needed and allows firms to operate across borders, encouraging scale, innovation and knowledge sharing.

The Queensland Government can improve labour mobility by:

- participating in efforts to improve harmonisation — while there can be benefits from harmonisation, Queensland should participate only where the licensing requirements are necessary, effective and impose the minimum costs necessary to achieve the policy objective
- improving the recognition of interstate licenses — including by joining other states in participating in Automatic Mutual Recognition, at least in relation to occupations in the construction industry. In doing so, certain regulatory, institutional and enforcement issues may need to be resolved.

Skilled overseas migration

Queensland could recruit skilled construction workers from overseas to a greater extent. Migrants are under-represented in the construction industry and some stakeholder groups note that many skilled migrants remain underemployed.

While migration is primarily a matter for the Australian Government, there are two channels through which the Queensland Government could help leverage skills of international workers.

First, there may be scope for the Queensland Government to advocate and nominate for an increased allocation of skilled international workers under the skilled nominated regional visas. This appears to be an underutilised pathway, with Queensland having less than 5 per cent of the state and local government allocation in 2024-25, and with only around 100 construction trades workers migrating to Queensland each year under these visa categories.

Second, the Queensland Government could reduce duplicative or unnecessary barriers to skilled migration.

Stakeholder feedback suggests that skills recognition processes in Queensland could sometimes be quicker, simpler and more cost effective. For example, a migrating electrician needs to have their skills recognised through the Offshore Skills Assessment Program or a Temporary Skill Shortage Skills Assessment and then undertake 12 months of supervised work under a licensed electrician before being able to apply for a Certificate III.

While there is a mutual recognition process for New Zealand migrants in Queensland (and other states), there may be opportunities to introduce mutual recognition with other developed countries, though this may require stronger links between domestic and international licensing bodies.

Other matters

Taxation of foreign investment

Foreign investment is an increasingly important source of capital and innovation for the housing market. Foreign investment tends to encourage innovation because it provides a source for new and innovative building approaches, as well as increased competition.

The Queensland Government currently imposes two taxes on foreign investment in the housing market:

- an additional 8 per cent (stamp) duty on transactions for foreign persons and corporations who are not permanent residents
- a 3 per cent surcharge on land held by foreign companies or trusts, on taxable land values greater than or equal to \$350,000.

The Australian Government charges additional tax obligations on the land holdings of foreign individuals and entities, including an annual vacancy fee for unoccupied dwellings.

While foreign property holdings make up a small share of the total housing market, they are responsible for funding just over 6 per cent of all new dwellings in Queensland.

Although surveys tend to show individuals have concerns about foreign investment in the housing market, studies show that foreign investors are unlikely to make housing more unaffordable. Rather, foreign investors are likely to be crucial to the development of new housing typologies, such as build to rent, and new construction methods. As such, additional taxes on foreign developers may discourage investment, reduce housing supply and reduce innovation.

Stakeholders contend that surcharges on foreign developers have resulted in fewer homes being constructed in Queensland. For example, a consultancy commissioned by the Property Council of Australia suggests that, since 2016, Queensland's foreign tax surcharges resulted in 33,000 fewer homes being built. Further, some stakeholders suggest the changes may have reduced state revenues due to a reduction in foreign owned property transactions.

The Commission recommends that Queensland Treasury conduct modelling to assess the impact of these surcharges on foreign investment to determine whether these should be removed. This assessment should consider whether recently announced reforms to streamline the provision of ex-gratia relief for firms who contribute substantially to the housing stock will address concerns about impacts on housing supply.

Utility connections

For many stakeholders, securing utility connections has become a key 'pain point' that is hampering the timely delivery of residential and commercial construction projects and resulting in significant and unplanned additional costs.

Stakeholders indicated that inconsistent application and interpretation of regulatory standards and requirements by Energy Queensland (EQL) is leading to unforeseen and unnecessary delays and costs. For example, stakeholders argued that EQL's interpretation of wiring rules appears to be inconsistent with other distribution network service providers in Australia. There seems to be a case for utilities to ensure their requirements align, as far as practicable, with existing agreed standards.

As it both administers and provides electrical connections in competitive market, there are concerns that EQL does not have the right incentives to set standards that balance productivity and safety or ensure standards align with other jurisdictions. Given this, the Queensland Government should also consider whether future amendments to the Queensland Electricity Connection Manual need to be overseen by an advisory panel. This advisory panel could consist of representatives from industry and the Electrical Safety Office.

Stakeholders also raised issues of delays and poor coordination between utility providers, developers, and local governments in the provision of infrastructure and connecting utilities. Given these concerns, the Queensland Government should investigate opportunities for incentivising performance through improved performance indicators and complaints procedures.

Improvements to engagement and coordination between utility providers, local governments and developers are also required. To this end, utility providers should establish a clear framework for engagement and coordination to ensure connection milestones align with development approvals and construction sequencing.

Energy Queensland – competition issues

EQL's EBA (the *Energy Queensland Union Collective Agreement 2024*) requires that contractors and subcontractors carrying out contestable works on the EQL network, or on assets that will become part of the EQL network, adhere to the same rates and conditions as provided in the agreement.

Several stakeholders raised concerns about this EBA. For example, the Housing Industry Association claims that the EBA means higher rates of pay and conditions apply to employees delivering non-electrical works, such as retaining walls and excavation trenches. As a result, they estimate that new housing allotments will be around \$10,000 more expensive to deliver than they otherwise would be.

Similarly, both Master Builders Queensland and Master Electricians Australia have raised concerns that the EBA is likely to discourage contractors from engaging in work with EQL since this would have significant flow-on impacts to their other business.

These claims are concerning, given their potential impact on construction costs.

To avoid restrictions on competition, the EQL Union Collective Agreement rates of pay and conditions should not be imposed on:

- contractors and subcontractors, except where required under law
- developers and others involved with assets that will become part of the EQL network, including work in subdivisions, public lighting work, and major customer work.

The Queensland Government should consider options to facilitate or support this change as soon as practicable.

Stakeholders have also claimed that because EQL is both a regulator and provider of services, it does not have the right incentives to manage the Accredited Service Provider (ASP) framework or for setting the definition of contestable works. Given the ASP framework and the definition of contestable works potentially allows it to limit competition, there may be a strong case for separating these functions from EQL.

As these concerns were not raised in the Interim Report, the Commission is unable to test these allegations. However, given the potential implications for competition, the Commission recommends that government assess whether responsibility for setting the ASP framework and setting the scope of contestable works provides EQL with excessive market power and whether these responsibilities would be better managed by another entity.

Prioritising the pathway for improved productivity

The terms of reference for the inquiry directs the Commission to consider implementation issues related to the recommendations and provide views on how these recommendations could be prioritised.

The pathway to better productivity will not be easy or immediate. There are no silver bullets or quick fixes, and improving matters will take concerted effort to restore confidence and enable investment in the housing and other infrastructure needed.

As detailed in the *Our approach* section, not every policy or regulatory issue affecting the construction industry raised by stakeholders or the associated literature is addressed in this report. Rather, the Commission has identified the key issues that are affecting productivity in the Queensland construction industry, and the key recommendations most likely to 'shift the dial' over the next decade.

Several recommendations will deliver larger benefits and as such these should be prioritised.

While the implementation of recommendations is a matter for the Queensland Government, the section below provides some guidance to assist the prioritisation of Commission's recommendations. This is based on the potential impact on productivity and when implementation should commence. These reforms are broadly categorised as 'Immediate' or 'As soon as practicable' (2026), 'Short term' (2027), 'Medium term' (2028 to 2029), and 'Long term' (2030).

Priority recommendations

Rec. No.	Recommendation	Related Rec	Suggested timeframe
Industry reset			
1	Best Practice Industry Conditions		Immediate
2	Remove prequalification for subcontractors	16	Immediate
Procurement			
10	Better prioritisation and coordination	17, 20	Immediate
11	Project rationalisation		Immediate
12	Ensure procurement decisions are focused on value for money		Immediate
Land use			
28	Increase zoning around transport hubs in South East Queensland		As soon as practicable
29	Enable evidence-based planning	31	Long term
Building regulations			
34	Impacts arising from NCC 2022		Immediate
43	Trust account framework		As soon as practicable
Labour market			
53	Review of occupational licencing		As soon as practicable

Remaining recommendations

Rec. no.	Recommendations	Related Rec	Suggested timeframe
Industry reset			
3	Greater guidance on health and safety regulation	8	
	a. Guidance materials		Short term
	b. Training and resourcing of WHS inspectors		Short term
4	Guidance for weather events	8	Short term
5	More effective use of existing arbitration and conciliation provisions	8	Short term
6	Updated code of practice for Queensland Government projects	7, 8	
	a. Update Building and Construction Code of Practice		Short term
	b. Review effectiveness of measures		Medium term
7	Enforcement of code of practice	6	Short term
8	Improved dialogue and collaboration	3, 4, 5, 6	As soon as practicable
9	Review of regulator powers		Medium term
Procurement			
13	Improving administrative simplicity	15	Immediate
14	Building and construction training policy	52	As soon as practicable
15	Local benefits test	13	Immediate
16	Building prequalification (PQC) system	2	
	a. Remove prequalification requirement		Short term
	b. Remove prequalification requirement for subcontractors		Short term
	c. Review system to increase simplicity		Short term
17	Guidance around risk appetite	10	
	a. Develop guidance		Short term
	b. Consider role for oversight and guidance		Short term
18	Increased use of standard contracts in building works		Short term
19	Increased use of standard contracts for civil engineering works		Medium term
20	Governance arrangements for standard contracts	10	Short term
Land use			
21	Consistency in design and siting requirements	23	Medium term
22	Options to further utilise standard codes	23, 44	Medium term

23	Interaction of planning and building regulation	21, 22	Immediate
24	Efficient use of zoning and overlays		Medium term
25	Governance of the planning system		Short term
26	Streamlined approval process for significant development		Short term
27	Planning portal	33	Medium term
30	Infrastructure planning, funding and charging review		As soon as practicable
31	Targets and incentives for local governments	29, 33	Medium term
32	Community support for housing development and reform		Long term
33	Development monitoring	27, 31	
	a. Establish entity		Short term
	b. Release most recent Land Supply and Development Monitor reports		Immediate

Building regulations

35	Future regulatory changes to building codes		Immediate
36	Stock review of building regulations and standards	37	Long term
37	QBCC governance	36	Short term
38	QBCC performance metrics		Short term
39	QBCC compliance and enforcement strategy		Immediate
40	Threshold for insurable works		Short term
41	Deposit caps		Short term
42	Minimum financial requirements		
	a. Remove reporting obligations, risk-based enforcement		Immediate
	b. Investigate alternative models		Short term
44	National Competition Policy commitments	22	
	a. Progress NCP commitments		Short term
	b. Advocating for a nationally harmonised scheme		Medium term
45	NCC performance-based provisions		Immediate
46	Government procurement		Short term
47	Skills and training		Medium term
48	WHS compliance monitoring and enforcement policy		Immediate
49	WHS incident reporting framework		Short term
50	WHS model codes of practice		Immediate

Labour market

51	Training and apprenticeships		Short term
52	Support for apprenticeship pipeline	14	Short term
54	Removing barriers to labour mobility		Short term
55	Opportunities to better utilise skilled overseas migration		Short term
56	Labour hire licensing		Medium term

Other matters

57	Taxes on foreign investment	Short term
58	Utility standards	Short term
59	Improved performance indicators and complaints procedures for utility providers	Medium term
60	Improved coordination and consultation	Medium term
61	Avoid EQL EBA rates of pay requirements on contractors and subcontractors	As soon as practicable
62	Clarify what is considered 'core works' on EQL Network	As soon as practicable
63	Changes to the Queensland Electricity Connection Manual	Short term
64	Managing the accredited service provider framework	Short term

Recommendations

Industry reset

Recommendation 1 BEST PRACTICE INDUSTRY CONDITIONS

Best Practice Industry Conditions (BPICs) should be permanently removed from the Queensland Government's procurement policy.

Recommendation 2 REMOVE PREQUALIFICATION FOR SUBCONTRACTORS

The Queensland Government should remove all requirements for subcontractors to be prequalified to work on government construction projects (see Recommendation 16).

Recommendation 3 GREATER GUIDANCE ON HEALTH AND SAFETY REGULATION

The Office of Industrial Relations should work with stakeholders to develop agreed guidance for unions, Person Conducting a Business or Undertaking (PCBU), Health and Safety Representatives (HSRs) and construction workers on the interpretation of mechanisms available under the existing legislation to deal with workplace health and safety (WHS) issues. This guidance should include:

- appropriate and proportionate responses to WHS incidences, including illustrative examples and case studies
- mechanisms for dealing with WHS disputes, including the role of the Queensland Industrial Relations Commission in resolving disputes
- right of entry provisions and how they should be used
- mechanisms for dealing with the misuse of HSR powers
- circumstances under which a HSR can be removed.

The training and resourcing of WHS inspectors in the construction industry should also be reviewed, to ensure they are appropriately supported in their compliance, enforcement and educational roles.

Recommendation 4 GUIDANCE FOR WEATHER EVENTS

The Office of Industrial Relations should develop guidelines, in consultation with stakeholders, for managing work during adverse weather, including procedures for determining when adverse weather is likely to present a WHS risk and responses to these risks. Consideration should be given to the inclusion of worked examples and case studies along with how these guidelines can be best distributed to workers, HSRs and PCBUs.

Recommendation 5 MORE EFFECTIVE USE OF EXISTING ARBITRATION & CONCILIATION PROVISIONS

The Office of Industrial Relations, in consultation with stakeholders, should explore additional actions that would encourage more effective use of provisions in the *Work Health and Safety Act 2011*, such as the options for using the Queensland Industrial Relations Commission for resolving WHS disputes in relation to the misuse of PCBU or HSR powers and responsibilities under the *Work Health and Safety Act 2011*.

Recommendation 6 UPDATED CODE OF PRACTICE FOR QUEENSLAND GOVERNMENT PROJECTS

The Office of Industrial Relations, in consultation with stakeholders, should update the Building and Construction Code of Practice 2000 or develop a new code to set out the Queensland Government's expectations about productivity performance on Queensland Government projects.

The Code should focus on the principles and practices to underpin improved productivity, including requirements that:

- contractors preclude any unnecessary productivity limiting clauses in their enterprise bargaining agreements (EBAs)
- contractors do not include EBA provisions that pass-through conditions to subcontractors (that is, jump up clauses)
- right of entry provisions prevent misuse of workplace health and safety procedures.

Consideration should be given to whether the Code should initially be provided as guidance. Enforcement of the Code could be introduced sometime in early 2027, when most building and construction EBAs are due for renegotiation, and the outcomes of the Commission of Inquiry into the CFMEU and Misconduct in the Construction Industry are known.

Recommendation 7 ENFORCEMENT OF CODE OF PRACTICE

If the Code of Practice (Recommendation 6) is made a mandatory requirement for Queensland Government projects, the Office of Industrial Relations should establish a process for identifying breaches and enforcing Code requirements.

Any enforcement mechanism should focus on low-cost options, such as use of 'negative licensing' where there is material evidence of non-compliance, rather than requiring all firms to demonstrate compliance through procurement, tendering or prequalification processes.

Consideration could be given to preventing firms found to be non-compliant from working on Queensland Government projects until compliance can be demonstrated.

Recommendation 8 IMPROVED DIALOGUE AND COLLABORATION

Government should find ways and mechanisms to encourage and facilitate greater collaboration between the parties directly engaged on large construction sites.

This collaboration should have a clear purpose and defined outcomes or deliverables, such as:

- advise on development of WHS guidelines and other relevant policy, including those mentioned in recommendations 3, 4, 5 and 6
- advise on the operation of provisions under the *Work Health and Safety Act 2011*, and the success or otherwise of guidelines and policies to facilitate improved safety and productivity outcomes
- identify challenges and potential solutions to collaboration issues on construction sites
- provide updates on construction-related matters, including but not limited to WHS matters.

The Office of Industrial Relations should provide support, sharing data on WHS outcomes, stoppages and other relevant information where appropriate.

Government should consider leveraging existing advisory committees and forums, or, if industry sees value in it, support the convening of a new forum to enhance industry collaboration and consultation.

Recommendation 9 REVIEW OF REGULATOR POWERS

Subject to the findings and recommendations of the Wood Commission of Inquiry, the Queensland Government should undertake a review of regulator powers with a view to establishing, if required in the future, a construction industry specific regulator with the broader investigative and enforcement powers necessary to maintain and improve safety and productivity on worksites.

Improving project selection and sequencing

Recommendation 10 BETTER PRIORITISATION AND COORDINATION

Queensland Treasury should work with key procuring agencies to establish an infrastructure body to improve decision-making on the prioritisation and coordination of public infrastructure projects in Queensland. This infrastructure body should:

- prepare rolling ten-year whole-of-government infrastructure plans outlining the state's public infrastructure needs and priorities
- publish and maintain an annual four-year whole-of-government infrastructure pipeline (budgeted pipeline)
- conduct market sounding to test the viability of the planned infrastructure program
- provide advice and information to key government decision makers (cabinet and agencies) from a whole-of-government perspective, including:
 - the potential trade-offs of different infrastructure options, including timing and costs
 - options for better utilising existing infrastructure assets
 - the ability of the market to deliver infrastructure
 - how public projects are likely to affect the private market, including the delivery of housing
 - improving accountability and transparency of infrastructure decisions within government.

While the form of this infrastructure body is a matter for the Queensland Government, consideration should be given to bodies or frameworks used in other jurisdictions such as Infrastructure New South Wales, and how such a body could facilitate the delivery of these objectives.

Consideration should also be given to whether this body should also have other functions, including providing leadership and advice on approaches to contracting and risk management.

Recommendation 11 PROJECT RATIONALISATION

To reduce pressure on the construction industry and support productivity, as an immediate action, the Queensland Government should undertake a full review of its capital program to:

- ensure the forward work program reflects key priorities, whilst being cognisant of market factors, including impacts on productivity
- ensure the scope of works is necessary to achieve the outcomes being sought, for example, the scope does not include any features that add unnecessary costs
- consider ways of delivering infrastructure outcomes (such as reduced congestion) at lower cost, including through non-infrastructure solutions (such as a greater focus on demand management).

As part of this process, the Queensland Government should consider any long-term commitments to deliver infrastructure and whether these are necessary or should be prioritised given other commitments, including housing targets, the market's capacity to deliver and market sustainability.

General procurement policies

Recommendation 12 ENSURE PROCUREMENT DECISIONS ARE FOCUSED ON VALUE FOR MONEY

To ensure the best use of taxpayer money and support industry productivity and innovation, the Queensland Government's Procurement Policy should have a single objective of delivering value for money.

Value for money should be defined as how well a proposal will deliver the community's required outcomes (in the case of public construction projects, how well a proposal will deliver the required outcomes from the infrastructure being procured), assessed against:

- the project's expected whole-of-life costs, including acquisition costs, transaction costs, maintenance costs and disposal costs
- supplier capability, capacity, commercial viability, and experience
- operational risk.

Recommendation 13 IMPROVING ADMINISTRATIVE SIMPLICITY

To reduce the administrative burden on tenderers and increase competition, particularly in regional areas, the Queensland Government Procurement System (the System) should be made simpler to administer for both tenderers and procuring agencies.

To achieve this, the Queensland Government should remove policies that are not directly related to value for money and unnecessarily add to the complexity of the System. These include:

- the Ethical Supplier Mandate and Ethical Supplier Threshold, including the Tripartite Procurement Advisory Panel
- the Supplier Code of Conduct
- the Queensland Renewable Energy Procurement Policy.

Recommendation 14 BUILDING AND CONSTRUCTION TRAINING POLICY

Given concerns about the effectiveness and efficiency of the Queensland Government Building and Construction Training Policy (the Training Policy), the Queensland Government should repeal the Training Policy for new projects. Consideration should be given to:

- introducing a less prescriptive and better targeted policy to facilitate training and apprenticeship numbers that is unrelated to procurement (see Recommendation 52)
- the timing and sequencing of any replacement policy
- whether transitional measures are required for apprentices who have commenced an apprenticeship under the existing Training Policy.

Recommendation 15 LOCAL BENEFITS TEST

To reduce unnecessary administrative burden, remove barriers to innovation and facilitate competition, the Queensland Government should repeal the local benefits test from the tender process for all construction projects.

To encourage local participation, the Queensland Government should simplify administrative requirements in procurement policies (see Recommendation 13), as these requirements disproportionately hinder small, local firms' ability to tender for government projects.

The Department of Housing and Public Works should consider if there are other procurement barriers preventing small and regional firms from tendering or participating in Queensland Government construction projects.

Recommendation 16 BUILDING PREQUALIFICATION (PQC) SYSTEM

The Queensland Government should remove the mandatory requirement under the Building Policy Framework (BPF) for agencies to use building consultants and contractors who are prequalified under the Department of Housing and Public Works' (DHPW) prequalification system for building projects.

The Queensland Government should also permanently remove the requirement for subcontractors to be prequalified under DHPW's prequalification system.

The DHPW should review its prequalification system for building work to reduce administrative burdens on building consultants and contractors, including by:

- making Queensland's building prequalification system as close as possible to the National Prequalification System for Non-residential Buildings, including bringing Queensland's financial requirements in line with other jurisdictions to the extent possible
- improving information sharing between Queensland Building and Construction Commission (QBCC), DHPW and other agencies to reduce duplication of information requirements
- to the extent possible, ensuring that financial requirements under the prequalification system are consistent with the QBCC's minimum financial requirements to reduce duplication
- to the extent possible, adjusting prequalification thresholds to better match project complexity, scope, and risk profile rather than relying solely on contract value
- ensuring that contract and commission fee value thresholds reflect market conditions
- introducing greater flexibility on how consultant and contractor thresholds are assessed, including allowing for alternative demonstrations of capability (for example, a track record of on-budget delivery, or a successful partnership with a larger firm)
- introducing scaled compliance requirements, ensuring reporting requirements are proportionate to the role and risk the contractor carries on the project.

Delivery agencies should also consider allowing tenderers to confirm that the information provided on DHPW's Prequalification Portal is up-to-date rather than being required to resubmit information during the tender process.

Contractual arrangements

Recommendation 17 GUIDANCE AROUND RISK APPETITE

To support better contracting and appropriate collaboration and innovation, guidance should be provided to Government agencies on the Government's preferred approach to risk.

This guidance should outline the Queensland Government's expectations on:

- minimising risk shifting to contractors and subcontractors where government is better placed to manage this risk
- engaging industry early in the project development phase to inform decisions around project feasibility and design
- adopting performance-based specifications, rather than tight technical specifications, to encourage tenderers to incorporate innovation, such as modern methods of construction, where it can improve project outcomes
- allowing tenderers to rely on information about site risks uncovered during the project development phase, as this will reduce the duplication of effort and cost for tenderers to undertake their own investigations
- increasing the usage of digital tools to increase efficiency, including removing the requirement for paper-based plans to be relied upon
- right-sizing projects, to provide opportunities for industry to benefit from economies of scale where appropriate by bundling projects, or, conversely, to separate projects to provide opportunities for smaller contractors to tender for government projects.

The Queensland Government should also consider whether there is a role for an independent body (such as the one outlined in Recommendation 10) or a central agency to provide ongoing guidance and advice to procuring agencies to assist them in managing risk (including contract management).

Recommendation 18 INCREASED USE OF STANDARD CONTRACTS IN BUILDING WORKS

To reduce the administrative burden on building consultants and contractors and facilitate better allocation of risk, the Queensland Government should task a suitable entity to maintain and update a suite of contracts for building construction and maintenance works, in consultation with industry and procuring agencies.

To the extent possible, these standard contracts should consider:

- standard use contracts in other jurisdictions
- standard contracts used in the private sector
- options for better managing risk and encouraging innovation.

To ensure agencies use these standard contracts, the Queensland Government should reissue guidance to Directors-General on the Building Policy Framework (BPF) 'policy requirement 3' which requires agencies to use standard contracts for building and maintenance works.

Recommendation 19 INCREASED USE OF STANDARD CONTRACTS FOR CIVIL ENGINEERING WORKS

To reduce the administrative burden on civil engineering consultants and contractors and facilitate better allocation of risk, the Queensland Government should task an entity with developing and maintaining a standard suite of contracts for civil engineering works, in consultation with industry and procuring agencies, including the Department of Transport and Main Roads.

To the extent possible the entity responsible for managing these standard contracts should consider:

- standard use contracts in other jurisdictions
- standard contracts used in the private sector
- options for better managing risk and encouraging innovation.

The entity should also:

- develop a policy for the use of standard contracts for civil engineering works, including conditions under which procuring bodies may modify standard contracts and who the policy applies to
- issue guidance on the use of standard contracts to all government bodies procuring civil engineering works.

Recommendation 20 GOVERNANCE ARRANGEMENTS FOR STANDARD CONTRACTS

The Queensland Government should consider whether the responsibility for developing and maintaining the standardised suites of contracts should sit within delivery agencies, such as the Department of Housing and Public Works and the Department of Transport and Main Roads, a centralised agency, such as Queensland Treasury, or an independent body, such as the one outlined in Recommendation 10.

The managing body should regularly review and update its suite of standard contracts to ensure they are suitable and appropriate for prevailing market conditions and projects, including by consulting industry and delivery agencies and government owned corporations.

Design of planning regulation

Recommendation 21 CONSISTENCY IN DESIGN AND SITING REQUIREMENTS

To reduce uncertainty, remove unnecessary regulatory impost on building design, improve productivity and facilitate greater innovation, the Queensland Government should:

- only permit variations from design and siting requirements in the Queensland Development Code in local government planning schemes and Priority Development Areas if net benefits to the community can be demonstrated through a cost–benefit assessment
- issue guidance to local governments and relevant state government agencies to this effect
- consider establishing a centralised public register of variations maintained by the Department of State Development, Infrastructure and Planning.

Recommendation 22 OPTIONS TO FURTHER UTILISE STANDARD CODES

The Queensland Government should continue to progress changes to the Queensland Housing Code (QHC). Following the introduction of the QHC, the Queensland Government should:

- consider extending the QHC to secondary dwellings
- ensure that small lot development is permittable.

Consideration should be given to establishing a 'gentle density' code or a set of pattern books (such as the Distinctly Queensland design standards) aimed at developing housing design standards to expedite the delivery of housing. These should be developed in consultation with the Office of the Queensland Government Architect and should accommodate regional variation.

Recommendation 23 INTERACTION OF PLANNING AND BUILDING REGULATION

To reduce uncertainty and unnecessary regulatory impost on building design, the Queensland Government should commission an independent review of the Planning Act and the Building Act (and associated regulations) that considers:

- the hierarchy of the acts, including enabling the adoption of Recommendations 21 and 22
- the use of consistent terminology across the acts and regulations
- the removal of any ambiguities in the definitions of development, building work and material change of use
- consistency of processes under the two acts
- any other interface issues identified as part of the review.

This review should be led by a suitably qualified expert. The review should undertake targeted consultation with local government, industry, peak bodies and other relevant stakeholders, and should be completed by the end of 2026.

Recommendation 24 EFFICIENT USE OF ZONING AND OVERLAYS

To ensure the planning system achieves its objectives in the most efficient manner, the Queensland Government should ensure that:

- zoning and overlays in local government plans represent the minimum imposts on new housing and other development necessary to achieve their objectives
- zoning and overlays in local government intended to achieve the same underlying objectives are consistently applied.

To achieve these outcomes, the Department of State Development, Infrastructure and Planning (DSDIP) should develop policy options in consultation with relevant community and industry stakeholders. At a minimum, the Department should consider:

- removing character zoning from the Planning Regulation
- more precisely defining the zones prescribed within the Planning Regulation to promote consistency across regions
- prescribing a state-wide set of overlays for flooding and bushfires, and making the Queensland Government solely responsible for any additional requirements related to these overlays
- requiring local government plans to draw from a prescribed list of standardised overlays.

In evaluating those policy options, DSDIP should develop and publish cost–benefit analysis that meets the requirements of the Queensland Government’s regulatory policy.

The Queensland Government should also apply these principles to Priority Development Areas.

Recommendation 25 GOVERNANCE OF THE PLANNING SYSTEM

To ensure local plans reflect the intent of Queensland legislation, regulations and planning policies, the Queensland Government should request that the Department of State Development, Infrastructure and Planning undertake an internal review of its processes to ensure it has sufficient oversight of local plans, including whether they are consistent with the Planning and Building Acts.

Streamlined approval processes

Recommendation 26 STREAMLINED APPROVAL PROCESS FOR SIGNIFICANT DEVELOPMENT

To streamline development assessment pathways, the Queensland Government should improve its state assessment pathways.

This should include:

- amending the State Facilitated Development pathway to include other significant developments, including for housing. The pathway should be adjusted to enable a more streamlined, evidence-based process, that includes the use of independent planning professionals. The criteria to access the pathway should include a minimum threshold establishing the definition of a significant development but should avoid mandatory criteria likely to reduce project viability, such as mandatory social or affordable housing targets
- restricting the delegation of development assessments in Priority Development Areas from Economic Development Queensland to local councils.

Recommendation 27 PLANNING PORTAL

To improve administrative efficiency, accuracy and transparency of planning approvals, reduce the burden on applicants and facilitate efficient data collection, the Queensland Government should develop a statewide digital planning portal. This portal should:

- host consistent digital mapping across the state
- provide an efficient and consistent process for applicants to electronically prepare, lodge and track development applications
- provide a standardised process for making applications across all local government areas
- include reporting tools to allow for increased transparency and accountability for all stakeholders.

To develop the portal, the Department of State Development, Infrastructure and Planning should:

- consider the design of the planning portals in New South Wales and South Australia
- consult with local governments and industry about their needs and how to make the system user friendly
- provide training for local governments to assist with the uptake of the portal.

Zoning and land supply

Recommendation 28 INCREASE ZONING AROUND TRANSPORT HUBS IN SOUTH EAST QUEENSLAND

As a first step to increase the supply of housing and improve construction productivity, the Queensland Government should use its powers under the Planning Act to amend local plans or establish new Priority Development Areas, with the aim of increasing density in well-located areas, where projects are likely to be commercially viable. Initially the Queensland Government should aim to:

- increase the density of zoning and allow for diverse housing within a walkable distance of train and busway stations within the Brisbane local government area
- identify and increase zoning density around well-located areas near activity centres and surrounding transport hubs in other local government areas in South East Queensland where infrastructure already exists.

Recommendation 29 ENABLE EVIDENCE-BASED PLANNING

The Queensland Government should improve evidence-based planning by ensuring plan making is independent, consultative and focused on improving the welfare of the whole community, and regional and local plans are aligned.

The Queensland Government should establish a process for reviewing plans with independent planning panels, similar to that in New Zealand. These panels are comprised of independent planning, economic and legal experts, and have the task of producing, commissioning and publishing expert evidence; consulting with the public; and making planning recommendations to governments.

State and local governments should be required to respond to these recommendations, by either agreeing and implementing the recommendations, or disagreeing and explaining why they do not agree.

South East Queensland should be prioritised. Other regional plans should be prioritised based on identified challenges such as housing affordability pressures.

Recommendation 30 INFRASTRUCTURE PLANNING, FUNDING AND CHARGING REVIEW

To support the efficient and timely delivery of infrastructure needed to support urban development, the Queensland Government should commission an independent review to assess matters such as the process for infrastructure planning, funding, charging, coordination and delivery. The review should identify reforms that ensure:

- there is an efficient level of funding to support the infrastructure needed to support future housing development
- there are strong incentives for enabling efficient use of existing and planned future infrastructure
- infrastructure is well planned and coordinated with future housing and other needs
- funding is based on long term strategic planning and available to facilitate infill development
- any charges or prices align with long term costs.

The review should consult widely, including with local governments and industry stakeholders.

Recommendation 31 TARGETS AND INCENTIVES FOR LOCAL GOVERNMENT

To ensure that local governments have sufficient incentives to deliver new housing supply in well-located areas, the Queensland Government should set annual targets for the supply of construction-ready land, development rights and for the construction of new housing for each local government area and hold local governments accountable for meeting these targets.

To enact this, the Queensland Government should:

- set targets that include desired outcomes for low, medium and high-density housing, and include short- and long-term targets to zoned supply, development rights, approvals and new land and dwelling supply
- require local governments to report on their success in meeting targets in their annual reports and to explain performance if they do not meet targets
- require that the growth monitoring entity (Recommendation 33) monitor local government performance
- consider providing financial incentives or rewards to local governments to incentivise them to meet targets.

This would complement Recommendation 29 by providing accountability for plans, regardless of whether they are supported by independent planning panels or have been recently reviewed.

Increasing support for better planning

Recommendation 32 COMMUNITY SUPPORT FOR HOUSING DEVELOPMENT AND REFORM

The Queensland Government should help to build the case for reform and better planning. This should include:

- improving consultation approaches to more fully represent the community, so views are better understood and incorporated into plans, for example utilising citizen panels
- building the case for housing where people want to live and reform through transparent rigorous analysis of policy alternatives and publishing and consulting on the results
- providing public information and engaging with the public on the trade-offs involved from alternative land uses
- exploring opportunities to trial local community-led zoning decision-making, as adopted in some overseas jurisdictions. This could involve, for example, allowing a majority of homeowners in a small area to request changes to local plans to enable greater density in their neighbourhood.

Recommendation 33 DEVELOPMENT MONITORING

The Queensland Government should establish a growth monitoring entity. The entity should:

- have responsibility for the Land Supply and Development Monitoring reporting
- integrate data collection with a state-wide planning portal
- publicly report outcomes and data in a transparent user-friendly manner on a regular basis
- develop improved indicators on the availability and feasibility of supply at different stages in the development process, supply relative to demand, and development and planning outcomes, in collaboration with experts and industry
- report on development and building approval outcomes, including acceptance/refusal, time taken to complete approvals and outcomes for cases brought to the planning court
- monitor planning and housing performance targets
- make data sets available to facilitate research and evaluation
- analyse and contextualise data, including identifying gaps or bottlenecks.

The government should carefully consider the administrative form that the entity takes, including whether there is a need for an independent body to aid transparency and accountability.

While the growth monitoring entity is being established, the Department of State Development, Infrastructure and Planning should release the most recent Land Supply and Development Monitoring reports.

Building regulations

Recommendation 34 IMPACTS ARISING FROM NCC 2022

Independent economic analysis, which was subject to public consultation and assessed as compliant with best practice regulatory principles, concluded National Construction Code (NCC) standards related to energy efficiency and accessibility would result in a net cost to the community.

To allow consumers to choose the features they value and to reduce the cost of constructing new homes and renovations, the Queensland Government should amend the Queensland Development Code to opt-out of NCC 2022 standards related to energy efficiency and accessibility (that is, make them voluntary for new home construction and relevant renovations).

Should government aim to achieve social objectives such as increasing energy efficiency and the stock of accessible housing, consideration should be given to more efficient policy options.

Recommendation 35 FUTURE REGULATORY CHANGES TO BUILDING CODES

As part of broader engagement activities, Queensland should advocate for the NCC to be nationally consistent and to focus on the *minimum* required standards to ensure safety, health, amenity and sustainability of buildings and that significant changes to the NCC should only be agreed where net benefits to the community have been demonstrated through a robust process.

In addition, the Queensland Government should ensure that future regulatory changes to building codes are appropriately assessed and will generate a net benefit to the community compared with other options (including non-regulatory options). Specifically, this means:

- only adopting future significant NCC changes if they have been assessed through the nationally agreed process as providing the greatest net benefit to the Queensland community
- other changes to building codes and regulations, including Queensland-specific variations to the NCC, are appropriately considered under the Queensland Government Better Regulation Policy (the Policy). Under the Policy, proposals assessed as having significant impacts should have a Full Impact Analysis Statement prepared and released for public consultation.

Recommendation 36 STOCK REVIEW OF BUILDING REGULATIONS AND STANDARDS

Given the accumulation of regulatory burden, the Queensland Government should undertake a targeted, in-depth review of building regulations and standards, including how they are made, implemented and administered.

The following areas have been identified as having the potential to deliver large gains to the community from reform:

- a review of the *Building Act 1975* and subordinate legislation, including a focus on areas of overlapping or inconsistent requirements between the NCC, Australian Standards and the *Planning Act 2016*
- a review of the *Queensland Building and Construction Commission Act 1991* with a view to modernising its functions, streamlining processes and reducing regulatory burden
- working with the Australian Government on the streamlining of the NCC.

Recommendation 37 QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION GOVERNANCE

The Queensland Building and Construction Commission (QBCC) should consider and implement outstanding recommendations of the 2022 QBCC governance review that remain relevant. It should also consider measures to improve performance, including streamlining its licensing processes, improving its responsiveness to stakeholder and customer concerns, ensuring it has sufficient presence in regional areas and continuing to work to reduce compliance burdens on industry.

The QBCC should also be consulted on any review of the *Queensland Building and Construction Commission Act 1991* conducted by the Queensland Government (see Recommendation 36 on stock reviews).

Recommendation 38 QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION PERFORMANCE METRICS

The QBCC currently reports quarterly against a range of measures including processing times for renewals, licence applications and defects, movement to online forms and the proportion of QBCC decisions set aside by the Queensland Civil and Administrative Tribunal. It also reports annually under the Queensland Government's Regulator Performance Framework.

The QBCC should develop a new suite of transparent and publicly reported outcome-focused metrics developed in consultation with industry and consumer advocates.

Recommendation 39 QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION COMPLIANCE AND ENFORCEMENT STRATEGY

The QBCC should commence consultation with licensees on a draft of a revised Compliance and Enforcement Strategy, which is next due for approval in late 2026.

Recommendation 40 THRESHOLD FOR INSURABLE WORKS

The Queensland Government should:

- increase the threshold for insurable works (from the current value of \$3,300) to a value more reflective of the cost of building. This should be subject to actuarial advice on the impact on premiums and scheme viability
- review the threshold at least every 5 years to account for inflation and the cost of building work.

Recommendation 41 DEPOSIT CAPS

The Queensland Government should undertake further analysis into the impacts of any changes to deposit requirements for domestic building contracts. This analysis should take into account:

- the upfront costs, and other cash flow challenges, facing builders / contractors
- potential impacts on consumers and the Queensland Home Warranty Scheme
- the impact of any change on pre-fabricated dwellings and modern methods of construction.

Financial regulations

Recommendation 42 MINIMUM FINANCIAL REQUIREMENTS

The Queensland Government should:

- remove reporting obligations for all minimum financial requirements (MFRs) and reinforce the importance of risk-based monitoring and enforcement
- investigate whether alternative models could achieve similar objectives to those targeted by MFRs at a lower cost to the Queensland community.

Recommendation 43 TRUST ACCOUNT FRAMEWORK

There is little evidence that project trust accounts have been effective in reducing the issue of non-payment in the construction industry. Therefore, the Queensland Government should review the trust account framework to determine whether it is delivering a net benefit to the Queensland community.

If it cannot be demonstrated that the benefits of the framework outweigh its costs, the framework should be removed.

Any assessment undertaken of the framework should:

- assess the impacts, effectiveness and continued relevance of the regulation in its current form
- consider any prospective impacts from expanding the framework to private sector, local government, statutory authorities' and government-owned corporations' contracts below \$10 million, as was previously proposed
- explore the efficiency and effectiveness of alternative options to address the issue of non-payment in the construction industry.

Modern methods of construction

Recommendation 44 NATIONAL COMPETITION POLICY COMMITMENTS

To remove unnecessary regulatory barriers to the adoption of modern methods of construction (MMC), the Queensland Government should progress commitments under the revitalised National Competition Policy to:

- adopt a nationally consistent definition of MMC and adopt the national definitions in its relevant legislation
- amend building legislation to accept manufacturers' certificates for National Construction Code compliance
- ensure regulatory neutrality in planning schemes and consumer protections for MMC.

To achieve neutrality in planning schemes, the Queensland Government should:

- ensure that where 'gentle density' codes or pattern books are established (see Recommendation 22), these should be technology neutral and compatible with MMC.

The Australian Building Codes Board has begun developing a voluntary certification scheme. The Queensland Government should engage with this process, advocating for:

- a nationally harmonised scheme to establish a national market, enhancing competition and scale
- consultation with the finance and insurance industry, providing greater certainty to those firms when providing services to MMC projects certified under the scheme.

Recommendation 45 NCC PERFORMANCE-BASED PROVISIONS

The Queensland Government should advocate for National Construction Code performance-based provisions to be production-neutral.

Recommendation 46 GOVERNMENT PROCUREMENT

Procurement policies should be production-neutral to ensure they do not disqualify innovative solutions such as modern methods of construction (MMC). To this end, the Queensland Government should:

- avoid contracting terms or policies that favour traditional in-situ designs
- ensure payment structures do not unnecessarily disadvantage innovative approaches
- utilise performance-based specifications in procurement to enable innovative approaches and solutions.

Recommendation 47 SKILLS AND TRAINING

To address the shortage of MMC skills and training in the construction workforce, TAFE Queensland should review relevant vocational education and training courses to ensure MMC is appropriately represented.

Workplace health and safety regulations

Recommendation 48 WORKPLACE HEALTH AND SAFETY COMPLIANCE MONITORING AND ENFORCEMENT POLICY

The Office of Industrial Relations should review the Compliance Monitoring and Enforcement Policy. The review should focus on ensuring that the policy provides adequate guidance and direction on how to ensure that compliance monitoring and enforcement activities appropriately manage risk while minimising unnecessary costs to businesses and society.

Recommendation 49 WORKPLACE HEALTH AND SAFETY INCIDENT REPORTING FRAMEWORK

The Queensland Government should expedite the development and rollout of a single, harmonised incident reporting framework, with the ability for single point digital reporting.

Recommendation 50 WORKPLACE HEALTH AND SAFETY MODEL CODES OF PRACTICE

The Queensland Government should consider removing section 26A of the *Work Health and Safety Act 2011*, to bring it in line with the Model Laws. To achieve greater consistency with national codes, the Queensland Government should also review Queensland Codes of Practice to determine whether they can be replaced with the national Model Codes of Practice.

Labour market

Recommendation 51 TRAINING AND APPRENTICESHIPS

The Queensland Government should establish a collaborative process with industry and relevant government organisations and agencies to identify problems, reform opportunities and priorities to improve the training and apprenticeship system for the construction industry in Queensland. Issues that should be considered include:

- the attraction and retention of prospective students and apprentices, including the efficacy of pre-apprenticeship and mentoring programs
- the design, capacity and quality of the training system, and how these can be improved to meet the needs of industry and prospective and existing workers
- financial considerations for employers, apprentices and students, including whether the efficacy of apprenticeship subsidies can be improved
- development pathways to encourage a career in construction.

In considering these issues, attention should be given to:

- any legal or institutional barriers to reform in this area
- the appropriate sharing of funding among government, students and apprentices, individual businesses and industry generally, considering the incidence of benefits from training
- the design of measures to minimise market distortions to the construction industry and the broader economy
- broader reforms of the education and training systems, and how these interact with reforms proposed under this process
- addressing barriers to the broadening of the pool of prospective apprentices
- the requirements of regional and remote areas.

Recommendation 52 SUPPORT FOR APPRENTICESHIP PIPELINE

If the Queensland Government Building and Construction Training Policy is removed (Recommendation 14), to the extent additional support for the attraction and retention of apprenticeships is warranted, it would be best supported through better targeting of existing industry and government schemes.

Consideration should be given to leveraging the industry-funded Building and Construction Industry Training Fund administered by Construction Skills Queensland (CSQ) by tasking the Department of Trade, Employment and Training to work with Queensland Treasury and CSQ to determine the appropriate policy settings to sustain a pipeline of apprentices. Determination of these policy settings should consider:

- approaches for determining the need for apprentices and the skills required for a future workforce
- efficient mechanisms for incentivising industry to take up apprentices
- options for broadening the candidate pool for apprenticeships
- whether the existing training levy rate is appropriate, and mechanisms for reviewing the training levies imposed on industry.

Recommendation 53 REVIEW OF OCCUPATIONAL LICENSING

To ensure that occupational licensing requirements are fit-for-purpose and do not impose unnecessary barriers on those seeking to enter the workforce, Queensland's construction-related occupational licensing requirements should all be reviewed through a multi-year coordinated program of stock reviews.

Each review should follow the guidelines for regulatory impact assessment in the Queensland Government's Better Regulation Policy.

There may also be opportunities to more fully recognise prior learning and experience in assessing whether licensing requirements have been met.

While all construction-related occupational licences should be reviewed, prioritisation of reviews should be considered against criteria including:

- the projected level of demand for the occupation in the construction industry, and whether shortages are projected
- the stringency of licensing in Queensland compared to other jurisdictions
- the level of risk associated with the occupation, both in terms of worker and consumer harm, and the opportunity to identify and rectify defects associated with the work
- stakeholder input and feedback, including to this and other inquiries.

Based on their alignment with one or more of these criteria, occupations that should be considered for a first tranche of reviews include painting and decorating, plastering, glazing, plumbing, and fire protection.

Recommendation 54 REMOVING BARRIERS TO LABOUR MOBILITY

To remove barriers to the mobility of the national construction workforce to support Queensland's pipeline of construction work, the Queensland Government should:

- actively participate in future interstate reform efforts for harmonisation or mutual recognition of construction-related occupational licensing
- join other jurisdictions in the Automatic Mutual Recognition scheme, at least as it relates to the construction industry
- resolve any regulatory, institutional and enforcement issues to adopting Automatic Mutual Recognition in the construction industry.

The Queensland Government should have regard to lessons learned from any evaluations of the Automatic Mutual Recommendation scheme, such as the independent 5-year evaluation called for in the *Intergovernmental Agreement on the Automatic Mutual Recognition of Occupational Registration* that has yet to be undertaken.

Recommendation 55 OPPORTUNITIES TO BETTER UTILISE SKILLED OVERSEAS MIGRATION

To better utilise skilled overseas migration to support the Queensland construction industry, the Queensland Government should:

- advocate for an increased allocation of state nominated migrants
- assign more of its allocated subclass 190 or 491 visas to construction trades workers
- reduce duplicative skills assessments and recognise equivalent overseas qualifications of potential immigrants.

Recommendation 56 LABOUR HIRE LICENSING

Given the potential impacts of labour hire licencing, and noting the sunset review of the Labour Hire Licensing Regulation 2018 is required before it is due to expire in 2028, the Queensland Government should consider expanding the sunset review to assess the effectiveness and efficiency of the *Labour Hire Licensing Act 2017*, and outcomes from the national process relating to harmonisation of the regulatory system.

Taxes on foreign investment

Recommendation 57 TAXES ON FOREIGN INVESTMENT

Given their likely impact on housing construction and innovation, Queensland Treasury should undertake a review of the:

- Foreign Land Tax Surcharge
- Additional Foreign Acquirer Duty.

The review should consider the suggestions raised in stakeholder submissions to this inquiry, the effect of the Queensland Government's recent changes to streamline the granting of *ex gratia* relief and include modelling of the potential long-term impacts of these taxes on the housing market and broader economy.

Utility connections

Recommendation 58 UTILITY STANDARDS

Utility providers should ensure that any requirements or conditions they apply align, as far as practicable, with existing agreed standards and are readily available to the public.

Where their requirements or conditions do not align with agreed standards, the utility provider should provide advance notice of any proposed changes and offer a clear, transparent, and evidence-based justification for any differing requirements imposed.

Retrospective changes to standards, after agreements have already been made, should be limited.

Recommendation 59 IMPROVED PERFORMANCE INDICATORS AND COMPLAINTS PROCEDURES FOR UTILITY PROVIDERS

The Queensland Government should investigate opportunities for improving performance indicators and complaints procedures associated with utility connections.

Recommendation 60 IMPROVED COORDINATION AND CONSULTATION

Utility providers should, in consultation with local governments and the development industry, establish clear frameworks for engagement and coordination to ensure utility connection milestones align with development approvals and construction sequencing.

Energy Queensland EBA

Recommendation 61 AVOID EQL EBA RATES OF PAY REQUIREMENTS ON CONTRACTORS AND SUBCONTRACTORS

To avoid restrictions on competition, the Energy Queensland (EQL) Union Collective Agreement rates of pay and conditions should not be imposed on:

- contractors and subcontractors, except where required under law
- developers and others involved with assets that will become part of the EQL network, including work in subdivisions, public lighting work and major customer work.

The Queensland Government should consider options to facilitate or support this change as soon as practicable.

Recommendation 62 CLARIFY WHAT IS CONSIDERED 'CORE WORKS' ON EQL NETWORK

The scope of 'core works' should be clearly defined to exclude civil engineering works, such as installing conduits and pits prior to the installation of cables, to remove the requirements for construction firms to:

- become accredited service providers to deliver these civil engineering works
- provide their staff with the Energy Queensland Union Collective Agreement's rates of pay and conditions to deliver these civil engineering works.

The Queensland Government should consider options to facilitate or support this change as soon as practicable.

Recommendation 63 CHANGES TO THE QUEENSLAND ELECTRICITY CONNECTION MANUAL

The Queensland Government should consider whether future amendments to the Queensland Electricity Connection Manual (currently made by Energex and Ergon) should be overseen by an advisory panel, including representatives of industry and the Electrical Safety Office.

Recommendation 64 MANAGING THE ACCREDITED SERVICE PROVIDER FRAMEWORK

The Queensland Government should consider whether an entity other than Energy Queensland (EQL), should take responsibility for setting and managing requirements under the accredited service provider framework, including whether current arrangements are a breach of National Competition Policy or should be considered under competitive neutrality principles.

This would address the concern that EQL has an incentive to set these requirements unnecessarily high to limit competition.





QPC

