



October 2025

OPPORTUNITIES TO IMPROVE PRODUCTIVITY OF THE CONSTRUCTION INDUSTRY

Final Report

© Queensland Productivity Commission 2025

The Queensland Productivity Commission supports and encourages the dissemination and exchange of information. However, copyright protects this document.

The Queensland Productivity Commission has no objection to this material being reproduced, made available online or electronically but only if it is recognised as the owner of the copyright and this material remains unaltered.

Foreword

Productivity growth of the Queensland construction industry over the last 30 years has been poor, with labour productivity being only five 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 sector. 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.

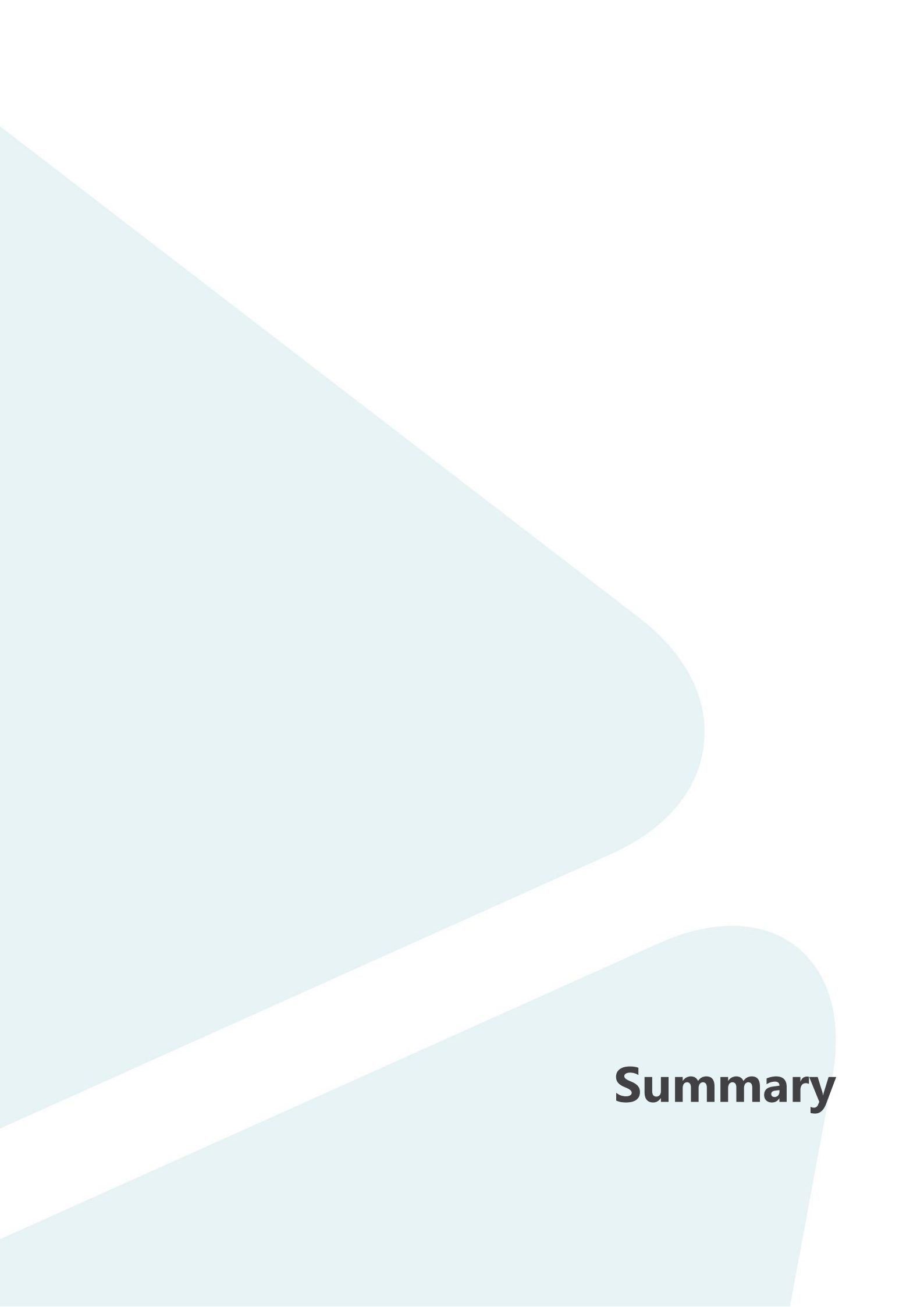
Following the receipt of the terms of reference on 24 April 2025, the Queensland Productivity Commission commenced an initial round of consultation with key stakeholders and called for submissions and comments on any matters relating to the terms of reference.

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 sector 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	2
Summary	3
1.0 Introduction	69
2.0 Background	73
3.0 Regulatory framework	93
PART A: Industry reset	103
4.0 Industry reset	105
PART B: Government procurement	129
5.0 Project selection and sequencing	137
6.0 General procurement policies	149
7.0 Contract and project management	167
PART C: Land use regulation	187
8.0 Design of planning regulation	195
9.0 Approval processes	213
10.0 Zoning and land supply	227
11.0 Incentivising change	251
PART D: Regulation of building activities	263
12.0 Building design and codes	267
13.0 Financial regulation	285
14.0 Modern methods of construction	299
15.0 Regulation of workplace health and safety	311
PART E: Labour markets	319
16.0 Apprenticeships and training pathways	325
17.0 Occupational licensing	341
18.0 Skilled overseas migration	357
19.0 Labour hire licensing	361
PART F: Other Matters	367
20.0 Taxes on foreign investment	369
21.0 Utility connections	375
22.0 Energy Queensland	381
Appendices	389
Appendix A: Terms of reference	390
Appendix B: Stakeholder consultations	392
Appendix C: Modeling of BPICs	403
Appendix D: Costs and benefits of planning reforms	429
References	439



Summary

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

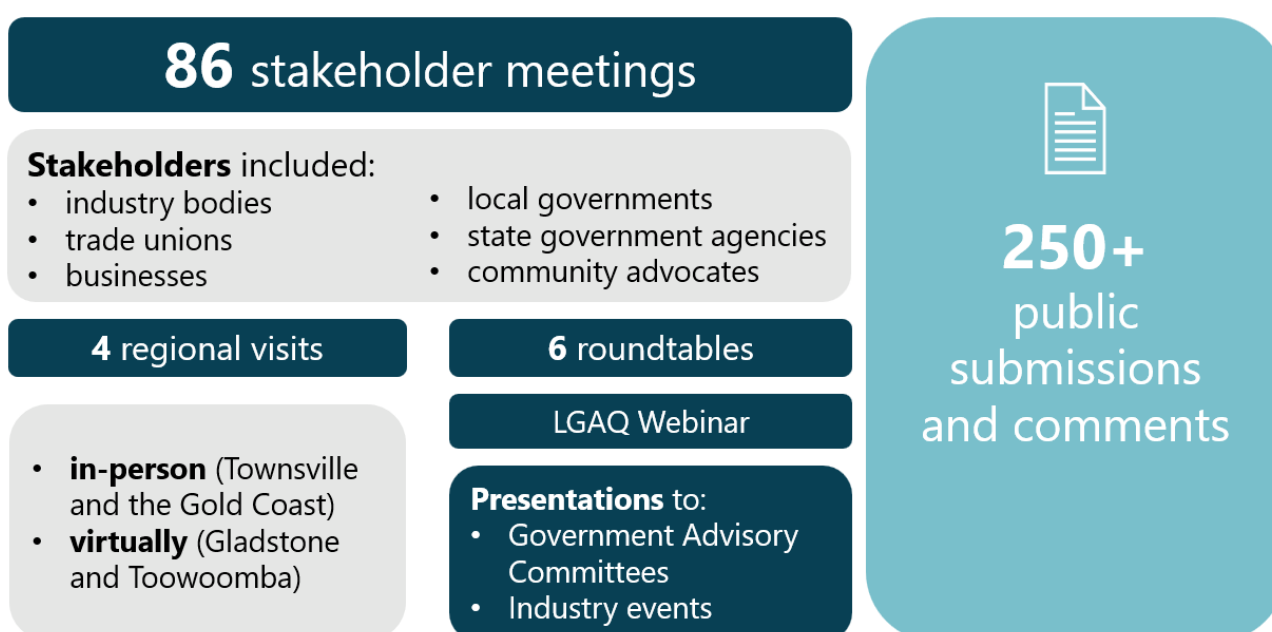
The Commission operates on a public inquiry model, underpinned by transparent and open consultation.

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



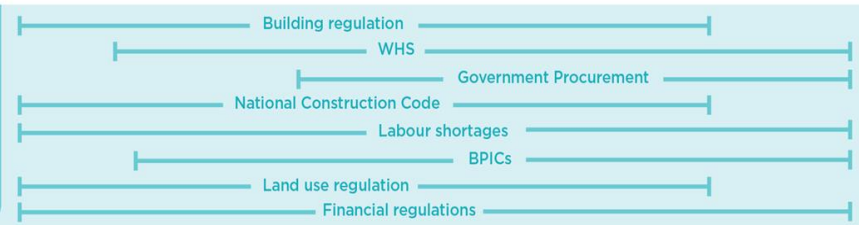
Box 1 The construction industry

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 			

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 Constructors 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)

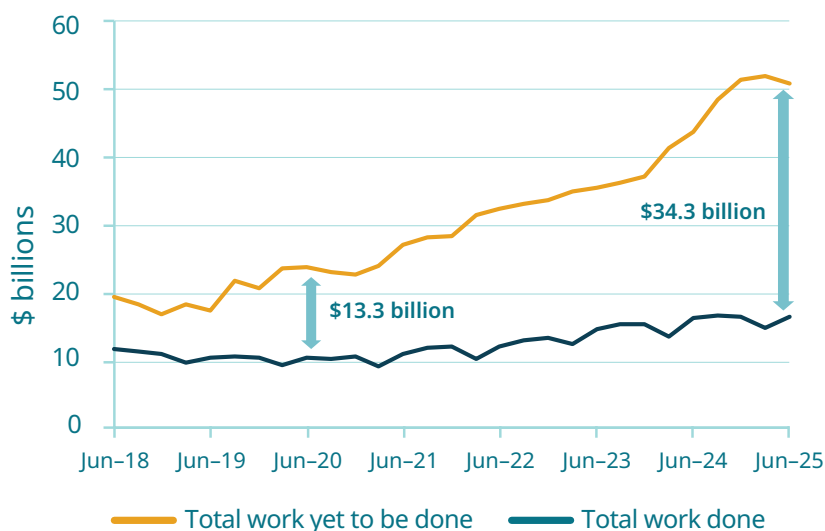
'The current framework is riddled with confusion requiring complex and headache inducing zig zag reading between 2 legislative branches which contain multiple conflicting and similar definitions and numerous other subordinate documents which differ from region to region ...' (Erin Dunn, sub. 64, p. 1)

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.

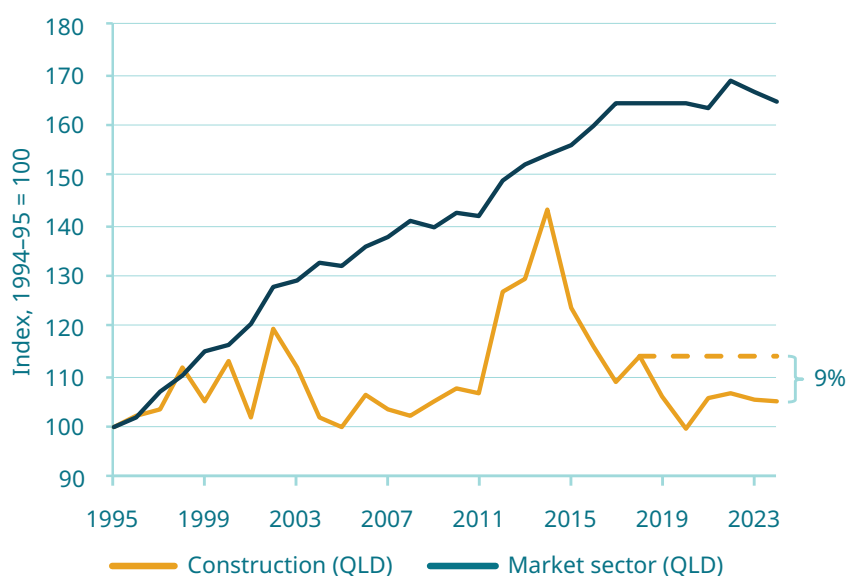
Demand is historically high

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



Source: QPC based on ABS.

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.

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



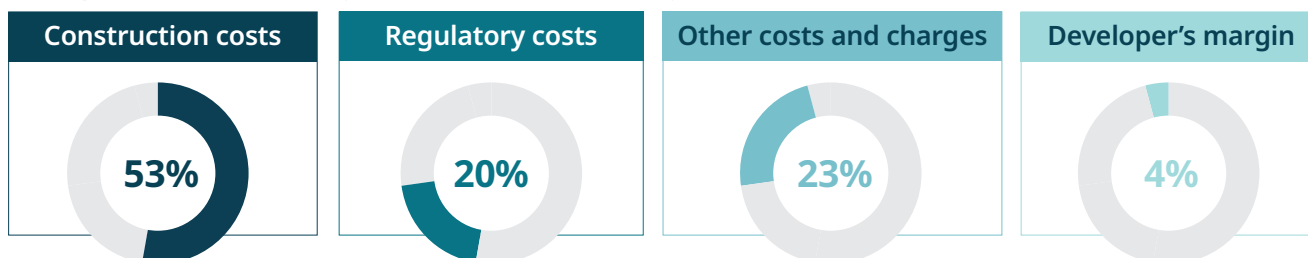
Regulation:

- 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 (that is, 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 some 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).

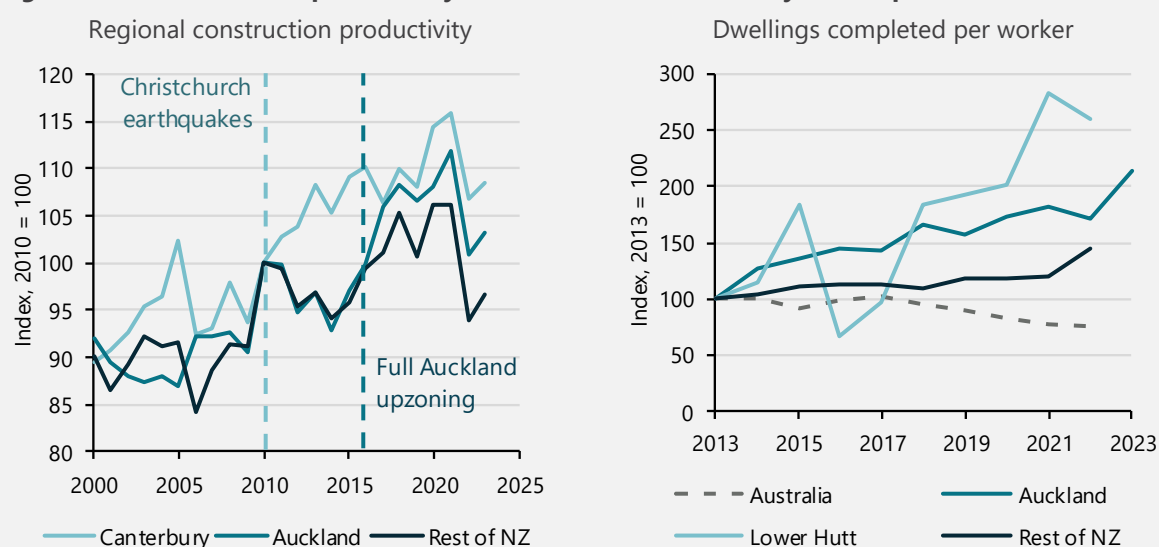
¹ Environmental regulation also plays a key role, however, given this is mainly regulated by the Australian Government, the Commission has not prioritised this for review.

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 meant that expensive remedial work or unnecessary building works were 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.

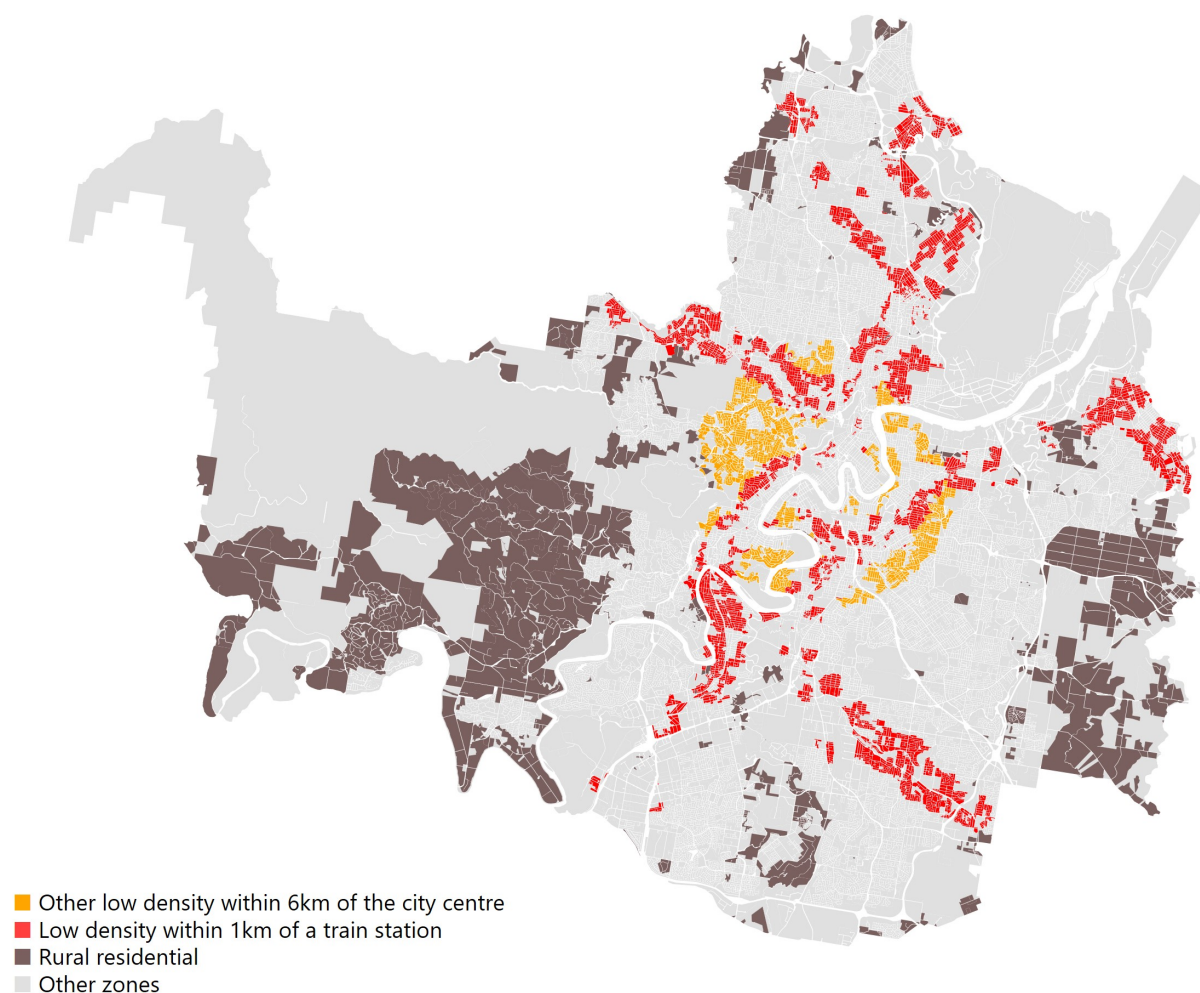
In the immediate term, the Queensland Government should commit to increasing densities in locations consistent with *ShapingSEQ*. In the first instance, policy effort should be focused on increasing densities within walkable distance of train stations and busways in South East Queensland. While significant 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' zone 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 the 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 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 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 licensing 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		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 permissible.

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.



1.0 **Introduction**

1.1 About the inquiry

On 24 April 2025, the Queensland Government asked the Commission to undertake an inquiry into productivity in the construction industry.

The inquiry has been requested in response to government and industry concerns about declining productivity in the industry, and its ability to meet rising demand for housing and other infrastructure.

The inquiry's terms of reference (see Appendix A) set out a broad scope for the inquiry, but are primarily about finding ways to increase productivity in the construction industry to:

- increase housing supply and improve housing affordability for Queenslanders
- allow the government to deliver infrastructure to meet the needs of a growing population.

The Commission has been asked to consider regulatory and non-regulatory mechanisms that would help to achieve these outcomes.

The Commission has been asked to report back to Government by 24 October 2025. The *Queensland Productivity Commission Act 2025* requires the Queensland Treasurer to provide the Commission a written response to the report within three months after receiving the report. As soon as practicable after receiving the Treasurer's response, the Commission must publish the report on the Commission's website.

Box 1.1 What is the construction industry?

The construction industry is one of the largest 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 renovation to highway construction.

The construction industry consists of a broad range of activities, including:

- 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.

There are strong links between each part of the industry, and the industry relies heavily on manufactured materials and professional services.

Source: ABS 2024a, 2025k.

1.2 Consultation

The terms of reference requires the Commission to consult widely. During the inquiry, we undertook more than 80 stakeholder meetings, six roundtables and other engagements with industry groups, trade unions, businesses, state and local governments, community groups and individuals. We also called for and received over 250 public submissions and comments from stakeholders. These are available on our website.

The Commission actively sought regional views during the inquiry through meetings with regional stakeholders, in-person and virtual regional visits, and engagement with representative organisations (including industry peak groups, local councils and trade unions) with state-wide coverage or regional perspectives.

The Commission would like to thank stakeholders for their involvement in the inquiry.

It is worth noting that many stakeholders were prepared to only provide confidential or verbal submissions to the Commission, stating a fear of reprisal (in the form of intimidation, loss of work and adverse treatment during approval, regulatory and/or procurement processes). It is not the role of the Commission to comment on the accuracy of these statements. However, it should be noted these concerns were not isolated to a small number of stakeholders or locations.

1.3 Our approach

Following the receipt of the terms of reference and the release of the Interim Report, the Commission conducted consultation with key stakeholders (including meetings, regional visits and roundtables) and called for submissions and comments from stakeholders on the matters raised.

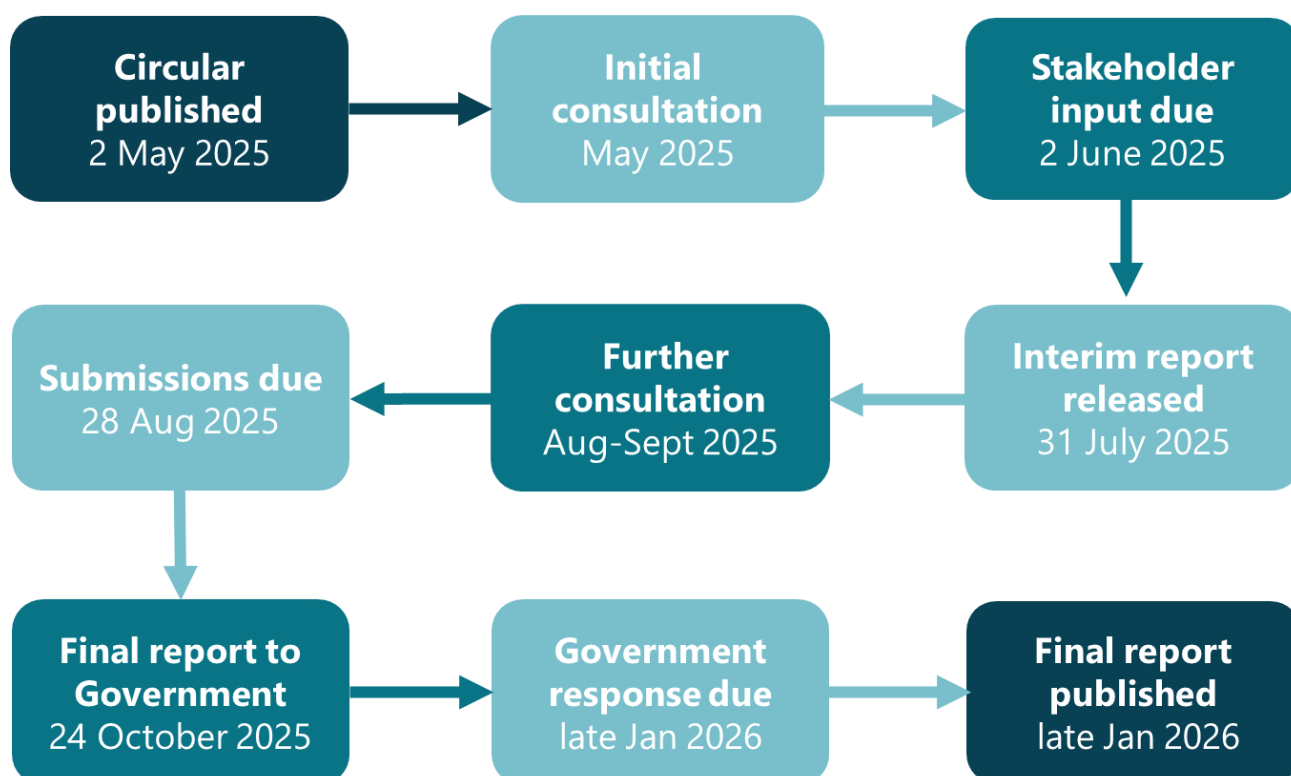
Stakeholder feedback reflects the technical and organisational complexity of the construction industry. Further, stakeholders have highlighted the significant risks from policy or regulatory missteps or inaction, including risks for workplace safety and the performance of what are often long-lived assets.

Within this context, the Commission has not sought to address every issue affecting the construction industry. Rather, the Commission has sought to identify the main issues that are holding back productivity in the construction industry and preventing the construction of the homes and infrastructure Queensland needs now and into the future.

The recommendations contained in the Final Report focus on issues that:

- will significantly affect construction productivity
- are likely to provide significant economic gains for the community
- appear to have a clear and compelling case for action, as there is enough evidence to support a clear reform direction, and
- the Queensland Government can influence or drive outcomes.

Figure 1.1 Inquiry stages and timing



1.4 Report structure

Based on our assessment of the evidence, including stakeholder submissions, the Commission has focused on areas where reforms are likely to improve productivity, restore confidence to enable investment in housing and infrastructure, and generate large benefits for the community. These are covered in the following parts:

- **Part A: Industry reset** — a combination of strong demand for housing and infrastructure and a series of policy choices (including Best Practice Industry Conditions (BPICs)) have worked to constrain productivity in the Queensland construction industry. The Queensland Government, with the construction industry, trade unions and other stakeholders, have an opportunity to adopt a set of immediate actions to reset conditions to be more favourable to the delivery of higher productivity and better outcomes for Queensland.
- **Part B: Government procurement** — the scale of the government's capital works program — which comprises a large and growing share of construction industry activity — and the ways in which it procures these services, are having a large impact on construction industry productivity. Opportunities exist to improve general procurement rules and contracting, and the selection and sequencing of capital projects.
- **Part C: Land use regulation** — there is emerging literature suggesting that restrictions on land use have been a significant contributor to declining productivity in the residential construction market. Given the close links to housing supply, reforms to land use regulation have the potential to generate large benefits for the community. Land use regulation also has links to other economic activity, by regulating where and how these activities occur.
- **Part D: Regulation of building activities** — developing and constructing housing and infrastructure in Australia requires compliance with a growing body of regulation, imposed by every level of government. These regulatory burdens are likely to be hindering construction industry productivity and inhibiting innovation. Key focus areas include building, workplace health and safety, and financial regulation.
- **Part E: Labour markets** — skilled labour shortages in one area can adversely impact productivity by delaying activities in other areas. Queensland's labour market is currently extremely tight, and there is rising demand for construction workers. Labour market settings that can affect construction productivity include labour market regulation such as occupational licencing and labour mobility, and the recruitment and training of new workers.
- **Part F: Other matters** — the Commission has also considered several other issues raised by stakeholders, including taxation of foreign land holders, impacts arising from the Energy Queensland enterprise bargaining agreements and utility connections.

The report also contains several technical appendices that support the analysis in this report.



2.0 **Background**

Key points

- 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.
- Since 2018, construction industry productivity has declined by around 9 per cent.
- If the Queensland construction industry's productivity had been maintained at 2018 levels:
 - the industry would require 9 per cent less labour to achieve the same output — more than offsetting recent industry estimates of worker shortfalls, or
 - the industry may have been able to construct an additional 77,000 dwellings — with flow-through benefits for housing affordability.
- Queensland's construction industry is facing rising levels of demand, boosted by:
 - the infrastructure and housing needed to support a growing population
 - other key government infrastructure projects, including for the 2032 Olympic and Paralympic Games.
- At the same time, the industry is facing difficult conditions, with a tight labour market and supply chain issues making the operating environment extremely challenging.
- As a result, the industry is increasingly unable to keep pace with demand:
 - housing supply is not keeping pace with population growth and housing affordability is declining
 - the pipeline of work yet to be done has more than doubled since 2020, with infrastructure projects increasingly behind schedule and over budget.
- Productivity will need to increase if the construction industry is to meet the challenges ahead. This does not require a reduction in working conditions. In fact, productivity improvements in Australia have been associated with improved working conditions because productivity improves revenue and tends to lift wages.
- Low construction productivity growth is not unique to Queensland. In recent decades, construction productivity has been mainly flat across Australia and in many other developed countries. There are exceptions, and there have been periods in which construction productivity grew quickly. As such, the construction industry is not inherently unproductive — instead, it has become less productive over time.
- International and national evidence on the causes of low productivity suggest policy and regulation are likely to have played a key role through:
 - the introduction of more restrictive land use regulation, making construction more difficult and expensive
 - building regulation becoming more complex and burdensome, adding to costs and increasing timeframes
 - jurisdictional differences in regulation, creating barriers to construction firms operating across jurisdictions that keep the industry fragmented and dominated by small firms
 - occupational licensing requirements that unnecessarily restrict entry into the construction workforce
 - government policies and procurement practices that directly impact productivity.
- The Centre for International Economics estimates that, in Brisbane, regulation increases the cost of a character zone townhouse by up to 15 per cent, an inner-city apartment by up to 25 per cent, and a greenfield house by 25 per cent.

2.1 The construction industry

The construction industry is large and diverse, with a complex range of issues cutting across sub-sectors of the industry (Figure 2.1).

It 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 (ABS 2024a, 2025k). In August 2025, Queensland's construction industry employed almost 270,000 persons — an increase of around 11,000 persons (or 4 per cent) since August 2022.

The construction industry includes:

- building construction, which includes detached homebuilding, multi-unit and high-rise apartment construction, and renovations. It also includes 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 2.1 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 	 <table border="1"> <thead> <tr> <th>Issue</th> <th>Residential</th> <th>Non-Residential</th> <th>Civil</th> </tr> </thead> <tbody> <tr> <td>Building regulation</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>WHS</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>Government Procurement</td> <td>No</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>National Construction Code</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>Labour shortages</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>BPICs</td> <td>No</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>Land use regulation</td> <td>Yes</td> <td>Yes</td> <td>No</td> </tr> <tr> <td>Financial regulations</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> </tr> </tbody> </table>			Issue	Residential	Non-Residential	Civil	Building regulation	Yes	Yes	Yes	WHS	Yes	Yes	Yes	Government Procurement	No	Yes	Yes	National Construction Code	Yes	Yes	Yes	Labour shortages	Yes	Yes	Yes	BPICs	No	Yes	Yes	Land use regulation	Yes	Yes	No	Financial regulations	Yes	Yes	Yes
Issue	Residential	Non-Residential	Civil																																				
Building regulation	Yes	Yes	Yes																																				
WHS	Yes	Yes	Yes																																				
Government Procurement	No	Yes	Yes																																				
National Construction Code	Yes	Yes	Yes																																				
Labour shortages	Yes	Yes	Yes																																				
BPICs	No	Yes	Yes																																				
Land use regulation	Yes	Yes	No																																				
Financial regulations	Yes	Yes	Yes																																				

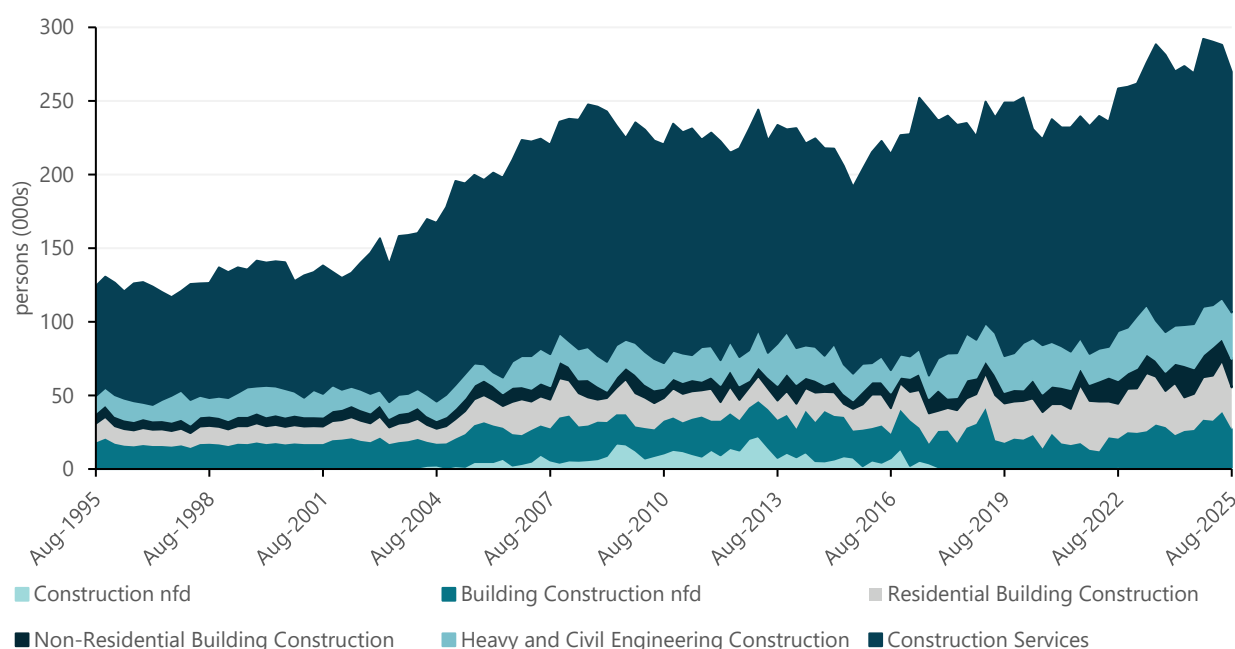
Source: QPC based on stakeholder consultation and Queensland Unions (sub. 59, pp. 7-8).

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

Within the industry, construction services employ the largest share of workers, employing around 61 per cent of the industry's total workforce in August 2025. While there have been some changes over time, the composition of the workforce by sub-industry over the last 20 years has been reasonably stable (Figure 2.2).

Figure 2.2 Industry workforce is dominated by construction services

Composition of Queensland's construction workforce by sub-industry



Note: nfd refers to 'not further defined'. The Building Construction sub-industry consists of Building Construction nfd, Residential Building Construction and Non-residential Building Construction.

Source: QPC based on ABS 2025k.

While female participation in the construction industry has doubled over the last thirty years — increasing from 7 per cent in 1994 to 14 per cent in 2024 — participation remains low. In August 2025, women made up 14 per cent of Queensland's construction workforce (about 38,400 persons), with almost half of those (about 23,800 persons) employed in construction services (ABS 2025k).

Despite continued efforts from state and federal governments, female participation within the industry appears to have plateaued, mostly remaining between 10-14 per cent over the last five years (ABS 2025k).

Compared with other industries in Queensland, the construction industry also employs:

- a younger (but aging)⁴ workforce — 51 per cent of Queensland's construction workers were below 40 years old compared with 48 per cent of employed Queenslanders in 2021
- fewer workers born overseas — 22 per cent of Queensland's construction workers were born overseas compared with 28 per cent of employed Queenslanders in 2021
- a similar proportion of Aboriginal and Torres Strait Islander workers
- a similar proportion of workers across Queensland's major cities, regional and remote areas (ABS 2021).

⁴ In 2011, 53 per cent of Queensland construction workers were below 40 years old (ABS 2011) suggesting that the workforce has aged over the last decade.

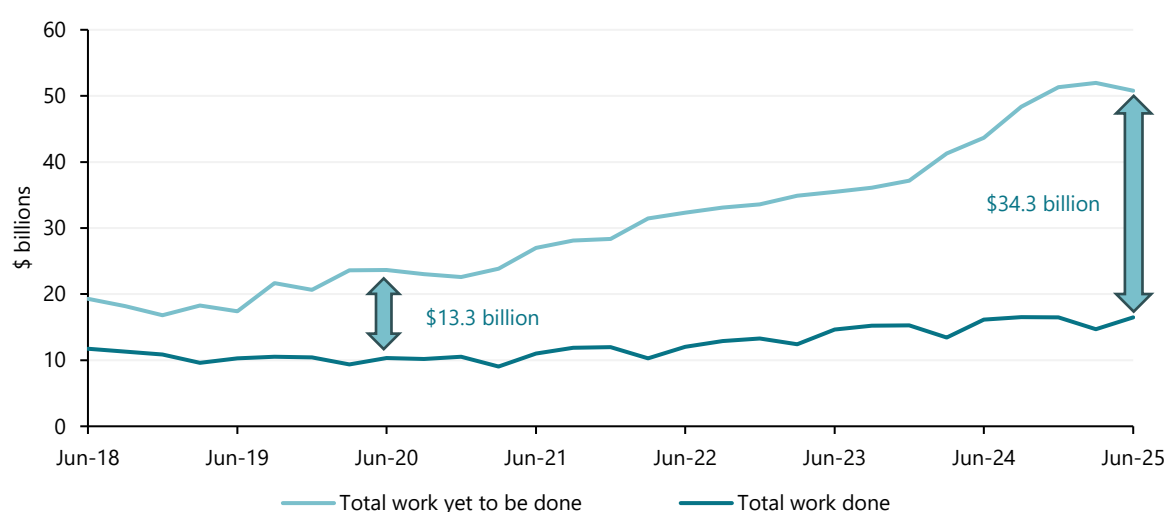
2.2 Queensland's construction challenges

Queensland is facing rising demand for construction services

In Queensland, the pipeline of works is growing faster than the construction industry's ability to deliver. 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 (Figure 2.3).

Figure 2.3 The pipeline of construction works is growing strongly

Building and engineering construction activity, Queensland, nominal



Note: Work done is work done during the quarter. Work yet to be done is the value of work remaining to be done on jobs under construction at the end of the quarter (that is, the difference between the anticipated completion value and the estimated value of work done on jobs up to the end of the quarter).

Source: QPC based on ABS 2025e, 2025b.

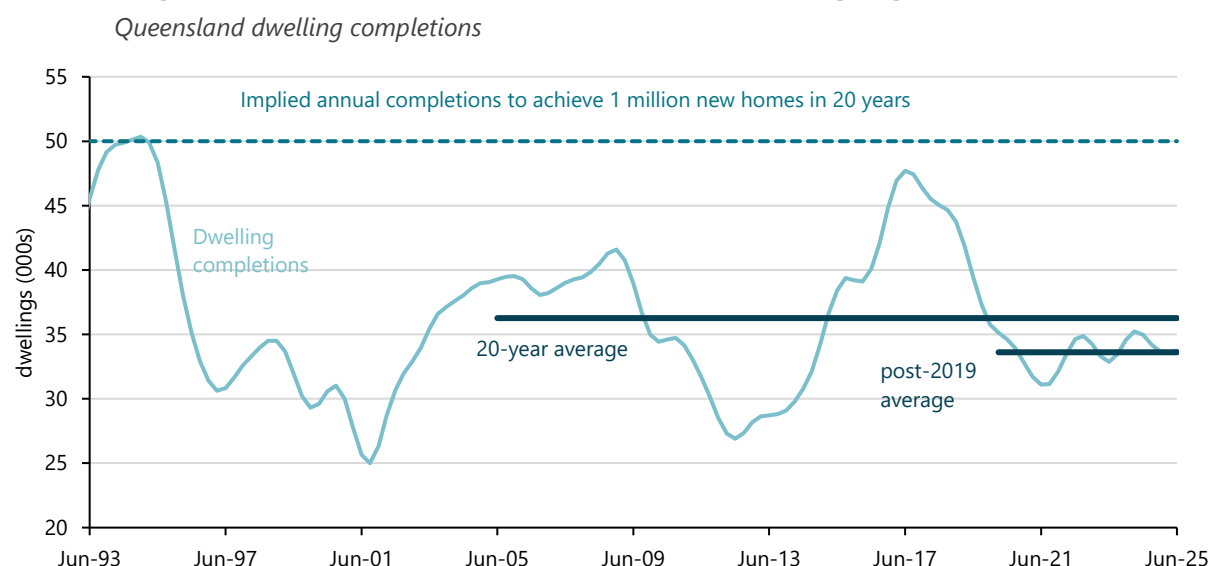
This rising demand for construction largely reflects:

- strong population growth driving demand for housing and infrastructure — in the five years to March 2025, Queensland's population grew by over 493,000 people, the largest increase over this period of any state or territory (ABS 2025l). Over the next decade, Queensland's population is projected to increase by up to 1 million people, an increase of around 17 per cent (ABS 2023a)
- growth in Queensland's energy infrastructure — the Queensland Government and its state-owned businesses are investing in electricity generation, firming and network assets to deliver affordable, reliable and sustainable energy for Queenslanders (Queensland Government 2025n, 2025k)
- the 2032 Olympic and Paralympic Games — over the next seven years, the program of works includes \$3.5 billion on the 2032 Athletes Villages and \$7.1 billion on Olympic and Paralympic Games venues infrastructure. This includes a new 63,000-seat stadium in Victoria Park, a National Aquatic Centre, and significant upgrades to existing transport and minor venue infrastructure across Queensland (Queensland Government 2025a, 2025n).

The community is concerned about the industry's capacity to meet housing needs

Tightness in the construction industry is particularly apparent in the housing market. Over the past several years, demand for homes in Queensland has outpaced the industry's capacity to provide new supply, with dwelling completions declining since 2017 (Figure 2.4). This has contributed to significant declines in housing affordability, with dwelling prices, rents and homelessness escalating over the period (for example, Pawson 2024).

Figure 2.4 A significant uptick in completions is needed to meet housing targets



Note: Dwelling completions annualised using a 4-period rolling sum.

Source: QPC based on ABS 2025b.

Without significant change, Queensland is unlikely to build enough homes to address recent declines in affordability:

- The Queensland Government is aiming to have 1 million additional homes built over the next 20 years, or 50,000 homes per year (Crisafulli 2024). However, over the last decade, only about 37,700 homes were delivered per year. Since 2019, the number has been even lower at about 33,600 homes per year (Figure 2.4).
- The Urban Development Institute of Australia (2025b, p. 28) recently forecast that Queensland will undershoot its National Housing Accord annual dwelling target by between 37 per cent and 43 per cent in each of the next five years, with a combined 'supply gap' of roughly 74,000 dwellings. The Property Council of Australia (2025b, p. 11) projected a shortfall of 96,000 homes in Queensland by 2029.

Market factors ultimately determine the price of homes through both supply and demand. The factors determining supply — including location, preferred style and size of dwellings, and cost of construction inputs — change over time. These changes can be due to direct costs (such as the cost of land, design, construction, taxes and charges, developers' profit margin and acceptable risk premium) or individual preferences.

With the rising costs of construction and land, the commercial viability of developments is changing. For example, according to KPMG (2025), it may no longer be commercially viable for some developers to build dwellings for households earning between \$50,000 and \$110,000. This means the homes that are built may service a narrower segment of the community, further reducing affordability for some Queenslanders.

Outside of housing, there are signs that declining productivity in the construction industry is affecting both private investment and public infrastructure projects. For example, there have been numerous cost overruns and delays to public projects (such as those on the Cross River Rail) and private sector projects (for example, the project costs on the Queen's Wharf development have reportedly increased by \$1 billion, from an original costing of \$2.6 billion (Samios & Macdonald 2025b, 2025a)).

Looking ahead, stakeholders have raised concerns about how the construction industry is going to service future demand, with productivity on infrastructure sites and future workforce shortages being cited as an issue (MBQ 2025a; QMCA 2024). There is broad agreement there are not enough workers (directly and indirectly involved in the construction industry) to deliver the work in the pipeline.

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. (AMCA, NECA & NFIA, sub. 47, p. 6)

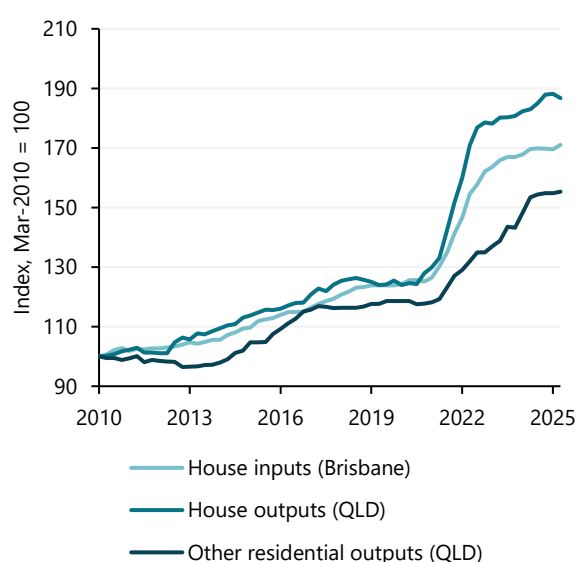
2.3 Industry conditions are difficult, but poor productivity is the key issue

Capacity constraints are having adverse impacts, but are not unique to construction

Queensland's construction industry has been operating at or near capacity since 2021, resulting in significant rises in the price of materials (Figure 2.5) and trades vacancies (Figure 2.6). While supply chain disruptions initially limited the industry's capacity, these conditions have eased. However, prices remain elevated.

Figure 2.5 Materials prices rose significantly from 2021, but growth has since slowed

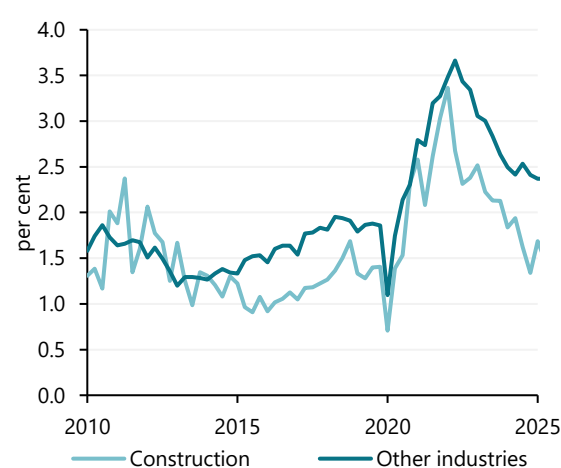
Producer price indices



Source: QPC based on ABS 2025m.

Figure 2.6 Trades vacancies escalated sharply from 2021, but have since eased

*Vacancy rate, Australia**



Note: *Job vacancies are not directly available at the state-industry level. 'Other industries' excludes agriculture, forestry and fishing.

Source: QPC based on ABS 2025g, 2025k.

Demand for construction workers — both professionals and tradespeople — is likely to continue to exceed supply over the next decade across Australia (BuildSkills Australia 2024; Infrastructure Australia 2024b). BuildSkills Australia, for example, projects a shortfall of about 50,000 construction workers in Queensland and 192,000 construction workers across Australia by 2035. Meanwhile, Construction Skills Queensland (2025d) predicts that Queensland is likely to face an average shortfall of around 18,000 construction workers per year over the next eight years.

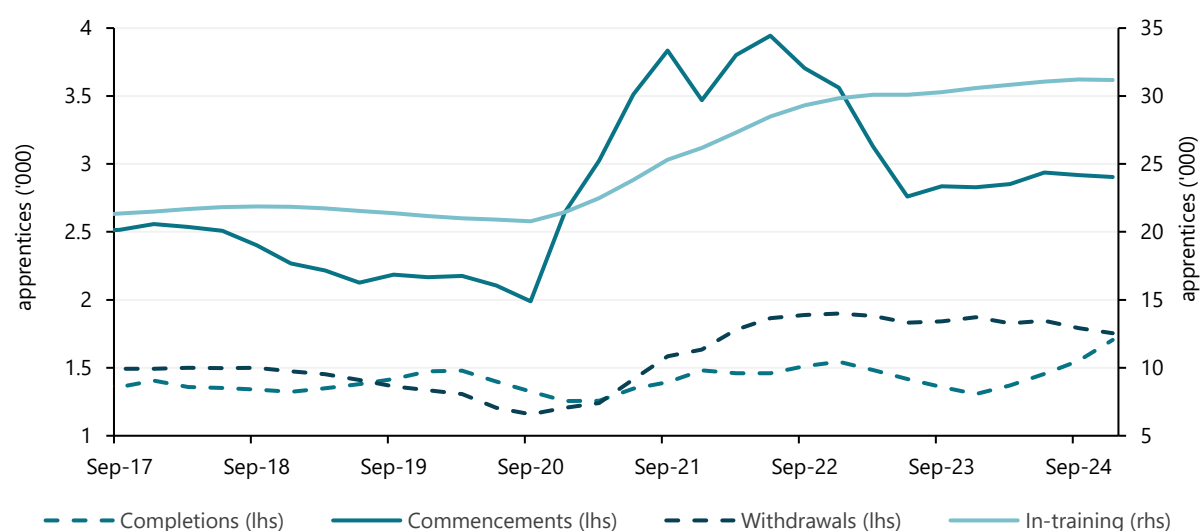
'Skills shortages' do not necessarily reflect market or regulatory failures. Even a 'perfect' labour market may have some level of unmet demand, and there will always be scenarios where the pay or conditions a business is willing to offer are lower than what workers will accept.

Workforce shortages are also not unique to construction. Labour market conditions across the economy remain historically tight, with little evidence that shortages in the construction industry are worse than the economy average. For example, vacancy rates in construction are lower and easing more quickly than in other industries (Figure 2.6).

With respect to the pipeline of apprentices, while the number of apprentices in-training has risen since 2020, withdrawals have outpaced completions since 2021 (Figure 2.7). Given apprenticeships typically take up to four years to complete, it is anticipated the historically high level of commencements throughout 2021 and 2022 will increase the qualified workforce through 2025 and 2026.

Figure 2.7 Apprenticeship commencements rose markedly in 2021, but this is yet to be reflected in completions

Queensland construction industry's apprenticeship pipeline, 4-quarter rolling average



Source: QPC based on CSQ 2025a.

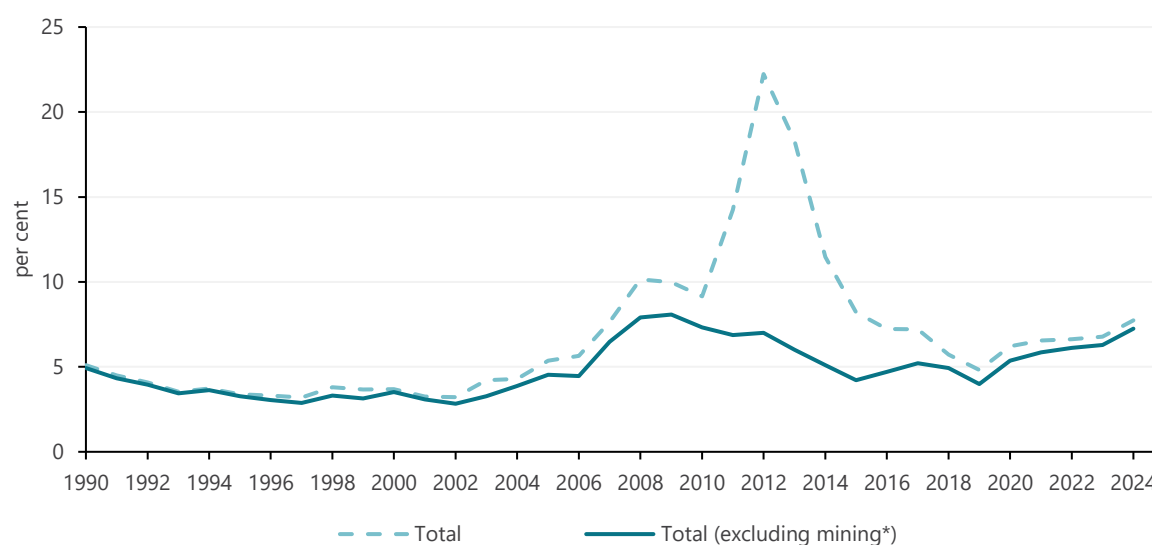
While demand is high, it is not unprecedented

While the pipeline of construction work in Queensland has grown rapidly since 2020, it remains well below the levels seen in the lead up to and during the 2011 to 2014 liquid natural gas (LNG) construction boom:

- The value of work yet to be done in Queensland was around 7.7 per cent of GSP in 2023–24, below the average of 11.3 per cent over the decade between 2005–06 and 2015–16 and well below the average of 16.6 per cent seen during the LNG construction boom.
- Even excluding mining, the value of work yet to be done as a share of GSP was higher in 2008–09 (at 8.1 per cent) than in 2023–24 (at 7.3 per cent) (Figure 2.8).

Figure 2.8 The current pipeline of work is not unprecedented

Construction work yet to be done as share of nominal GSP, Queensland



Note: Construction work yet to be done is the sum of building work and engineering construction work yet to be done. Total excl. mining is total construction work yet to be done less heavy industry (which is mostly related to mining).

Source: QPC based on ABS 2024a, 2025b, 2025e.

Despite the pipeline being significantly larger than today, Queensland was able to clear the pipeline of work during the LNG construction boom. This was able to occur because construction industry productivity during the peak was around 37 per cent higher than it is today (see Figure 2.9).

While significant structural differences in the type of demand⁵ mean it would be unrealistic to expect a return to the levels seen during the peak of the mining boom, there appear to be significant opportunities to increase construction industry productivity to meet the challenges ahead.

⁵ During the peak of the liquified natural gas investment boom, a significant component of construction work involved assembling gas plants and networks, which had high value relative to the workforce used.

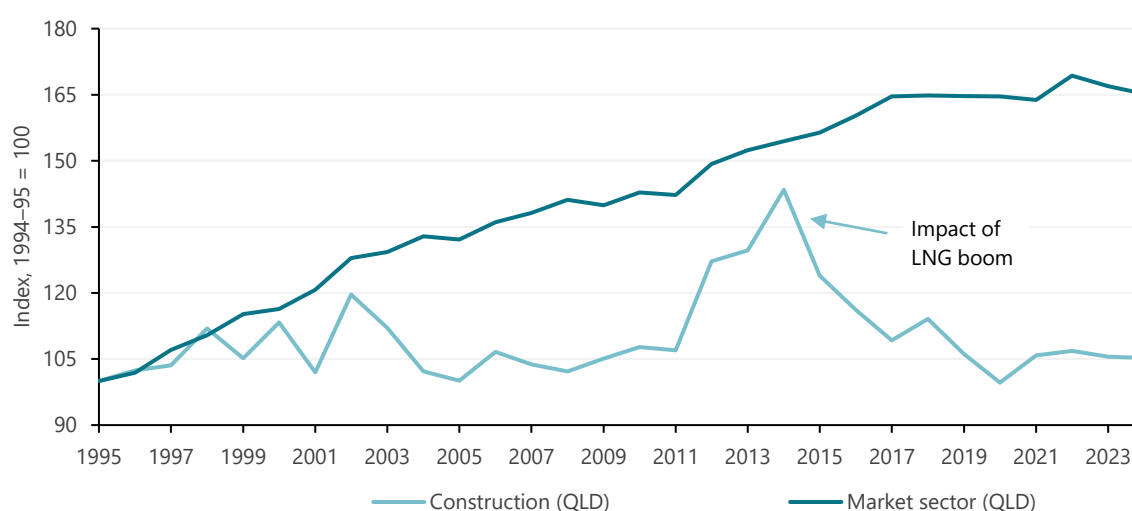
The key underlying issue is slowing productivity

Apart from a brief anomaly associated with the LNG construction boom, measured productivity⁶ in the Queensland construction industry has been stagnant over the last three decades:

- Since 1994–95, labour productivity in the Queensland construction industry has grown by about 5 per cent, compared to 65 per cent in the broader market sector (Figure 2.9).
- Multifactor productivity growth (a measure of technical change) has been similarly poor. While data are not available for Queensland, Australian construction multifactor productivity has grown by 1 per cent since 1994–95, compared to 23 per cent for the broader market sector (ABS 2025f).

Figure 2.9 Queensland's construction productivity has flatlined

Labour productivity indices, Queensland



Note: Market sector labour productivity is from ABS, Queensland construction labour productivity is a QPC estimate. For consistency with official statistics, Queensland's construction inputs are calculated by allotting labour account hours worked using labour force data. Source: QPC based on ABS 2024a, 2025h, 2025j, 2025f.

⁶ 'Measured productivity' is defined as gross value added per hour worked.

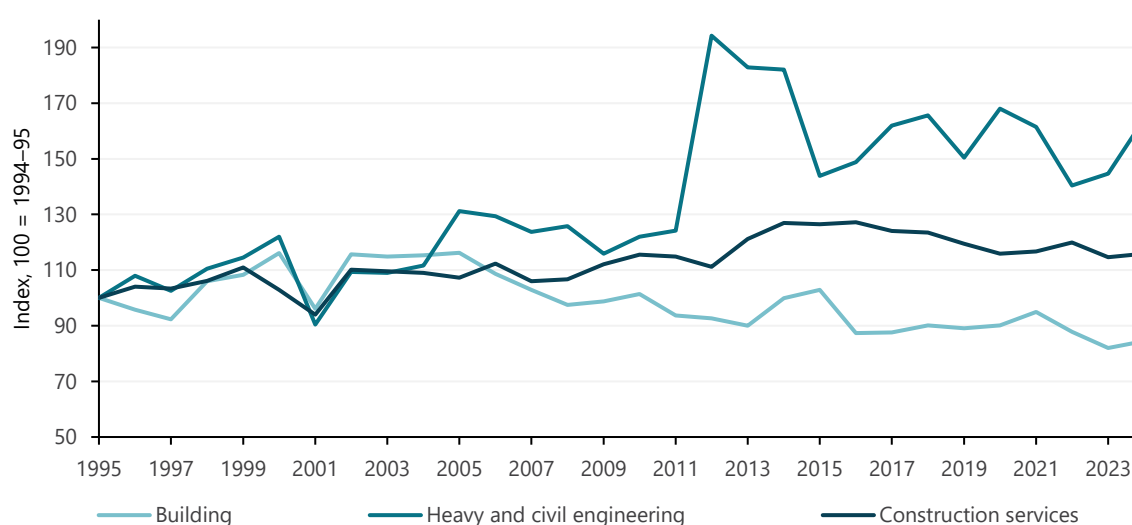
While state-level data are not available, national data show that productivity performance across the construction sub-industries has diverged (Figure 2.10). Since 1994–95:

- heavy and civil engineering has the highest productivity levels and performed strongly, largely growing in line with the rest of the economy
- construction services have grown relatively slowly, with a minor increase in labour productivity
- building construction has performed poorly, with labour productivity declining by around 16 per cent.

Although data are not available for dwelling construction (a subset of building construction), recent Australian Productivity Commission research (2025) suggests that labour productivity fell by 12 per cent between 1994–95 and 2022–23.

Figure 2.10 National data show building construction has underperformed

Labour productivity, Australia



Source: QPC based on ABS 2024c, 2025h.

Without state-level data to measure how the different parts of the construction industry are performing, understanding trends in construction productivity is challenging.

Still, most of the variation in aggregate productivity for Queensland's construction industry is likely explained by compositional changes in the industry (Box 2.1). For example, the increase (and subsequent decline) in productivity from 2011 (see Figure 2.9) is almost all due to the rapid growth (and subsequent decline) in heavy and civil engineering activity associated with the LNG investment boom.

However, from 2018, there appears to have been a decline in productivity across the construction industry in Queensland that cannot be explained by compositional change.

Box 2.1 Unpacking short run productivity outcomes

Short run movements in measured productivity in the construction industry can reflect changes to either industry composition or the underlying sub-industry productivity.

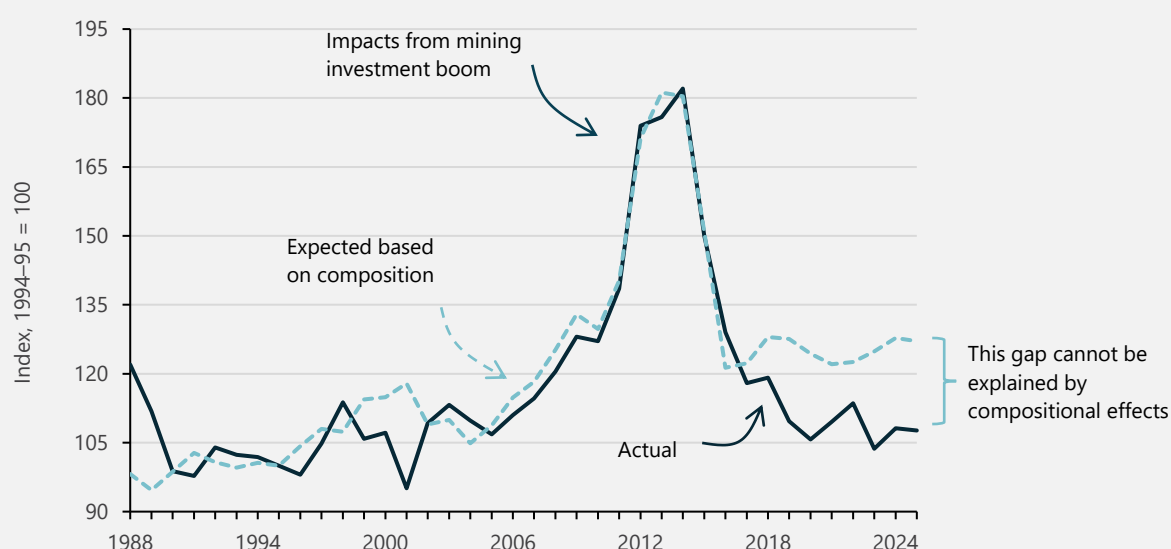
Industry composition can change measured productivity because productivity varies between types of construction activity. For example, civil engineering activity is more productive than house building.

The overall productivity story can be unpacked by estimating measured productivity while holding the industry composition constant. This can help distil changes related to underlying productivity from those related to changes in composition.

As Figure 2.11 shows, compositional shifts explain most of the large changes in work done per hour worked (a close approximation of labour productivity) until around 2018. After 2018, productivity continued to decline, despite no significant changes in composition. This implies that the recent decline in productivity in Queensland's construction industry cannot be explained by compositional effects.

Figure 2.11 Over the short run, poor productivity cannot be explained by compositional changes

Experimental estimates of work done per hour worked, Queensland



Note: Labour productivity is approximated by work done per hour worked. For the dotted line, labour productivity is held constant for each component of construction activity.

Source: QPC based on ABS 2024a, 2025k.

Returning productivity to 2018 levels would provide large benefits

While structural changes in the industry make assessing recent productivity changes difficult, the data suggest productivity in the construction industry has fallen by around 9 per cent since 2018 (see Figure 2.9). Addressing this decline would likely address most of the current worker shortages in the construction industry and improve outcomes for the rest of the economy.⁷

⁷ Construction Skills Queensland's Horizon 2032 report forecasts an average shortfall of around 18,000 workers over the period 2024-25 to 2031-32. A 9 per cent productivity gain would deliver the equivalent of around 25,000 workers in 2024-25.

Even modest productivity improvements are likely to have large impacts. For example, if construction labour productivity had remained at 2018 levels, the industry could have produced 9 per cent more output with the same number of workers. If this extra capacity had been funnelled into the housing market, Queensland could have delivered around 77,000 additional dwellings — more than enough to address the current shortfalls in supply.

Increasing productivity will also improve the industry's financial sustainability through higher industry profitability. Construction has high insolvency rates, linked to high upfront costs, cash flow delays, the small scale of many businesses, vertical separation and the cascading nature of payments. In the 2024 financial year, 297 construction companies collapsed, accounting for 23 per cent of all insolvencies in Queensland (ASIC 2024). This compares with construction companies accounting for about 17 per cent of all registered business in Queensland in June 2024 (ABS 2025d), suggesting that construction companies are overrepresented in insolvencies. In the current context of high insolvency rates, improving the financial sustainability of construction businesses should reduce the exposure of home buyers, creditors, workers, and government to insolvency risks.

Higher productivity can also improve industry working conditions by generating more revenue, which can be invested in better wages and working conditions (Box 2.2). While there has been significant policy effort over the last decade to improve safety in the construction industry, outcomes remain broadly the same. For example, workplace health and safety data show that since 2018 the rate of fatalities or serious injuries in the construction industry has been stable (discussed further in Chapter 15).

Box 2.2 Productivity growth has been associated with improved working conditions

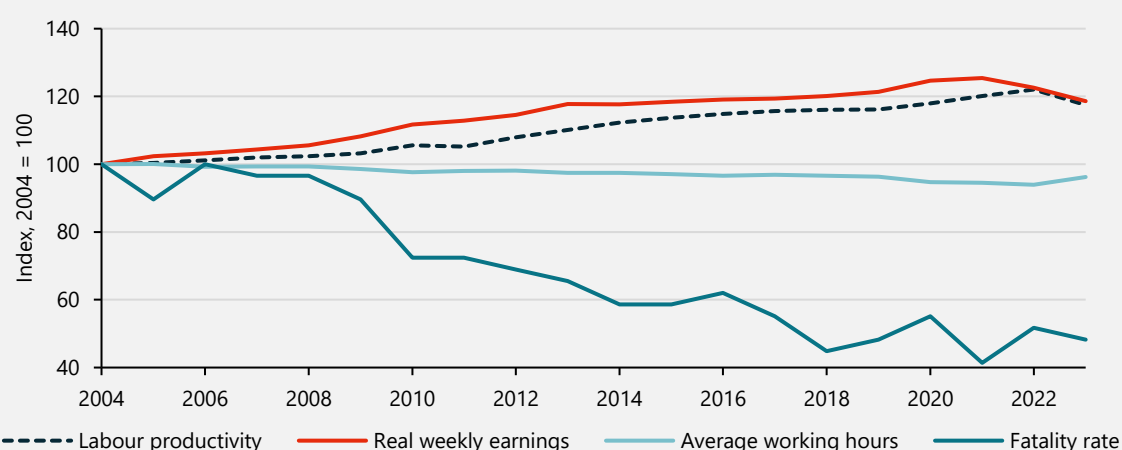
While there is some scepticism that productivity growth is good for workers, the evidence suggests this scepticism is misplaced.

Conceptually, improvements in productivity produce more income for a given level of effort. How this income is distributed determines whether improvements in productivity result in higher wages, higher profits for firms, more leisure time, better working conditions, or some combination of these outcomes.

As shown in Figure 2.12, productivity growth in Australia has been associated with increased earnings for workers, safer work environments, and reduced working hours. Since 2004, Australian labour productivity has increased by 17 per cent, while real weekly earnings have increased 19 per cent, workplace fatality rates have halved, and average working hours have fallen by 5 per cent.

Figure 2.12 Productivity growth in Australia has been associated with improved living conditions

Select economic indicators, all industries, Australia



Note: Labour productivity is GDP per hour worked, real weekly earnings are average weekly ordinary time earnings deflated by CPI. While productivity increases have corresponded with improved safety conditions, this does not imply causation.

Source: QPC based on ABS 2024b, 2024d, 2024e, 2025i; Safe Work Australia 2024.

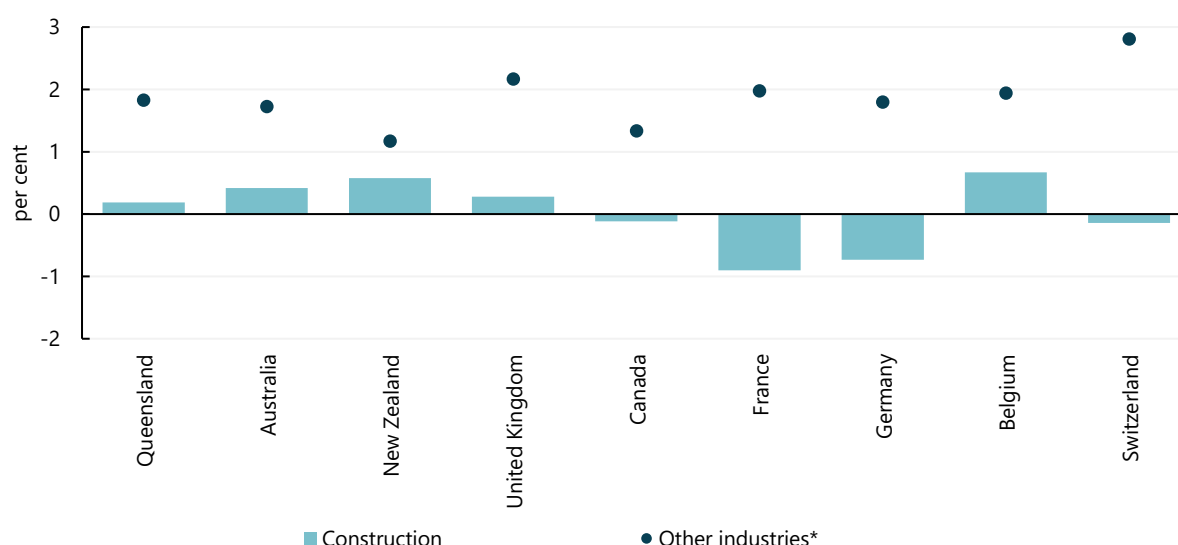
2.4 The causes of slow productivity growth

Poor performance is not unique to Queensland

Weak construction productivity is not unique to Queensland. Construction productivity growth has been weak across Australia and in most advanced economies (Figure 2.13; Goolsbee & Syverson 2023; McKinsey Global Institute 2017). However, this does not mean that construction productivity growth is inherently slow — rather it has 'acquired this trait in recent decades' (PC 2025b, p. 20).

Figure 2.13 Construction productivity has been relatively weak in advanced economies

*Average annual labour productivity growth, 1994–95 to present***



Note: Due to differences in source, scope, and reference years, limited reliance should be placed on cross-country comparisons.

*Data for Australia and NZ are sourced from the ABS and StatsNZ (respectively) and use the market sector as a comparator. Queensland construction estimates are modelled. Data for other countries are sourced from the OECD and use 'Industry (except construction)' as the comparator. **Data are not available for all countries for the full period, therefore it has been averaged over the period for which it is available.

Source: QPC based on ABS 2024c, 2025h; OECD 2025; StatsNZ 2024.

Although construction industries across jurisdictions have generally experienced weak productivity growth, the extent of this trend has shown significant variation.

For example, while New Zealand has generally recorded softer productivity growth than Australia, productivity in New Zealand's construction industry has grown more quickly than in Australia. Further, in direct contrast to Australia, New Zealand has experienced strong productivity growth in building construction and weak growth in engineering construction (New Zealand Infrastructure Commission Te Waihangā 2022).

Similarly, there is significant variation in productivity outcomes over time. International data suggest that construction productivity was not always low, with construction in many countries experiencing periods of high productivity growth (PC 2025b). For example, D'Amico et al. (2023) suggest that construction productivity in the United States grew quickly until the 1970s. Similarly, the Australian Productivity Commission (2025b) show that construction productivity in Australia grew faster than the economy average during the 1970s.

In some cases, earlier productivity growth can be undone over time. In the US, construction labour productivity fell by more than 30 per cent between 1970 and 2020. As a result, US construction labour productivity in 2023 was about the same as it was in 1948 despite strong growth during the 1950s and 1960s (Yeh 2025).

There is no single driver of poor productivity performance

Despite weak construction productivity growth being an international phenomenon, its causes have not been well researched and there remains some conjecture about the factors behind it.

Nevertheless, the research suggests this weak productivity growth is unlikely to have been caused by:

- **mismeasurement** — several researchers (Garcia & Molloy 2023; Goolsbee & Syverson 2023) have noted that while quality changes, price effects or other sources of mismeasurement could affect productivity statistics, those effects are too small to explain the industry's poor performance. The Australian Productivity Commission similarly concluded that mismeasurement could not explain weak productivity performance in Australia's residential building industry (PC 2025b).
- **boom and bust cycles** — while some stakeholders argued that boom-bust cycles reduce productivity (for example, HIA 2024d), New Zealand's Infrastructure Commission (2022) undertook a cross-country examination and found no statistically significant relationship between volatility in construction growth and productivity outcomes.
- **a lack of general competition** — the Australian construction market appears to be competitive, being both unconcentrated (Bakhtiari 2020) and associated with low markups (Hambur 2021). Even among the concentrated subsection of the industry that delivers public infrastructure, the Australian Productivity Commission (2014) did not find 'concrete evidence' that a lack of competition had substantially inflated costs.⁸
- **changes in the composition of labour inputs** — some researchers (for example, Goodrum et al. 2002) have identified that workers performing specific tasks (for example, framing or trenching) have become more productive despite flat productivity outcomes across the industry. One suggestion is that growth in 'white-collar' workers as a share of employees — as observed in Australia and the UK — might reflect increased project complexity or be a response to changing regulatory environments (ONS 2021; RLB 2024). However, in Australia compositional changes have primarily occurred in civil and engineering construction — which has experienced comparably strong productivity growth — rather than in building construction. Further, the Australian Productivity Commission found that growth in white collar employment does not explain the decline in housing construction productivity (PC 2025b, p. 41).

Industry fragmentation and the sequential nature of construction may reduce innovation

The construction industry tends to be fragmented, with individual firms, small business and subcontractors each performing separate, discrete tasks in the supply chain. For example, houses are typically built by a series of specialist tradespeople that operate as separate entities, such as carpenters, plumbers and electricians.

While industry fragmentation can lead to unconcentrated markets (which are typically more competitive), it may also create coordination problems that inhibit the uptake of new technology and practices. For example, industry fragmentation may prevent firms from achieving productivity gains through consolidation, streamlining of operations and achieving better control over the construction process.

The Australian Constructors Association (2023a, p. 9) has argued that the standard commercial environment, in which small (and even large) construction firms operate on thin margins with limited current assets, drives 'a myopic focus on short-term survival' over long-term innovation or investment.

The large share of small firms in construction may also exacerbate the costs of regulation relative to other industries. Regulation often imposes a fixed administrative cost on businesses irrespective of size. This represents a larger relative cost for smaller businesses and may create drag on aggregate productivity.

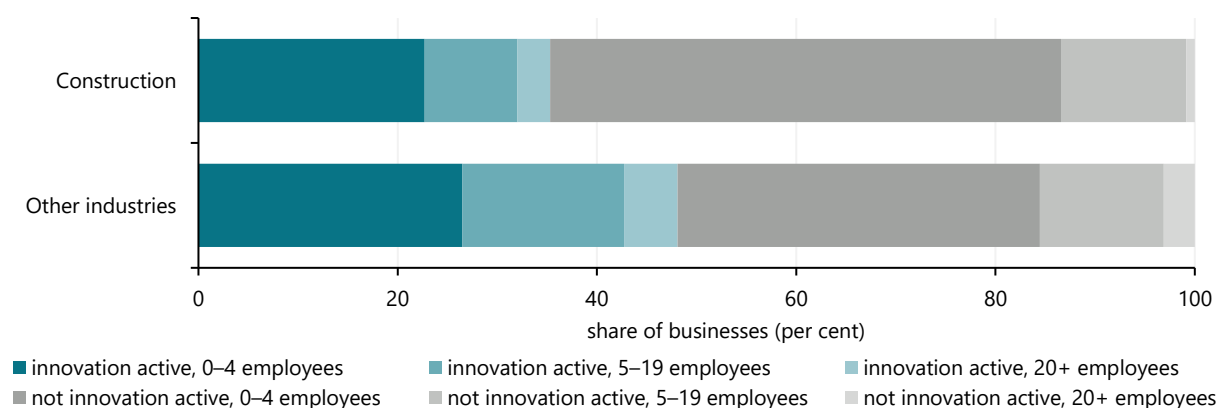
⁸ Importantly, governments also have market power as monopsonistic infrastructure purchasers.

The sequential nature of construction may also reduce incentives for firms to innovate. As construction tasks are dependent on each other, disruptions at any stage of the construction process can lead to cascading delays, increasing holding costs. Because new technologies may increase the risk of delays, firms need to have significant confidence in their return to justify their use. That means in the construction industry, unlike other industries where processes are tightly controlled, new technologies can face hurdles larger than the direct cost of their adoption.

This is reflected in survey data showing that construction firms tend to be smaller than those in other industries, and less innovative than similar sized firms in other industries (Figure 2.14).

Figure 2.14 Construction is dominated by small firms that do not innovate

Share of businesses by employees and innovation status, Australia, 2022–23



Source: QPC based on ABS 2024f.

Increased regulatory burden appears to be a contributing factor

Various regulations and policy settings may be keeping construction firms small

While industry fragmentation and small firm size may, at least partially, reflect the nature of the industry, they may be exacerbated by regulation. The Australian Productivity Commission's recent review of housing construction productivity (2025b) found that regulation tends to hinder the growth of construction firms by:

- making it hard to replicate processes across the country due to geographical regulatory differences
- requiring builders to obtain regulatory approval and demonstrate compliance for each new project, due to building regulations tending to be project-based rather than firm-based
- encouraging risk management approaches that lead to highly disaggregated specialisation and outsourcing.

Recent research by the Committee for Economic Development of Australia (2025a) also suggests that policy and regulatory settings are keeping builders small due to:

- tax incentives, including instant asset write-offs and payroll tax thresholds, which favour smaller firms
- Australia's complex and decentralised system of land-use regulation, which exacerbates geographical segmentation, making it hard for firms to expand into new areas
- complex state-based occupational licensing rules, which make it harder for productive businesses to expand interstate.

The quality, availability, and use of land, including the regulation of land use

Another possible explanation of slowing productivity growth over the long run is that land use regulations have reduced development opportunities or made development more challenging.

US research (D’Amico et al. 2023; Garcia & Molloy 2023; Goolsbee & Syverson 2023) shows that construction industry productivity has been steadily declining since the 1970s. Some researchers argue that a key driver of this decline is land use regulations that restrict the size of housing developments, disincentivise larger firms and reduce incentives to invest in innovation. They argue that construction productivity in the US only began to fall with the growth in land use regulations during the 1970s.

The view that land use regulation is hindering productivity is supported by McKinsey Global Institute (2017, p. 45):

Assembling land is another problematic area where regulation hinders productivity. A patchwork of outdated zoning codes, fragmented land ownership, and extensive review processes makes it very difficult for developers to assemble land quickly and build on a large scale, and therefore limits their ability to standardize and modularize construction designs.

This view was also supported by stakeholders during initial consultation. For example:

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).

Cross-country analysis by New Zealand’s Infrastructure Commission (2022) also suggests that countries with more cumbersome construction permit processes tend to experience slower construction productivity growth.

While there are significant empirical issues that make it difficult to demonstrate causation, there have been several instances where increases in building productivity followed the relaxation of land use regulation. For example:

- New Zealand’s building sector experienced strong productivity growth after reforms to relax zoning and other land-use restrictions were introduced during mid-2010 (Maltman 2025b). The evidence presented by Maltman (2025b) suggested zoning reform drove productivity improvements through four channels: (1) increased dwelling completions per worker; (2) shifting construction to higher-productivity regions; (3) more competition; (4) increased firm size.
- Australian Productivity Commission (2025b) research suggests that dwelling completions in Australia’s high-density residential construction sector grew strongly over the period from 2010 to 2016. In Queensland, most of this growth was concentrated in Brisbane where streamlined planning processes allowed supply to respond more quickly to increased demand (Shoory 2016).
- Research on zoning reforms in Sao Paulo found that construction output increased in neighbourhoods where development rights had increased (Anagol et al. 2021).
- US studies (for example Burn-Murdoch 2024) have also associated land use regulation reform with increased construction of housing.

Further, the Centre for International Economics (CIE) found zoning premiums have the largest impact on regulatory costs in Brisbane’s residential sector (Box 2.3). Given the relatively large cost and early evidence of its effect on productivity, improvements to planning are likely to improve construction productivity.

Box 2.3 The cost of housing regulation

The Commission engaged the CIE to estimate the cost of regulation on residential construction in Queensland. Based on available data, the CIE considered three Brisbane case studies representing common types of housing development:

- a greenfield house on a newly serviced lot in Brisbane's outer fringe
- an infill townhouse in an inner-ring suburb in Brisbane
- an inner-city apartment in Brisbane.

Overall, the CIE estimated that regulatory costs add up to 15 per cent (or \$164,000) to the cost of a character zone townhouse; up to 25 per cent (or \$156,000) to the cost of an inner-city apartment; and 25 per cent (or \$186,000) to the cost of a greenfield house.

To better understand the costs of regulation, the CIE decomposed the overall regulatory cost into three categories: planning regulation; building regulation and labour regulation. Of these, the CIE estimated that planning regulation has the highest associated regulatory cost for all three development types (Figure 2.15).

In considering these costs, it is important to note that administrative processes and regulation are not necessarily inefficient. When executed well, regulation addresses market failures, and aligns developments with reasonable community expectations. For example, building regulation can support people's confidence in the construction industry.

In addition, the CIE only considered the cost of regulation, so these estimates may not directly indicate inefficiencies. In particular, the benefits of some regulation may outweigh the respective cost estimates.

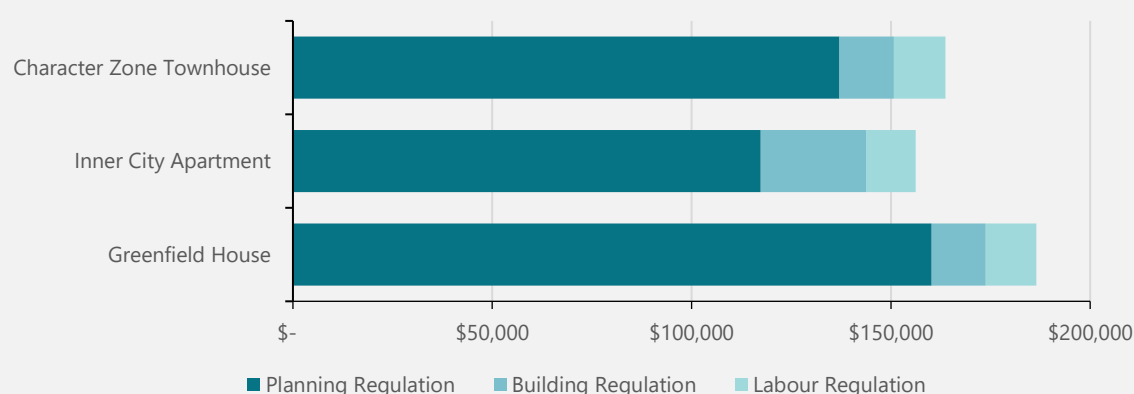
That said, some regulatory costs are likely fully or partly avoidable. When costs are avoidable, policy should seek to reduce the impact of regulation. Particularly given regulatory costs can cascade through the development pipeline and increase project risk and lead to avoidable delays.

Planning regulations lead to what the CIE call a 'zoning premium', which arises when land is rationed by planning laws, leading to a 'development quota'. This quota increases dwelling prices above what would be paid if land were not rationed. Planning regulations (and planning delays) also increase the margin charged by developers, as the risk of developments being rejected increases.

Although these estimates relate to housing costs in Brisbane, it is likely the high-level findings (such as the relatively large cost of planning regulation) apply across Queensland's urban areas.

Figure 2.15 Planning regulation represents the highest cost for all dwelling types

Estimated regulation costs associated with various dwelling types in Brisbane



Note: Parking minimums are included as cost of planning regulation, but parking minimums are only applied in certain areas.

Source: CIE 2025.

Regulation of construction practices, outputs and workforce

In Australia, construction activity requires compliance with layers of regulation imposed by every level of government. For example, regulation dictates:

- where housing can be built, how it should be built and what it should look like
- who can undertake construction activity and under what conditions licences are to be held
- conditions for complying with standards relating to health and safety, environmental and natural hazard management (PC 2025b).

While regulations can provide significant benefits to the community (for example by providing assurance of quality) and even enhance productivity (where they, for example, reduce search costs for consumers and employers) they can also impose significant drags on productivity. This drag on productivity can occur when regulations are unnecessarily prescriptive, outdated or complex.

There is some evidence that regulatory burdens are increasing (for example see PC 2025b). Industry groups argue that building regulation substantially increases the costs and complexity of building and inhibits the adoption of productivity improving technologies (HIA 2024d; MBA 2024a). This view was shared by stakeholders during the initial consultation stage.

The construction sector in Australia operates within one of the country's most heavily regulated environments ... stakeholders across the sector consistently report that while these regulations are fundamentally important, the current regulatory burden has become a significant barrier to innovation, efficiency, and adaptability. (Lyndall Bryant, pers. comm.)

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. 5)

Stringent occupational entry requirements, such as occupational licensing, can restrict entry into the construction workforce and mobility of workers across interstate and international borders. There is evidence linking this to slower productivity growth, or other costs on the community (for example, Bona 2011; CEDA 2022a; Cox & Foster 1990; Kleiner 2006; Kleiner & Soltas 2019). In Australia, the 'stringency' of occupational entry regulation has been linked to lower rates of business entry and exit, slower flows of workers from low to high productivity firms, and skill shortages (Bowman et al. 2024).

The Australian Productivity Commission (2023a) found in relation to the building and construction industry:

... licensing has been increasingly focused on protecting health and safety despite little evidence of its effectiveness. The lack of empirical evidence supporting licensing design has led to a ramping up of licensing stringency that has increased barriers to entry and is likely leading to considerable inefficiencies in the provision of skills and reduced productivity in the sector.

Queensland Government procurement appears to have constrained productivity over the shorter term

Since 2018, the value of public work in the pipeline as a share of GSP has more than doubled, from 1.4 per cent in 2017-18 to 3.4 per cent in 2023-24 (ABS 2024a, 2025e, 2025b). This rising share of government-led construction activity has coincided with a significant decline in construction industry productivity.

Government procurement practices are likely to have had an increased influence over the construction industry, including its productivity, through three main mechanisms by:

- imposing conditions on how site works are conducted and tendered for
- influencing standards and expectations across the broader construction market
- inflating demand for construction when the construction industry is at capacity, leading to efficiency losses from staging issues across the sector.

Of particular note is the introduction of Best Practice Industry Conditions (BPICs). First introduced in 2018, BPICs initially applied to only parts of the Townsville Stadium project. Over time, the scope expanded to include Queensland Government construction projects valued at \$100 million or more and on 'declared' projects.

Stakeholders from across the industry have told us that, since their introduction, BPICs have caused a significant slowdown in site productivity on public construction sites. Over time, several of the BPIC conditions have been adopted in the private sector via enterprise bargaining agreements.

BPIC has reduced the attractiveness of Queensland to contractors as it has resulted in delivery costs being substantially higher than other jurisdictions... (Australian Constructors Association, sub. 39, p. 22)

Beyond BPICs, general Queensland Government procurement policies and practices are likely to have constrained productivity, with opportunities identified to rationalise procurement policy and improve project selection, sequencing and contracting.

The key issues concerning Queensland procurement processes and contracts in the construction industry, revolve around their excessive length and cost, the complexity of requirements, their role as barriers to innovation, problematic risks allocation, and the need for government leadership in driving reform for increased productivity. (Queensland Major Contractors Association, sub. 66, p 25)

These issues are discussed in more detail in Part A of this report.



3.0 **Regulatory framework**

Key points

- Regulation can promote or inhibit the growth of productivity and economic output, depending on how it is designed and administered.
- The construction industry is subject to a large volume of regulations, codes and standards.
- Various reports have identified broad challenges for business from regulation, including an increase in complexity and duplication, difficulties in identifying and understanding regulatory obligations and a growing cumulative burden.
 - Estimates of the cost of building regulations vary but could add between 5 per cent and 11 per cent to costs.
- Therefore, even when there is an 'in-principle' case for regulation, it still needs to be:
 - effective, in that the regulation targets and addresses significant policy problems, reducing their prevalence and impact
 - efficient, in that the regulation maximises net benefits (that is, the regulation minimises the costs it imposes and maximises the benefits).
- The volume of regulation, across multiple levels of government, can make it difficult for those affected by regulation to identify and prioritise specific opportunities for improving regulation.
- Opportunities for improvement are likely to arise through:
 - rigorously assessing the need for new regulation
 - reviewing existing regulation (including sunset and stock reviews), to detect those requirements that no longer provide a net public benefit and those that may no longer be fit for purpose
 - improving the administration (and enforcement) of regulation by regulators.

3.1 Context

Regulation can promote or inhibit the growth of productivity and economic output, depending on how it is designed and administered.

As noted by the Australian Productivity Commission (PC 2025b) developing and constructing housing and infrastructure in Australia requires compliance with layers of regulation imposed by every level of government, and this regulatory burden (and the associated costs it imposes) appears to be increasing.

The Queensland Government has a system for assessing the impacts of potential changes to regulation through *The Queensland Government Better Regulation Policy* (see Box 3.1), which includes considering a range of feasible policy options, consulting with affected stakeholders and assessing likely costs and benefits. While this process can help to ensure whether new regulation is required, is fit for purpose and designed to minimise unnecessary costs to the community, it is not always used.

Similar approaches apply at a federal level for assessing Commonwealth legislation and regulatory actions by Ministerial Councils.

Box 3.1 Regulatory Impact Analysis and Queensland's Better Regulation Policy

Regulatory Impact Analysis (RIA) is a systematic approach to critically assessing the impacts of proposed regulation policy options. It is designed to improve the quality of regulation by providing relevant and timely information to government decision makers about the expected impacts of different policy options for addressing a policy problem. It also provides the basis for the community to be consulted on the policy problem and how to address it.

The Queensland Government Better Regulation Policy (the Policy) outlines the Queensland Government's requirements for the development and review of regulation. The Policy does not apply to local governments.

Under the Policy, an Impact Analysis Statement (IAS), which includes an analysis of feasible policy options, consultation with affected stakeholders and an analysis of the likely costs and benefits, is required for any significant regulatory change. The relevant portfolio Minister and Director-General are responsible for ensuring the regulatory review requirements are met and for approving IASs. Cabinet may exempt a proposal from RIA requirements in exceptional circumstances.⁹

The Office of Best Practice Regulation, within the Commission, provides regulatory advice, analytical support and training on the development of regulation, application of regulatory best practice principles and RIA.

Source: *Queensland Treasury 2023*.

Stakeholders have raised concerns with the impact and effectiveness of some regulations affecting the construction industry. These concerns are discussed later in the report based on the area the regulation relates to.

⁹ The Policy notes that where an exemption is granted, the agency must note the exemption and the reasons for the exemption in the summary section of the IAS template.

3.2 Assessing the impact of regulation

Regulations can deliver benefits but need to be 'fit for purpose'

Many regulations impose costs on business or the community either through administration and compliance requirements, or by negatively affecting the type, quantity and prices of goods and services produced. However, these costs need to be considered against the benefits that regulation creates.

The building and construction industry is subject to a wide range of regulations, codes and standards (Figure 3.1). Like other regulation, these generally seek to support the efficient functioning of markets and improve outcomes for the community.

Figure 3.1 Key regulations affecting construction in Queensland

Land use, planning and environment	Building regulation	Labour / licensing regulations	Safety and industrial relations
Planning Act 2016	Queensland Building and Construction Act 1991		Workplace Health and Safety Act 2011
Building Act 1975		Electrical Safety Act 2002	
Plumbing and Drainage Act 2018		Labour Hire Licensing Act 2017	Industrial Relations Act 2016
National Construction Code (2022)		Further Education and Training Act 2014	
Queensland Development Code		Professional Engineers Act 2002	Valuers Registration Act 1992
Local Government Act 2009	City of Brisbane Act 2010	Surveyors Act 2003	Architects Act 2002
Regional Planning Interests Act 2014	Economic Development Act 2012		
Mixed Use Development Act 1993	Vegetation Management Act 1999		
Planning and Environment Court Act 2016	Environmental Protection Act 1994		
Queensland Heritage Act 1992	Nature Conservation Act 1992		
Waste Reduction and Recycling Act 2011	Land Act 1994		
	Australian and International Standards		
	Building Industry Fairness (Security of Payment) Act 2017		

Note: The above chart is indicative only and does not exhaustively list all legislation that could potentially apply to the construction industry, including subordinate instruments. Some legislation may also apply across more than one regulatory category.

Source: QPC.

Regulations affecting the construction industry typically aim to improve worker and public safety, protect consumers from poor quality products, 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.

The total cost of all regulation in Queensland is large. According to Business Chamber Queensland's *Efficient Regulation Report 2023*, the costs of federal, state and local regulation could be as high as \$11 billion annually, with a median annual cost of \$50,000 per Queensland business.¹⁰ Stakeholders also report that regulatory cost impacts have further risen since 2023 (Business Chamber Queensland, sub. IR66, p. 2).

¹⁰ An increase from a median cost of \$25,000 reported in the 2021 survey (BCQ 2023).

Reports from the Australian Productivity Commission (PC 2011b), Queensland's Better Regulation Taskforce (Better Regulation Taskforce 2017), and business groups such as Business Chamber Queensland (BCQ 2023) have all identified broad challenges for business from regulation, including an increase in complexity and duplication, difficulties in identifying and understanding regulatory obligations and a growing cumulative burden. Therefore, even when there is an 'in-principle' case for regulation, it still needs to be:

- effective, in that the regulation targets and addresses significant policy problems, reducing their prevalence and impact
- efficient, in that the regulation maximises net benefits (that is, the regulation minimises the costs it imposes and maximises the benefits).

In addition, regulatory requirements that were once an effective, or cost-effective, way of achieving objectives may not be effective today, due to factors such as changes in technology, industry and market conditions, demographics or community preference. The fact that settings do not remain static, reinforces the need for governments to ensure that regulations remain 'fit for purpose' over time.

Poor regulation can be a drag on productivity

Regulation can promote or inhibit the level and growth of productivity and economic output, depending on how it is designed and administered.

For example, building and labour regulations (such as occupational licensing) can increase productivity where they reduce costly defects or reduce information asymmetries and search costs — such as enabling consumers to better identify quality builders and regulators to monitor the quality of building works (particularly more complex structural features). By enhancing consumer confidence, these regulations can therefore encourage a greater level of building activity than would otherwise occur (VCEC 2010).

Box 3.2 Characteristics that may determine the impact of regulation on productivity

- Does the regulation impose additional compliance costs? For example, it is excessively complex to navigate, requires excessive administration or is incompatible with existing processes.
- Is the regulation excessively prescriptive in the way compliance is achieved?
- Does the regulation prohibit design choices and production methods, or inhibit investment, innovation and alternative business models?
- Is the regulation reliant on out-of-date technology?
- Does it adequately allow for changes in the industry?
- Does the regulation require additional design features not wanted or valued by consumers?
- Does the regulation create uncertainty, either through complexity or frequency of change?
- Does the regulation create barriers to entry and exit of workers and businesses? For example, through licencing requirements, high compliance costs or capital requirements which restrict competition and discourage innovation.
- Do administrative regulatory processes (for example, licence applications) lead to delays and increased costs to businesses?
- Do compliance and enforcement processes take into account the risk an activity poses and desired regulatory outcomes?

Sources: Davis 2019; OECD 2011; PC 2011b; QPC 2021.

Regulations do not always solve the problems they were designed to address (Australian Government 2006). According to a survey by Business Chamber Queensland (2023, p. 20):

Two thirds (66%) of Queensland businesses ... disagreed or strongly disagreed that regulations are effective in meeting their economic or social objective.¹¹

Where they are ineffective, regulations can unnecessarily raise prices, reduce the variety and quality of products offered to consumers, and impose excessive compliance and administrative costs on business and government. These costs and economic distortions can affect productivity, economic activity and housing affordability.

Estimates of the cost of building regulations vary but could add between 5 per cent and 11 per cent to costs (Geck & Mackay 2018, p. 30)¹² – however these costs need to be assessed against the potential benefits. Many regulations also appear to specifically apply to, or disproportionately impact, the building and construction industry. However, as detailed in later sections, in some circumstances there appears to be limited evidence for why the building and construction industry is sufficiently different from other industries to warrant additional regulation.¹³

Even when regulations, considered in isolation, do not appear overly burdensome, the accumulation and combination of different regulation may still lead to market or government failures (Mandel & Carew 2013). For example, multiple regulations can interact in ways that are either obvious or not, leading to duplication and increased costs for businesses.

In addition, a large accumulation of regulations can create high barriers to entry, potentially discouraging new market entrants and allowing existing businesses to accumulate excessive market power. This can disproportionately affect smaller businesses, as many experience higher costs of regulation (as a proportion of its total costs and turnover) than larger businesses and often have fewer resources to understand and fulfil compliance obligations (OECD 1997; PC 2013).¹⁴

Regulatory uncertainty and policy unpredictability is an issue most cited in investor surveys and can have a significant effect on investor confidence and productivity (ASBFEO 2017; OECD 2015). As noted by Davis (2019, p. 13):

... a variety of studies find evidence that high (policy) uncertainty undermines economic performance by leading firms to delay or forego investments and hiring, by slowing productivity-enhancing factor reallocation, and by depressing consumption expenditures.

This issue was also raised by stakeholders.

Identifying opportunities for improvement can be challenging

The ever-increasing volume of regulation, across multiple levels of government, can make it difficult for those affected by regulation to identify and prioritise specific opportunities for improving regulation (QPC 2021).

Similarly, it can be difficult to assess the impact of an individual regulation, including whether it is performing as intended, because of the way it interacts with other legislation or because impacts are not felt until long after its introduction. For example, while individual regulations may, on their own, represent a low regulatory burden, the cumulative burden of these regulations on an industry may be significant (New Zealand PC 2014; OECD 2008).

¹¹ Business Chamber Queensland's survey received 329 responses from Queensland businesses across all sectors including construction.

¹² Geck and Mackay (2018) noted that "the Victorian Competition and Efficiency Commission's (VCEC) 2005 survey of 20 building practitioners indicated that the costs of regulatory compliance added between 2 and 20 per cent to the cost of a new home in Victoria. This compared with other estimates at the time that suggested regulation added between 5 per cent and 11 per cent to cost."

¹³ In general, specific regulation is justified where there is evidence of an industry specific market failure that is not addressed through general 'economy-wide' regulation.

¹⁴ As earlier noted, the construction industry has a large share of small firms.

Further, the impact of regulation is often determined by the way it is administered. For example, regulators taking an excessively rigid approach to enforcing the intent of regulation, can impose unnecessary administrative burdens on regulated entities and negatively impact innovation and efficiency (Australian Government 2006).

Opportunities for improvement are likely to arise in both:

- reviewing existing regulation (including sunset and stock reviews), to detect those requirements that no longer provide a net public benefit and those that may no longer be fit for purpose due to, for example, changes in technology, consumer preferences and industry and market conditions
- enhancing the administration (and enforcement) of regulation by regulators.

Governments can also improve the overarching regulatory environment by directly promoting better processes and behaviours that support regulatory reform and improved regulatory outcomes. While it is acknowledged by industry and the community that regulations will 'evolve over time,' regulatory risk can be mitigated by governments providing greater certainty, when policy changes or reforms are undertaken, through transparency and consultation (European Investment Bank 2016; OECD 2015). This includes:

- providing transparency of analysis and decisions and undertaking consultation (for example, using RIA to communicate to both decision makers and the public the costs and benefits of proposed regulations)
- having appropriate implementation timeframes for new or amended regulations.

Managing the stock of 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 (QPC 2021). 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 more than 'cutting red tape.' Rather, it means a deliberate and well-informed process of:

retaining 'good' regulation, while removing or amending regulation that is no longer fit for purpose (PC 2011b, p. 18).

There are various approaches to managing the stock of regulation, ranging from routine activities to more major undertakings:

- Sunset reviews can evaluate expiring regulation against changes in technology, market conditions, consumer preferences and behaviours, community expectations and regulator best practice. They can assist in reducing duplication, regulatory burden and determining whether regulatory provisions are still required at all.
- Evidence suggests there is greater value in more targeted, in-depth reviews of packages of regulations or regulation within industry sectors that potentially give rise to excessive regulatory burdens (Greiner et al. 2017; PC 2011b).

These approaches can be informed by an appropriate framework for assessing regulations (see Table 3.1).

Table 3.1 Framework for assessing regulation

• Is there a sound rationale for regulatory intervention? • Is the regulatory approach effective in addressing the identified problem, or are there likely better ways of addressing the problem?
• Are there clear and consistent legislative objectives and intended outcomes, which enable future evaluation?
• Is the regulation implemented in a way that minimises compliance and efficiency costs / distortions on businesses and the economy: – Is it unduly prescriptive and lacks flexibility or consideration of risk or the size of the problem? – Does it unnecessarily inhibit consumer choice, business innovation and investment? – Does it create any unnecessary barriers to entry or exit from a market? – Does it crowd out private sector activity?
• Does the regulatory option generate a 'net benefit' to the community (that is, the benefits outweigh the costs) compared to the current situation? • Does the regulatory option generate the 'greatest net benefit' – that is, it must be better than any other alternative regulation or policy tool, including non-regulatory options and the status quo? • Does it duplicate other regulatory requirements, including provision of similar information to multiple regulators? • Is it consistent with other regulatory requirements, laws, agreements and international obligations?
• Is it clear to stakeholders when and how the regulation applies to them?
• Is the regulation evaluated over time to ensure its continued need, relevance and effectiveness (taking into account shifts in technology or consumer preference)?
• Is regulation administered by accountable bodies in a fair and consistent manner, accompanied by appropriate guidance and transparency?

Sources: Adapted from Banks (2003), Office of Regulation Review (1998).

Improving regulator performance

Regulators are a key influence on the regulatory experiences of businesses and individuals and have the potential to unnecessarily increase regulatory burden and negatively impact productivity, such as through:

- complex, prescriptive and unnecessarily lengthy approval processes
- unnecessary administrative and reporting obligations and the need to submit duplicated information
- ineffective, poorly targeted, and disproportionate compliance and enforcement processes and actions
- fees for licences and inspections based on their costs to administer and enforce regulations.

Reviews and feedback from businesses suggest that a significant source of unnecessary compliance costs can be traced back to how the regulators implement the regulations rather than requirements in the regulations themselves (see, for example, PC 2017b).

There are many ways that regulatory compliance costs can be reduced, from technological solutions (Box 3.3) to the adoption of risk-based or outcomes-focussed approaches. The use of regulatory grids has also been suggested as a way to enhance transparency and improve understanding of forthcoming regulatory requirements (Urban Development Institute of Australia Queensland, sub. IR96, p. 36). In some instances, however, legislation may be overly prescriptive and not allow regulators to identify and seize opportunities offered by emerging technologies or provide sufficient space to employ innovative regulatory approaches.

Box 3.3 Use of technology can reduce regulatory burden and better target regulatory risks

'Regtech' is the use of technology to better achieve regulatory objectives and can be adopted as a means to reduce administrative and compliance costs for both businesses and regulators (PC 2020c). Regtech:

- has the potential to free up significant resources for businesses and consumers by both reducing the time and financial costs associated with information, reporting and record keeping requirements and demonstrating compliance with regulations
- can support regulators to remotely monitor compliance, reduce delay costs by accelerating licensing approval processes, and focus resources on higher-risk businesses and activities
- can increase the effectiveness of regulation by allowing regulatory risks to be better managed and transforming how regulation is conducted by broadening the suite of viable regulatory strategies.

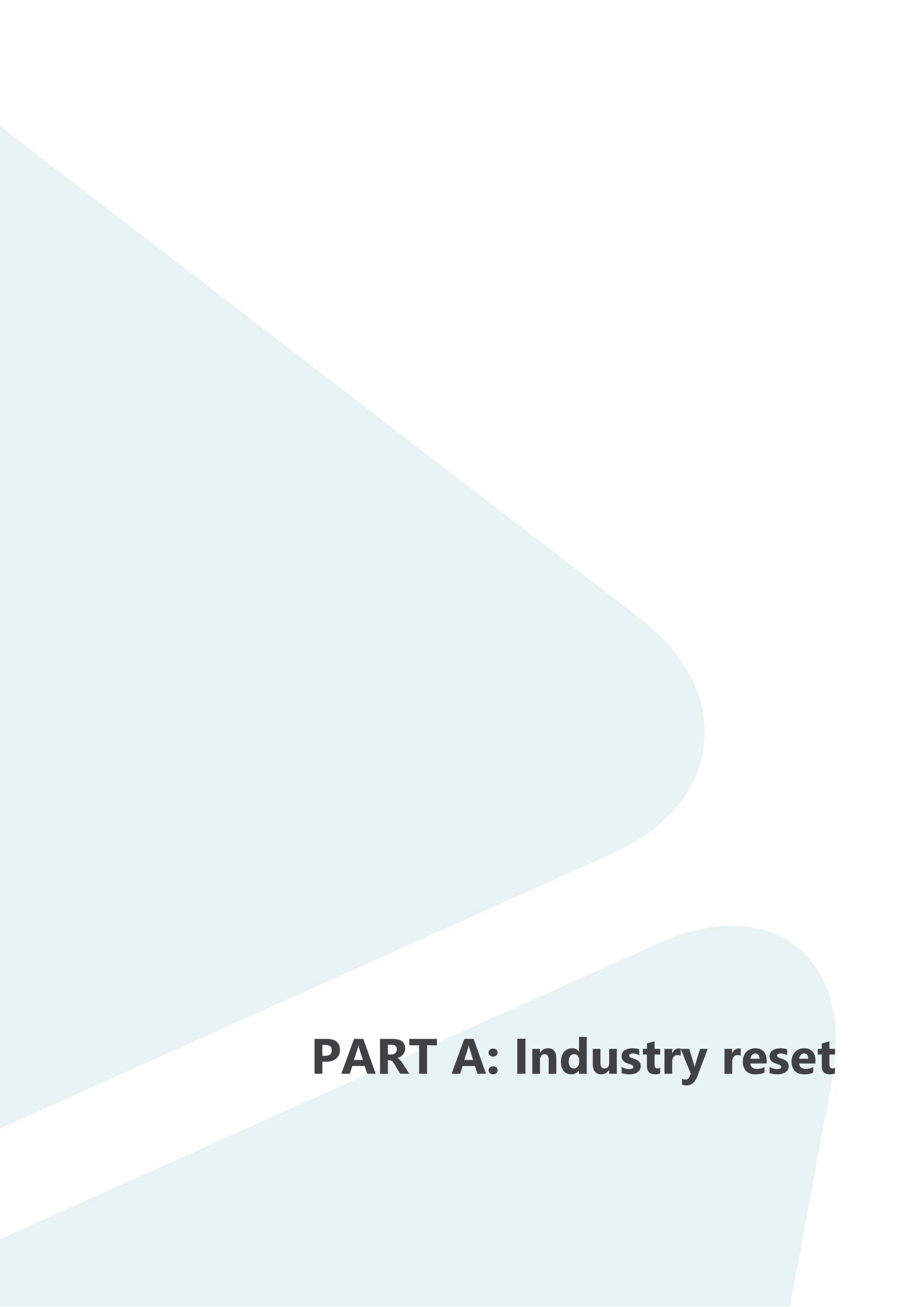
New and better uses of data, including data sharing, can also lead to increased innovation and productivity by:

- facilitating improvements in both regulator processes and services to businesses and consumers
- enabling the adoption of risk and outcomes-based regulatory models (PC 2023b).

Importantly, the Australian Productivity Commission notes that while regtech can improve regulatory outcomes and reduce costs, it is not a substitute for regulatory reform, and should be considered against the associated costs, benefits and risks.

The *Queensland Government Regulator Performance Framework* (RPF) aims to achieve positive regulatory outcomes in Queensland through effective and efficient regulatory practice. Queensland Government regulators, whose regulatory activities impact business, are required to publicly report annually against the RPF's five 'model practices' and demonstrate the extent to which they are translating the practices into their business and detail any plans for future improvements.

Under the RPF, regulators are responsible for reporting on performance. The Commission publishes regulator reports, acts as a point of contact for stakeholder enquiries and may provide regulators with advice on the RPF's reporting requirements.



PART A: Industry reset

Key points

- The Queensland construction industry has experienced significant productivity challenges — since 2018, construction industry productivity has declined by around 9 per cent.
- While it is difficult to definitively attribute the cause of this decline, it appears that increasingly onerous regulatory obligations and procurement policies (along with strong demand and an unconstrained Queensland Government capital program) have contributed to poor productivity:
 - The Best Practice Industry Conditions (BPICs), which applied to large government funded construction projects prior to their temporary suspension in November 2024, have imposed large costs on the community with no measurable improvements to safety outcomes since their introduction. Some BPICs style conditions have likely spread beyond government projects, by being captured in pattern enterprise bargaining agreements (EBAs).
 - The requirement for subcontractors to be prequalified to work on Queensland Government building projects restricted competition and made it difficult for small and regional firms to participate. It also effectively required subcontractors to adopt EBA conditions they otherwise would not have adopted.
 - Stakeholders reported that workplace health and safety (WHS) provisions have been ‘weaponised’ and used as leverage on larger construction sites to achieve objectives other than safety. They also noted that where minor WHS matters are not resolved quickly or responses are disproportionate to an issue, such disputes can disrupt time sensitive activities and critical works, and have significant impacts on productivity.
- Stakeholders have highlighted the adversarial and demanding culture of the construction industry, which contributes to workforce challenges and impacts productivity and diversity. This includes instances of high stress, mental health issues, skills shortages, and low worker retention.
- Many of the industrial matters raised by stakeholders are beyond the direct control of the Queensland Government. Responsibility for many matters also rests with the construction industry and its employees. However, given current industry conditions and the contribution of government policies to them, some policy intervention or coordination by government is required to reset conditions to facilitate productivity growth in the construction industry including:
 - the permanent removal of BPICs and the subcontractor prequalification requirement
 - development, in consultation with key stakeholders, of guidance on mechanisms available under existing legislation to deal with WHS issues and for managing work during wet and hot weather events
 - a code of practice to provide a strong market signal on productivity principles and practices expected on government projects going forward
 - consideration of government’s role in supporting improvements in workplace culture on construction sites
 - consideration of mechanisms to encourage greater collaboration between parties (for example, government, unions and industry representatives) on matters relevant to large construction sites.
- While stakeholders acknowledged improved cooperation and site productivity in recent times, concerns remain about the potential return of adversarial conditions. If initial productivity enhancing measures prove insufficient to improve productivity, the Queensland Government may need to consider more direct measures such as establishing a construction industry-specific regulator with broad investigative and enforcement powers.



4.0 **Industry reset**

4.1 Context

This inquiry has identified a significant productivity problem across the construction industry. In Queensland, labour productivity today is only 5 per cent higher than it was in 1994–95 — compared to 65 per cent in the broader market sector (see Figure 2.9). Queensland is not alone, with other state and overseas economies having also experienced slow construction productivity growth.

However, the recent decline in construction productivity observed in Queensland is different — since 2018, construction industry productivity has declined by around 9 per cent.

While there are systemic issues that have impeded construction productivity growth over the longer term, the 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 costs and created conditions conducive to poor productivity.

Further, construction firms and trade unions are also unlikely, at least in the short term, to face significant market or other pressures compelling them to negotiate more productivity-favourable conditions.

Resetting conditions to facilitate productivity growth in the construction industry will require significant changes to policy and regulatory settings as well as consideration of some additional policy actions by government.

The policy actions that the Queensland Government can introduce relatively quickly to support productivity gains and attract investment, without compromising worker health and safety and quality, are:

- permanently removing BPICs
- improving the operation of the workplace health and safety (WHS) regime
- setting expectations for site productivity on government project sites
- supporting cultural change
- considering mechanisms to encourage and facilitate improved dialogue and collaboration between parties.

4.2 Best Practice Industry Conditions

The stated purpose of BPICs is to ensure 'quality, safe workplaces for people engaged on major state government projects' by setting out the Queensland Government's expectations about wages and conditions on these sites (Queensland Government 2024m, p. 12).

Box 4.1 What are BPICs and how do they apply?

First introduced in 2018, BPICs initially applied to only parts of the Townsville Stadium project. Over time, the scope expanded to include Queensland Government construction projects valued at \$100 million or more and on 'declared' projects. According to stakeholders, the ability for projects to be 'declared' resulted in the policy being extended down to smaller projects including the delivery of schools valued at \$20 million.

BPICs apply through a threshold/mandatory criterion as part of the tender process and apply to all subcontractors as well as the main tenderer. Key conditions include:

- wage rates, including specified penalty rates and allowances for different tasks, projects and building types
- 26 rostered days off (RDOs), requiring full site closure
- explicit stop work conditions relating to inclement weather conditions
- requirements for any changes to rosters, hours of work including overtime, and the selection of subcontractors, to be agreed in accordance with the relevant union.

In addition to these provisions, BPICs provide union delegates significant powers on building sites, including powers to call site meetings, cease work due to safety concerns and review building material and employment records to ensure compliance with the policy.

Contractors engaged on applicable government projects are required to have in place legally binding and enforceable workplace arrangements with conditions of employment that meet or exceed the minimum conditions of employment set out in BPICs policies. As a result, head contractors and subcontractors have entered into enterprise bargaining agreements (EBAs) with the same conditions as outlined in the BPICs policies.

According to stakeholders, BPICs-like conditions have become the industry standard for infrastructure projects in Queensland, because:

- tier 1 contractors and subcontractors tendering for BPICs projects have needed to have EBAs with BPICs-compliant provisions embedded in order to be eligible for government work. By default, these contractors are also required to provide these provisions to their workers across all projects, regardless of whether they are government projects or not
- the EBAs for tier 1 firms contain provisions which effectively mean that any subcontractors used by them must also sign agreements with BPICs-like conditions, regardless of whether the project is for government.

Stakeholders have told us that most of these EBAs are in place until mid-2027.

Citing concerns about the impact of BPICs on the broader economy, on 14 November 2024, the Queensland Government temporarily suspended the use of BPICs on all new government-funded construction projects. The temporary suspension applies to:

- all new major government-funded projects
- projects that have not reached the procurement stage
- projects in procurement, where future stages have not been finalised, or where there is no approved EBA (or industrial instrument) – on a project-by-project basis.

The temporary suspension is to remain in place until the Commission has completed an assessment of the economic impacts of BPICs and the government has responded (Queensland Government 2024g). However, BPICs still apply on many sites where work was already underway at the time the policy was temporarily suspended.

While BPICs increase wages and conditions for construction workers, they are likely to impose costs on the community

Wages and conditions under BPICs appear to be substantially more favourable to workers than otherwise available in the broader construction industry. While these provide direct benefits to construction workers, concerns have been raised by stakeholders about impacts on:

- the cost of delivering the Queensland Government's capital works program
- the broader economy, by diverting labour from private to public construction and bidding up construction industry costs.

Stakeholders have told us that BPICs have had a significant impact on project costs and competition across the construction industry, not just on major government projects.

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 Constructors Association, sub. 39, p. 22)

The current system of largely fixed RDOs, with no work on Weekends and Shutdown Weeks, has a significant impact on productivity, subcontractor cash flow, and workplace control. The most notable impact in recent months has been a 50% reduction in productivity, excluding inclement weather. (Workforce Advisory Lawyers, sub. 30, p. 2)

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, p. 7)

The private sector has been required to meet the same requirements as Government projects either through EBA requirements (which have been relentlessly pursued by the CFMEU) or through having to match conditions to attract and retain a workforce. Given these circumstances [the] private sector has had little choice but to enter into EBAs, otherwise they risk losing their workers and having their project stalled indefinitely (through targeted attempts by unions to shut the site down) as seen in West End in the publicised Pradella incident. (Property Council of Australia Queensland Division, sub. IR97, p. 5)

Industry groups have claimed that BPICs and the roll out of BPICs-like conditions in EBAs have had a significant impact on site productivity:

...provisions contained in BPICs are a drag on productivity in the building industry, and are contributing to higher costs, longer construction timelines and lower supply of much-needed new homes, especially in the development of unit towers. (HIA 2024b)

...there is clear evidence that BPIC is driving productivity down and pushing costs up - the opposite of what we need in the middle of a housing crisis. (MBQ 2024)

...while BPIC only applies to government jobs the economic flow on impact is felt by the private sector and has inhibited capacity to deliver homes and projects at the worst possible time. (PCA 2024a)

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)

Some industry groups have claimed contractors are experiencing as little as three effective workdays per week on BPICs sites (see letter to the Honourable Meaghan Scanlon MP by Master Builders Queensland et al. 2024; Paris 2025; Queensland Economic Advisory Solutions 2024).

The Air Conditioning and Mechanical Contractors Association of Australia (pers. comm.) told the Commission the impact of BPICs provisions on project cost, timeframes and productivity depends on the extent to which parties involved in BPICs projects constructively engage and cooperate with each other. That is, when provisions are applied in an inflexible manner, this can lead to reduced site productivity, higher project costs and longer project timeframes, as described by stakeholders above. Conversely, when parties engage constructively, this can contribute to positive project outcomes including minimal work stoppages and improved safety outcomes.

Anecdotal evidence from AMCA members highlights that outcomes depend heavily on how BPIC-style provisions are enforced, and on the level of cooperation between head contractors, subcontractors, and unions in their implementation. Members have reported projects where all parties engaged constructively with these [BPICs] provisions — resulting in high productivity, minimal stoppages, and positive safety outcomes. Conversely, other members have reported projects where the provisions were applied in an onerous and inflexible manner, leading to reduced productivity, extended delays, and squeezed margins.

Despite this, the Queensland Major Contractors Association (sub. 66, p. 33) explains that irrespective of how provisions are applied on site, BPICs result in project cost escalations, with the maximum potential application of BPICs provisions now priced in as the norm.

When quoting for a project, a company under BPIC will quote based on maximum potential usage of collective agreement provisions in order to price in risk for such usage. Accordingly, BPIC escalates project costs regardless of whether BPIC provisions are used and how often.

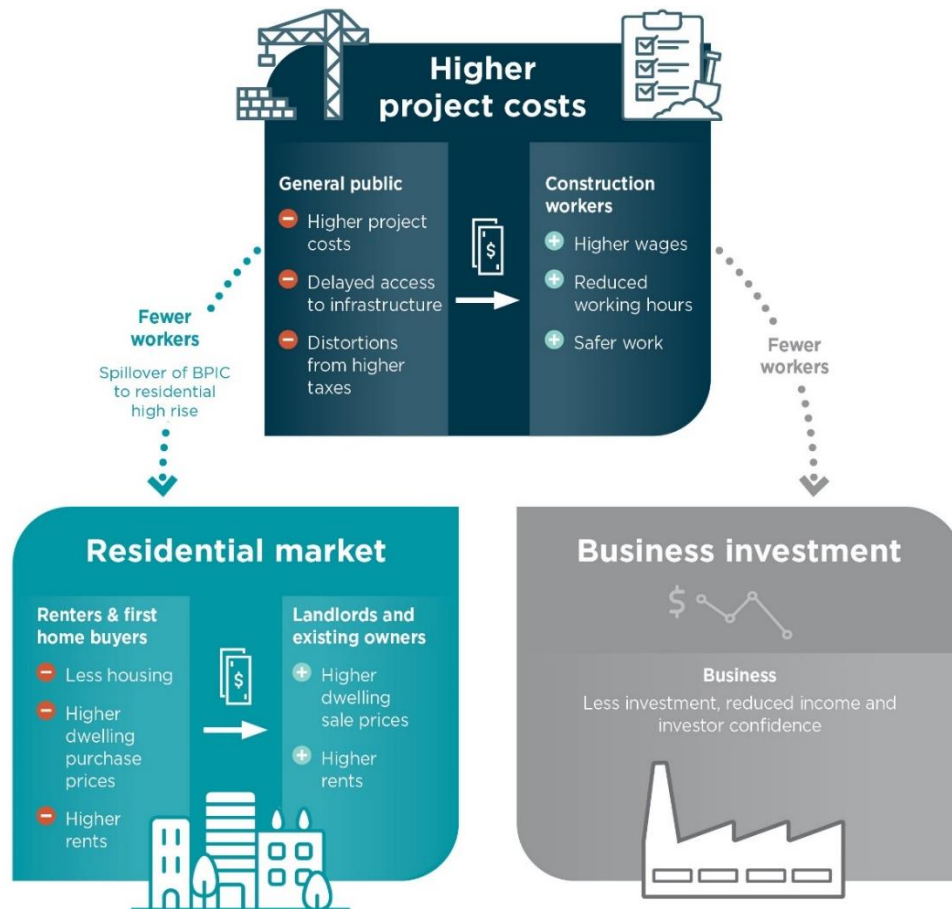
Given that the Queensland Government's capital program is mostly funded from government revenues, higher project costs will impose costs on the community through either higher taxes (now or in the future) or reduced services.¹⁵

Where BPICs result in resources being pulled from other parts of the construction industry, this is likely to impact the housing market and business investment through higher costs and/or project delays.

A summary of likely impacts on the economy is provided in Figure 4.1.

¹⁵ The effect is generally the same for Government Owned Corporations where higher projects costs are funded through either higher prices to consumers, reduced dividends to government or through taxpayer funded payments to offset costs.

Figure 4.1 How BPICs are likely to affect the economy



Source: QPC.

At least at an aggregate level, safety outcomes have not improved since the introduction of BPICs

No evidence was provided to the Commission to suggest BPICs have improved WHS outcomes across the Queensland construction industry or that BPICs sites have better safety outcomes than non-BPICs sites.

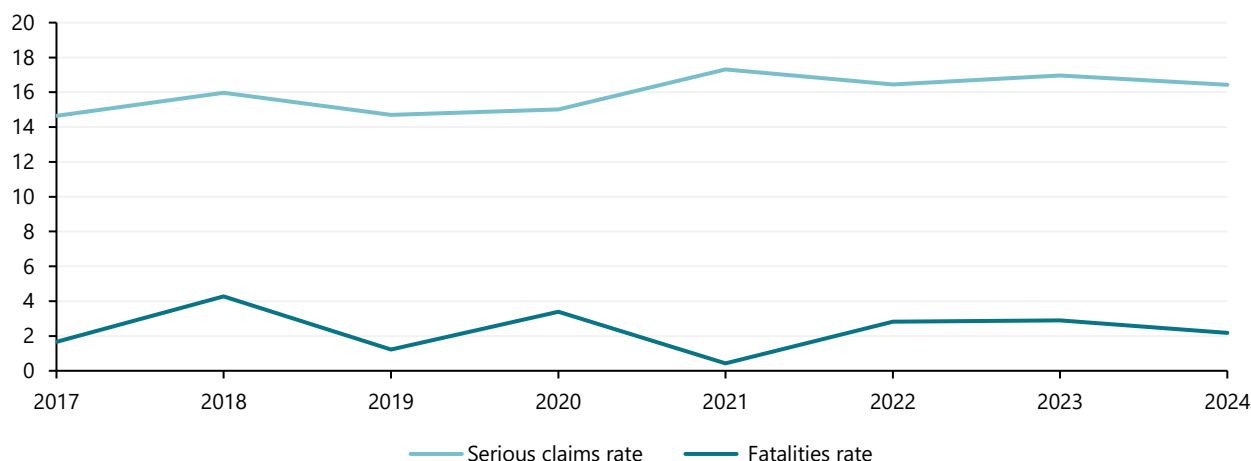
We have not seen any data that demonstrates the implementation of BPIC and improved safety on site. Data from public projects is somewhat transparent but not so for private projects. However, whistleblowers working on large private building projects, operating under BPIC and union Enterprise Agreements (EAs) have stated that the safety record is worse. (Civil Contractors Federation Queensland, sub. IR76, p. 4)

In terms of whether there is evidence that safety outcomes on BPICs sites are better than non-BPIC sites, experience is that there is not sufficient evidence (for a lagging data perspective) for the projects to suggest that safety outcomes on BPICs sites are better than non-BPIC sites. (Queensland Major Contractors Association, sub. IR102, p. 29)

There is nothing in the safety performance of projects that suggests outcomes are any better or worse on BPICs versus non-BPICs sites. (Roads Australia, sub. IR77, p. 3)

Although data is not available for individual sites, data from Safe Work Australia show that neither fatality rates nor serious injury claims have materially decreased across Queensland's broader construction industry since BPICs were introduced in 2018 (Figure 4.2).

Figure 4.2 Workplace health and safety outcomes on Queensland construction sites



Note: Fatality rate is work related fatalities per 100,000 construction workers. Serious claims are accepted claims per 1,000 construction workers that resulted in 5 days or more off work not including fatalities.

Source: QPC based on data provided by the Office of Industrial Relations (OIR).

Analysis suggests BPICs impose high net costs on the community

To understand the potential impact of BPICs on the broader community, the Commission conducted a stylised analysis of the likely costs and benefits of BPICs on the broader community over the period 2024–25 to 2029–30 (assuming no pause had occurred).

The analysis is based on an independent assessment of BPICs and the best evidence available at the time the modelling was undertaken. The analysis includes a cost–benefit analysis to consider the direct impacts on project costs, benefits for construction workers as well as impacts on the broader community.

The modelling was presented in detail in the Interim Report for comment. Given uncertainties and the variability in which BPICs provisions can be applied on the ground, the Commission's analysis considers two scenarios; one where BPICs are applied more flexibly (low scenario) and one where they are applied less flexibly (high scenario).

The analysis estimates that BPICs are likely to increase project costs by around 10 to 25 per cent and impose a net economic cost of between \$5.7 billion and \$20.6 billion (in net present value (NPV) terms) on the community (Table 4.1).¹⁶

The Commission's project cost estimates appear to be generally consistent with the estimates provided by stakeholders during consultation.

On other projects which used a multiple envelope system. That is provide a price without BPIC and with BPIC the differences ranged between 17% and 30%. The unrecognised cost of these projects at the time was, the disruption due to union interference, allowable delays, inflexibility of shifts and Rostered Days Off (RDOs) etc. (Civil Contractors Federation Queensland, sub. IR76, p. 4)

¹⁶ These elevated project cost estimates were benchmarked against internal to government project cost estimates, following the introduction of BPICs.

The Centenary Bridge project was submitted via a 'multiple envelope' process whereby the contractor priced the works utilising their existing IR arrangements and provided a second envelope that included the additional costs to satisfy the BPICs requirements. The actual costs associated with the various components were as follows: original contract value: \$149.2 million; BPICs additional cost: \$21.9 million; % increase: 14.7%. (Roads Australia, sub. IR77, pp. 3-4)

Queensland Economic Advocacy Solutions (QEAS) analysis, commissioned by the Queensland Major Contractors Association (sub. 66, p. 33), estimates BPICs projects to be on average 20 per cent more expensive than non-BPICs projects, and up to 40 per cent higher on some projects.

Table 4.1 Estimated net impacts, Queensland, \$ million, NPV

	Low scenario	High scenario
Construction workers	5,506	11,104
Taxpayers	-8,177	-19,856
Infrastructure users	-725	-2,901
Landlords	1,416	4,863
Existing homeowners	476	2,069
Renters and first home buyers	-2,760	-10,727
Businesses	-1,435	-5,140
Total	-5,698	-20,588

Source: QPC.

The main beneficiaries of the policy were identified as:

- *construction workers*, with the benefit mainly accruing through higher wages (estimated benefits of between \$5.5 billion and \$11.1 billion)
- *landlords and existing homeowners*, with benefits accruing from higher rents and house prices because of reduced dwelling stock¹⁷ (estimated benefits of between \$1.9 billion and \$6.9 billion).

Those adversely impacted by the policy were identified as:

- *taxpayers*, from higher project costs and deadweight losses (estimated costs of between \$8.2 billion and \$19.9 billion)
- *infrastructure users*, through infrastructure delays (estimated costs of between \$725 million and \$2.9 billion)
- *renters and first home buyers*, through higher rents and house prices (estimated costs of between \$2.8 billion and \$10.7 billion)
- *businesses*, through reduced business investment (estimated costs of between \$1.4 billion and \$5.1 billion).

The analysis suggests that BPICs are likely to have material unintended consequences, with implications for housing affordability as BPICs are likely to draw some workers away from housing construction and encourage the roll-out of BPICs-like conditions on multi-unit dwellings. This is consistent with stakeholder experiences.

BPICs has a knock-on effect to the rest of the labour market and these conditions induce workers away from the residential, small commercial and light industrial sectors of the electrical industry to large government projects, worsening skills shortages, inflating residential construction costs, and delaying delivery. The net result is higher costs, longer timelines, and reduced productivity across Queensland's construction sector. (Master Electricians Australia, sub. IR48, p. 13)

¹⁷ BPICs are estimated to reduce the number of houses that would otherwise be constructed (see Appendix C).

The analysis estimates that BPICs may cause up to 26,500 fewer homes to be constructed between 2024–25 to 2029–30 and result in rents being up to 8.3 per cent higher than they otherwise would be.

While a primary rationale of BPICs is the improvement in safety outcomes for construction workers, the Commission has not been provided with evidence of safety benefits. However, the analysis finds that even if it is assumed that BPICs do improve safety outcomes, the potential benefits accruing from increased safety would make up less than 0.2 per cent of the total benefits accruing to construction workers, with most of the benefits arising from higher wages for construction workers.

While there are significant uncertainties in the modelling, the key results hold under a wide range of plausible assumptions. Under all assumptions tested, the application of BPICs to the forward capital program would have significant negative impacts on the community, including the worsening of housing affordability.

An appendix to this report (Appendix C) is provided with detailed model methodology, results and assumptions.

As noted in the Interim Report, the Queensland Unions (sub. 59) provided the Commission with analysis that suggested wage rates on BPICs sites were no higher than on non-BPICs sites. While this analysis differs from the Commission's modelling, in that it does not consider a counterfactual with no BPICs (that is, it does not consider that the implementation of BPICs is likely to have influenced wages rates on non-BPICs sites), the Commission also modelled an alternative scenario where wage rates are no higher on BPICs sites.

This analysis shows that even if wages were assumed to be unaltered by BPICs, significant net economic costs would still be imposed on the community (see Table 4.2). These net costs are only slightly lower than the core modelled scenarios (\$18.4 billion versus \$20.6 billion for the high scenarios). These results are in line with evidence provided by stakeholders that a key driver of costs from BPICs are from productivity losses rather than wage rates.

Table 4.2 Revised estimated net impacts, no wage differences, Queensland, \$ million, NPV

	Low scenario	High scenario
Construction workers	1,207	3,939
Taxpayers	-2,588	-10,542
Infrastructure users	-725	-2,901
Landlords	1,416	4,863
Existing homeowners	476	2,069
Renters and first home buyers	-2,760	-10,727
Businesses	-1,435	-5,140
Total	-4,409	-18,438

Source: QPC.

Key outcomes from the recent round of consultation include:

- Project cost escalations provided by stakeholders were consistent with the modelled results (as discussed above), 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.¹⁸

¹⁸ 'Jump up' provisions require subcontractors to provide the same BPICs wages and conditions to their employees as those afforded to head contractors' employees.

- There was some contention on the impact of BPICs on work stoppages, including weather-related stoppages and RDOs. However, there was no consensus on this.

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's modelling and key findings remain unchanged from the Interim Report. That is, BPICs established conditions that allowed significant declines in site productivity.

BPICs should be permanently removed from government procurement policy

While a primary rationale of BPICs is the improvement in safety outcomes for construction workers, the Commission has not been provided with evidence of safety benefits. Further, most of the workplace health and safety obligations in BPICs are either covered in legislation, codes of practice or relevant awards.

For example, the *Work Health and Safety Act 2011* (the WHS Act) requires that any person conducting a business or undertaking (including construction businesses) has a duty to ensure the health and safety of workers. Under the WHS Act, workers also have a say on health and safety matters in the workplace through formal mechanisms — these were recently significantly strengthened under the *Work Health and Safety and Other Legislation Amendment Act 2024*. There are also other provisions in the WHS Act that should provide incentives for worker safety, including industrial manslaughter provisions.

Similarly, the Building and Construction General Award provides provisions for work during inclement weather, including that workers are not required to commence or continue work when it is unsafe to do so.

Where the BPICs are more prescriptive than in the award or relevant legislation, it is not clear that these prescriptive elements have provided any additional safety benefits. For example, the Construction BPICs specify that where temperatures exceed 35 degrees or 29 degrees and 75 per cent humidity, there should be an orderly cessation of work. However, less prescriptive awards and legislation also make it clear that work should not be undertaken during hot weather, where it is unsafe to do so.

During consultation, some stakeholders noted the management of work during adverse weather was challenging with a lack of consensus on how this should be approached. To address this, as indicated in Recommendation 4 (and discussed in further detail in Section 4.3), there may be benefits in the Office of Industrial Relations (OIR) developing and issuing clear guidance for managing work during wet and hot weather events, including requirements for site shutdowns. Any guidance material should be developed in consultation with industry and employee representatives.

Other provisions in BPICs, such as provisions for additional RDOs (with full site closure), do not appear to have a direct relationship to WHS outcomes, and there appears to be little rationale for their inclusion in government policies.

Similarly, there appears to be limited rationale for government to include provisions for higher than industry wage rates in its procurement policies. Rather, these should be commercial decisions that reflect market conditions.

There may be benefits from government or industry action on some of the objectives of BPICs, for example, in relation to mental health, or encouraging greater workforce diversity to make the construction industry more appealing for new entrants. Where this is the case, these objectives are likely to be more effectively and efficiently addressed through other levers rather than BPICs.

Based on the potentially high costs and limited evidence of public benefits, BPICs should be permanently removed from Queensland Government procurement policy.

Subcontractor prequalification for BPP projects should be removed

In addition to permanently removing BPICs, there appears to be a strong rationale for permanently removing the requirement for subcontractors to be prequalified to work on Best Practice Principles (BPP) projects, which was temporarily removed as a requirement as part of the pause on BPICs.

Prior to its temporary suspension, the requirement for subcontractors to be prequalified under the Department of Housing and Public Works' building prequalification (PQC) System was identified as an impediment to subcontractors competing for government tenders.

Given subcontractors are not directly contracted by the Queensland Government, there does not appear to be a clear rationale for why subcontractors were required to be prequalified under the PQC System.

As part of consultation, stakeholders raised concerns that the prequalification requirement effectively resulted in subcontractors being required to enter into union approved EBAs, which offer substantially more generous conditions than otherwise available in the market. Due to the nature of the EBAs, these contractors are then required to provide these more favourable conditions to their workers across all their projects, essentially making their non-government work 'uncommercial'. Stakeholders have told us that this has had a significant impact on competition and project costs in Queensland, with some subcontractors, particularly in the regions, making the decision to not tender for government projects.

Stakeholders also raised concerns about the complexity of the PQC System and the impact this is having on competition for government work, particularly for small and regional building consultants and contractors. As such, there appears to be merit in ensuring prequalification requirements, such as rigid thresholds and administratively complex or duplicative processes, are not preventing smaller firms from competing for government tenders. For further discussion on the PQC System, see Part B Government Procurement.

4.3 Improving the operation of the workplace health and safety regime

The original rationale of modern WHS laws (going back to the implementation of the *Work Health and Safety Act 1989* in Queensland) was to replace rigid, prescriptive and punitive regulatory approaches with performance-based and outcomes-focused legislation that provides flexibility for duty holders in meeting their obligations (Raineri 2003).

This shift was designed to foster collaboration between stakeholders, encouraging workers and management to work together to meet regulatory standards and create safer workplaces (Raineri 2003).

However, stakeholder feedback to this inquiry suggests this focus on shared goals has weakened, prescriptive regulatory requirements have been returning and that significant effort is now needed to improve the operation of the WHS provisions in the construction industry. To address these challenges, there is a need to depart from conflict-driven interactions that hinder productivity, to more collaborative and mutually beneficial arrangements.

This section discusses potential industrial issues related to WHS and potential solutions to these matters. Further information on WHS regulations and outcomes in the construction industry more generally are discussed in Chapter 15: Regulation of workplace health and safety.

Stakeholders are concerned about misuse of WHS provisions

All stakeholders reinforced the importance of safety. However, stakeholders reported that WHS provisions have, in some instances, been 'misused' and used as leverage on larger construction sites to achieve objectives other than safety.

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)

For far too long safety on site has been weaponised as a mechanism to pursue other agendas by certain unions. Whilst not always the case this has started to become more and more the norm over the past decade with head contractors being routinely targeted. (QMCA, sub. IR102, p. 28)

This is consistent with the findings of the recent Watson report (2025), *Violence in the Queensland CFMEU* (see paragraph 220 for example).

Several stakeholders also provided case studies and examples of instances where the identification of, in their view, minor workplace health risks or incidents, localised to particular areas, have resulted in disproportionate responses. This includes site-wide shutdowns or toolbox meetings being held across multiple construction sites. As noted by Master Plumbers Queensland (sub. 62, p. 1):

... in some instances, localised issues, in a confined area have led to full-site shutdowns. The response to these incidents can vary significantly between sites, often influenced by differing site management practices or industrial environments.

Stakeholders have also claimed that changes to WHS regulations to make codes of conduct mandatory have also created the opportunity for misuse in the 'furtherance of industrial goals rather than managing safety risks' (National Electrical and Communications Association, sub. IR59, p. 4).¹⁹

The role of Health and Safety representatives and WHS entry permit holders

A key feature of both the national Model WHS Laws and the *Work Health and Safety Act 2011* (the WHS Act) is the role of health and safety representatives (HSRs) in the workplace and the right for WHS entry permit holders to enter workplaces. Since 2012, these provisions have been amended on multiple occasions and been the subject of ongoing disagreement between stakeholders representing both employers and employees.

¹⁹ This issue is further discussed in Chapter 15: Regulation of workplace health and safety.

Box 4.2 Provisions for HSRs and WHS entry

Under the original 2011 legislative provisions:

- ‘Appropriately trained’ HSRs are able to direct workers, in their work group, to cease ‘unsafe work.’
- An HSR may, in exercising a power or performing a function, whenever necessary, ‘request the assistance of any person’. This allows a person assisting an HSR (provided they have not had a WHS entry permit suspended or revoked or been disqualified) ‘to have access to the workplace if that is necessary to enable the assistance to be provided.’
- WHS entry permit holders are required to provide notice ‘as soon as is reasonably practicable after entering a workplace’ for the purpose of inquiring into a suspected contravention of the WHS Act that relates to, or affects, a relevant worker.

Current provisions, reflecting changes last made to the WHS Act in late 2024²⁰:

- Provide HSRs to direct workers to cease work, after giving a ‘cease work notice’ to workers and the person conducting a business or undertaking (PCBU).
- Allow an HSR to accompany a WHS permit holder and request the assistance of a ‘suitable entity’ for the HSR (for example, a union that is relevant to that worker. A union that is not a relevant union for the worker is excluded).
- Require WHS entry permit holders to provide 24-hours’ notice before entering a workplace. However, WHS entry permit holders retain the right to immediately enter a workplace without prior notice in circumstances where a relevant worker is exposed to a serious risk to their health and safety, emanating from an immediate or imminent exposure to a hazard.

Many stakeholders support the underlying principles of HSRs and right of entry provisions in maintaining a safe work environment (Master Plumbers Association Queensland, sub. 62; Master Electricians Australia sub. IR48). However, there is concern that these powers, intended to ensure safety on worksites, have allowed HSRs considerable power and influence.

However, union representatives disputed the claims of misuse of powers by HSRs and submitted that HSRs are highly effective at improving safety on site and that there is a body of evidence of businesses contravening WHS regulations (CFMEU, sub. IR60, pp. 13–14).

When minor WHS matters are not resolved quickly or responses are disproportionate to the issue, they can disrupt time sensitive activities and critical works such as concrete pours, beam lifts and road closures (Australian Constructors Association, sub. 39, pp. 31–32). Such instances impact scheduling and cause further delays to the project due to the sequential nature of many activities, with significant impacts on productivity. While legislation provides options for parties to apply to the Queensland Industrial Relations Commission (QIRC) to resolve safety disputes (including applying to disqualify an HSR, where they have exercised a power as HSR for an improper purpose) these are infrequently used. Stakeholders told the Commission that this is because they either fear retribution and/or are uncertain about the process and the outcomes it can deliver.

Stakeholders had varying suggestions for improvement in this area. Some advocated for the restriction or removal of the ability for HSRs to ‘shut down construction sites’ and for this role to be taken up by Workplace Health and Safety Queensland inspectors (QMCA, sub. IR102, p. 29; Master Electricians Australia, sub. IR48, pp. 33–34). However, this approach would be a departure from the national Model WHS Laws (Master Electricians Australia, sub. IR48, p. 33). Other stakeholders suggested that HSRs be subject to a fit and proper person test (Master Builders Queensland, sub. IR73, p. 38).

²⁰ These changes were made by the incoming Government, apart from the changes related to assistance of a ‘suitable entity’, which were progressed in March 2024.

Review of National Model WHS Laws

Consultation has recently commenced on a review of the national Model WHS Laws, conducted by Safe Work Australia. Some stakeholders pointed to this review as a reason to avoid major change to Queensland's WHS regimes at this time, with the Queensland Council of Unions (sub. IR91, p. 6) submitting:

It would be ill considered for the QPC to make any further recommendations or suggest any amendments to Queensland WHS laws — particularly winding back work health and safety rights and protections, prior to the completion of the Safe Work Australia Best Practice Review.

As WHS regulations appear to have become more burdensome, with limited evidence of improved safety outcomes, the Queensland Government should ensure future regulatory changes to the WHS regime, including those from the national Model WHS Laws, are appropriately assessed to ensure they will deliver a net benefit to the community.

Further guidance should be provided

While there are concerns about the potential misuse of WHS provisions (including HSR stop work powers) on larger construction sites, any potential changes to these provisions require careful consideration, to ensure they do not undermine legitimate safety concerns or discourage employees from taking necessary action on safety matters.

In addition, these powers (which have been a feature of the national Model WHS Laws since their inception) apply across all industries, not just construction, so any flow on impact would also need to be assessed.

The shifting of powers and responsibility to WHS inspectors or regulators to decide on matters such as whether to stop work, as suggested by some stakeholders, could also introduce new administrative burdens and potentially move away from the collaborative approach modern WHS laws are designed to foster.

Many stakeholders supported greater clarity on WHS provisions and their obligations in the areas of stop work notices and the management of work during adverse weather (Australian Constructors Association, sub. IR49; QMCA sub. IR102). As noted by the Air Conditioning and Mechanical Contractors Association (pers. comm.):

Clearer guidance from regulators, backed by consistent enforcement, would help industry participants distinguish between legitimate safety interventions and conduct that amounts to obstruction, enabling projects to maintain both safe and productive workplaces.

In this context, clearer guidance on the appropriate use of WHS provisions, aimed at reducing confusion, should initially be pursued (Box 4.3). These guidance materials should be developed by the OIR in conjunction with key stakeholders (see Section 4.6).

During recent consultations, industry stakeholders noted some improvement in cooperation on construction sites. However, should these positive changes not be sustained, stronger regulatory measures, as suggested by some stakeholders, may be warranted in the future (see Section 4.7).

Box 4.3 Guidance materials

Guidance on HSR powers and disputes

Guidance could be provided to unions, PCBUs, HSRs and construction workers on mechanisms available under existing legislation to deal with WHS issues containing:

- 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 WHS Act
- right of entry provisions and how they should be used.

Managing work during wet and hot weather events

Clear guidance on managing work during wet and hot weather events should be developed including procedures for determining:

- when adverse weather is likely to present a WHS risk
- what are legitimate responses to these risks, including when site shutdowns are appropriate and processes for reopening.

This guidance would also benefit from the inclusion of worked examples and clear case studies to remove ambiguity on appropriate procedures.

The OIR, in consultation with stakeholders, should also explore additional actions that would encourage more effective use of provisions in the WHS Act, such as the options for using the QIRC for resolving WHS disputes in relation to the misuse of PCBU or HSR powers and responsibilities under the WHS Act.

4.4 An updated code of practice

Prior to the renegotiation of EBAs in 2027, the Queensland Government should signal to industry its expectations on the productivity performance of entities that choose to tender for significant Queensland Government funded construction work.

While the Queensland Government has limited mechanisms to influence industry practices and behaviours, one instrument available is a code of practice.

Codes of practice are used for many purposes including to provide guidance on compliance with legal or regulatory requirements, meeting certain standards, achieving best practices, or managing risks. For example, Queensland has around 50 codes of practice for WHS (Queensland Government 2024c). Codes of practice can be voluntary or mandatory.

Relevant to a construction industry reset, a code of practice can be a set of rules or guidelines laying out the principles, requirements or expectations for acceptable industry behaviour or practices on public sector projects.

Stakeholder views on the use of codes of practice

Stakeholder submissions proposed a range of opportunities for government to use a code of practice to promote or dissuade certain conduct or conditions impacting on the construction industry. Examples include:

- to prohibit restrictive practices, and specific clauses in EBAs such as those restricting management rights, discriminating against employees, or mandating specific pay rates through side deals between head contractors and unions (Workforce Advisory, sub. IR30, p. 1)

- to provide a level playing field for businesses, so that ethical companies are rewarded, instead of being undercut by businesses that do not adhere to Queensland legislation, including WHS regulation (CFMEU Construction and General Division, sub. IR60, p. 33)
- to address barriers faced by subcontractors on major projects, ensure industrial conditions are not imposed without industry consultation, and that productivity, cost efficiency, and worker choice are balanced alongside safety objectives (Master Electricians Australia, sub. IR48, pp. 13–14).

As this diversity of proposals indicates, a code of practice can serve multiple purposes. However, the code should be targeted on key issues to maximise clarity.

The Code of Practice can provide a clear signal to industry on productivity

The Queensland Government already has a code of practice relating to the construction industry — the *Building and Construction Code of Practice 2000* (OIR 2025), administered by OIR (Box 4.4). The Code must be observed by all parties involved in building and engineering contracts, maintenance contracts and consultants' commissions with any Queensland Government agency (OIR 2025, p.4).

Box 4.4 Building and Construction Code of Practice 2000

The Queensland Government's *Building and Construction Code of Practice 2000*:

outlines specific principles and standards of behaviour that underpin best practice while promoting positive change in the industry. In particular, the Code promotes a shift in industry culture away from the prevailing adversarial approach to a more cooperative model. (OIR 2025, p.3)

The Code's objectives include:

- defining ethics and standards of behaviour expected of all parties
- encouraging best practice and improve the performance of all parties
- promoting a cooperative (non-adversarial) approach by all parties in their dealings with one another
- outlining expectations for work health and safety and environmental management
- outlining the standards the Queensland Government requires as a client (OIR 2025, pp.3-4).

Taking this Code as a starting point, the government should revise the Code or, if this is not possible, develop a new code to set out its expectations as a major client of the construction industry. In particular, the revised code of practice should focus on the principles and practices that will improve the industry's productivity performance, including requirements that:

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

So as not to dilute its focus on productivity, the government should avoid including other objectives in the revised code. If the revised code is productivity focused in this way, consideration could be given to requiring that the code be referenced in all relevant procurement contracts of government departments.

This will send a clear market signal to the construction industry in the lead up to the renegotiation of EBAs in 2027. As a major industry client, government will be seeking significantly improved levels of productivity on its projects.

Revision of the existing Building and Construction Code of Practice or development of a new code should be supported by consultation with key stakeholders.

Enforcement framework

The government should consider whether the Code should initially be provided as guidance on a voluntary basis while existing EBAs remain in place, and then whether adherence to the Code should be required of tenderers of Queensland Government projects from 2027 when EBAs are renegotiated.

If adherence to the Code does become a requirement, the government may need to consider an appropriate enforcement framework. This should specify how compliance will be promoted, non-compliance will be identified, and the conditions under which building and construction contractors may be excluded from tendering for Queensland Government projects.

The government should avoid high compliance costs or anti-competitive compliance and enforcement mechanisms, such as requiring firms to demonstrate compliance through procurement, tendering or pre-qualification processes.

Instead, lower cost approaches should be considered such as ‘a negative licensing’ approach, where building and construction contractors can be excluded from tendering for Queensland Government projects, once material evidence of non-compliance is discovered and verified.

4.5 Improving industry culture

Stakeholders have told the Commission the construction industry is adversarial (Watson 2025; Australian Constructors Association, sub. 39, pp. 12, 18), and both physically and mentally demanding, with rigid work practices and long work hours. Crook and Tessler (2021, p. 5) estimate the construction industry’s culture is costing Australia’s economy around \$8 billion annually (in 2018 dollars) due to workplace injuries, mental illness, suicide, long work hours, and a lack of workforce diversity negatively impacting productivity and presenteeism.

A broad range of stakeholders expressed support for prioritising improvements to the industry’s culture (for example, Australian Constructors Association, sub. IR49, p. 21; Civil Contractors Federation Queensland, sub. IR76, pp. 5–6; Infrastructure Association of Queensland, sub. 44, p. 8; Property Council of Australia Queensland Division, sub. IR97, p. 15; Queensland Unions, sub. 59, pp. 27–31), viewing it as an important lever to enhance construction productivity. In particular, the current culture is seen as a barrier to worker retention and recruitment, especially for women.

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)

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. 31)

Stakeholders identified a number of industry-led initiatives aimed at increasing the diversity of the construction industry (Plumber Industry Climate Action Centre, sub. 56, p. 11; Master Electricians Australia, sub. IR48, p. 44).

While BPICs attempted to improve the industry’s culture by mandating certain practices (see Section 4.2), the prescriptive nature of the policy has meant it is an inefficient and often ineffective mechanism for delivering such objectives. For example, Master Electricians Australia (sub. IR48, p. 11) indicated that achieving apprentice quotas on BPICs sites has often been achieved by poaching from other worksites.

Both the New South Wales (NSW) and Victorian governments have supported an evidence-based approach to improving culture on construction sites, called the Culture Standard (see Box 4.5). In September 2025, the Australian Capital Territory (ACT) Government announced it would adopt the Culture Standard into its procurement processes for all government-funded infrastructure projects over a 12-month period (ACT Government 2025). The Australian Government’s National Construction Industry Forum (NCIF) — comprising members representing the Australian Government, unions, and peak industry bodies — has endorsed the *Blueprint for the Future*, which recommends the NCIF (2025, p. 15) consider opportunities to implement the Culture Standard.

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 its implementation in other jurisdictions, the evidence is not yet sufficient for the Commission to recommend government endorse its adoption in Queensland.

Because of the risk of unintended consequences, governments should exercise caution before mandating such measures. Improvement of workplace culture is ultimately an area for industry to progress — industry participants on worksites are better placed to negotiate, implement, and continuously reassess and adapt such approaches.

Box 4.5 The Culture Standard for the Construction Industry

The Culture Standard for the Construction Industry (Culture Standard) was developed by the Construction Industry Culture Taskforce (CICT) — a collaboration between the Australian Constructors Association, the NSW and Victorian governments, industry groups, and academics — in response to three major issues identified as impacting the industry, those being long working hours, a lack of gender diversity and low wellbeing standards.

The Culture Standard focuses on three pillars: time for life, wellbeing and inclusion, and diversity. Key requirements of the Culture Standard include a five-day-50-hour work week cap (where possible), prioritising mental health and fostering inclusive environments. With the exception of a work-hour cap, which targets two consecutive days of rest and less than 50 hours of work per week (and a maximum of 55 hours per week), the Culture Standard is designed to be non-prescriptive.

The CICT's goal is for the Culture Standard to be implemented on public sector projects in each Australian jurisdiction, via infrastructure procurement processes.

The Culture Standard has been piloted on five government projects across NSW and Victoria. On behalf of the CICT, Frontier Economics was commissioned to undertake a cost-benefit analysis of the pilot project data. However, due to a lack of a reliable and robust counterfactual to benchmark the cost of delivering the pilot projects, Frontier Economics found 'no evidence to suggest that the Culture Standard improved cost and time performance, neither was there any evidence to suggest that the time for life provisions adversely affected the cost of time required to deliver the pilot projects.'

A qualitative assessment of the Culture Standard found a majority of workers preferred the modified work schedules, including increased flexibility, and four of the five pilot projects had lower staff turnover and higher proportions of female staff than the head contractors' overall workforce. However, the analysis also found implementation challenges, in that government incentives or mandates were seen as essential for widespread adoption; private clients were less likely to support reduced days due to concerns of extended project timelines; and small and medium-sized enterprises (SMEs) often had limited awareness of the standard.

Some stakeholders have cautioned government adoption of the Culture Standard in the absence of careful consideration given the potential for unintended consequences. The Civil Contractors Federation Queensland (sub. IR76, p. 6) outline a number of issues associated with the Culture Standard that have not been fully explored, including its excessive compliance load, the risk of smaller firms being locked out of projects, and the practicality of its application outside metro areas.

Source: Construction Industry Culture Taskforce 2025; Lingard et al. 2025.

4.6 Improved dialogue and collaboration

The Interim Report noted there is a need to re-align the incentives of employers, workers and their advocates, and move to more collaborative and mutually beneficial arrangements. Stakeholders agreed that improving workplace practices on large construction sites will need continued dialogue and cooperation between contractors, subcontractors, unions, workers and government. As noted by the Australian Constructors Association (sub. IR49, p. 2):

Productivity improvement will be achieved through reforms that increase the level of collaboration and cooperation between all industry stakeholders...

Greater workplace consultation and cooperation were also identified as being crucial for improving productivity and efficiency and maintaining positive WHS outcomes (Ai Group, sub. IR90, p. 2; CFMEU, sub. IR60, pp. 14-15).

The Interim Report noted some stakeholders favoured the establishment of a forum made up of government, union and industry representatives as one potential option to facilitate greater cooperation on WHS on large construction sites. This was supported by stakeholders as a way to identify problems and potential solutions, as well as providing an additional layer of oversight on stoppage powers (NECA, sub. IR59, p. 5; Master Electricians Australia, sub. IR48, p. 33; Master Builders Queensland, sub. IR73, p. 38).

Ways to encourage and facilitate greater 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, with clear outcomes and 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
- providing updates on construction-related matters, including but not limited to WHS matters.

The OIR should provide support, including through the provision of data on WHS outcomes, stoppages and other relevant information as appropriate. This information can then be used by industry, unions and regulators to address recurring issues and update guidelines to support desired WHS outcomes.

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

Some stakeholders noted that such collaboration could be achieved by leveraging existing advisory committees and bodies, such the Construction Industry Sector Standing Committee (constituted under the WHS Board) or through formation of an advisory council reporting to OIR and the Minister (Master Electricians Australia, sub. IR48, p. 33; NECA, sub. IR59, p. 5). Utilisation of the Construction Industry Sector Standing Committee would require amendment of its terms of reference and membership to cover additional stakeholders (Master Builders Queensland, sub. IR73, p. 38).

If industry sees value in a new forum to enhance industry collaboration and consultation, the government could consider supporting its establishment.

4.7 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 CMFEU 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 into the CFMEU and Misconduct in the Construction Industry (Wood Commission of Inquiry) is currently underway and has been asked to consider whether any law or policy change is needed in the construction inquiry including criminal laws, the implementation of a fit and proper person test and whistleblower laws. The inquiry will also examine whether 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 (Queensland Government 2025c).

Notwithstanding the above, there may be a need for government to consider a regulatory response if there is evidence that the actions adopted, guided by this report, are insufficient to achieve the objective of improving productivity.

With this in mind, government should review regulator powers post the Wood Commission of Inquiry and the implementation of an initial set of recommendations. Based on this review there may be a case for a construction industry specific regulator with the broader investigative and enforcement powers necessary to maintain and improve safety and productivity on worksites.

The Property Council of Australia Queensland Division (sub. IR97, p.15) recommended that an industry regulator should have far reaching powers including to:

- investigate, conduct examinations, and answer compulsory questions, as well as enter and observe warrants to attend akin to the WHS Act and the Ombudsman Act
- gather in-camera evidence, and statutory protections to withhold names akin to the WHS Act
- issue orders to stop harmful actions impacting productivity and refer issues to other bodies
- issue fines or penalties and refer for criminal charges as necessary.

Master Builders Queensland (sub. IR73, p. 37) recommended that a review of the regulator powers should include providing more power to address and respond to frivolous disputes, while the Queensland Major Contractors Association (sub. IR102, p. 23) suggests the OIR should be an independent arbiter able to hear and handle issues on site and assist in reducing illegal or anti-competitive conduct on work sites.

Should the Queensland Government be required to establish a construction industry specific regulator, careful consideration should be given to the model so that it does not inhibit collaboration.

4.8 Recommendations

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.



PART B: Government procurement

Key points

- Government procurement is likely to affect construction productivity through three key mechanisms:
 - directly, by imposing conditions on how site works are conducted and tendered for
 - indirectly, by influencing standards and expectations in the broader industry
 - by inflating demand for construction-related activities when the sector is at capacity.
- Evidence suggests there are significant opportunities to improve project selection and sequencing of the Queensland Government's capital program:
 - There are examples of large projects being commissioned in the absence of a robust business case, and in some cases, it appears that projects have been selected despite failing a cost–benefit test, or with benefits having been exaggerated or costs understated.
 - There does not appear to be any authoritative mechanisms for overseeing and coordinating Queensland's capital program to ensure its sequencing is commensurate with market capacity, and there are few incentives to ensure decision making is made in the interests of the broader community.
- Queensland Government procurement policies have moved beyond a focus on achieving genuine value for money for the Queensland community. Queensland Government procurement policies:
 - impose numerous conditions on contractors that are unrelated to value for money, increasing costs and introducing a level of subjective decision-making susceptible to adverse outcomes
 - have become unnecessarily complex, with more than 15 overarching and subordinate policies, totalling more than 1,000 pages
 - appear to discourage smaller players, particularly those in regional areas.
- Stakeholders have voiced concerns that government contracting arrangements are outdated, burdensome and are impeding innovation by:
 - prioritising the minimisation of the government's exposure to risks over delivering better outcomes
 - overburdening contractors with compliance costs
 - prescribing the use of traditional technologies.
- The Commission's assessment is that the Queensland Government's procurement system can be simplified and made more transparent by:
 - refocusing procurement policies on fundamental value for money principles
 - establishing better governance arrangements to improve project selection and sequencing
 - adopting suites of standard contracts that are fit for purpose for all agencies.

Context

Why procurement matters

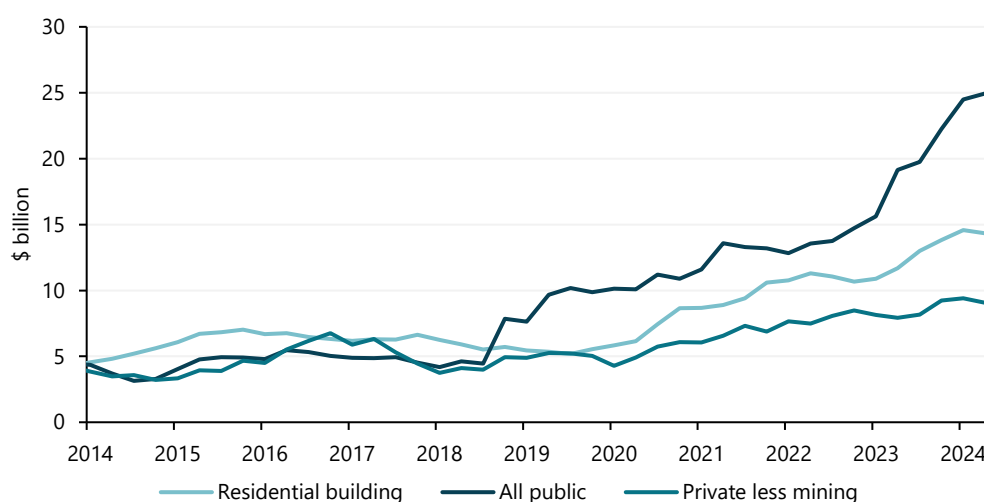
Government procurement is likely to affect the activities of the broader construction industry, and its productivity, through three main mechanisms:

- directly, by imposing conditions on how site works are conducted, and through the way it tenders for projects
- indirectly, by influencing the broader sector through the establishment of revised standards and expectations
- by inflating demand for construction, particularly if the construction market is close to capacity (this can also affect productivity where it creates labour shortages that prevent the efficient sequencing of work).

The Queensland Government's capital program makes up a large share of construction activity, with this share rising rapidly over recent years (Figure B.1).

Figure B.1 Government procurement is influencing a greater share of construction activity

Building and engineering construction work yet to be done, Queensland, nominal



Note: Private includes all private engineering construction and non-residential building work yet to be completed. Heavy industry (which is mostly related to mining) has been omitted because the LNG investment boom during the early 2010s included significant quantities of imported pre-assembled modules, which significantly distorted engineering construction activity statistics during this time.

Source: QPC based on ABS 2025b, 2025e.

Looking ahead, the Queensland Government's influence over the construction industry is projected to continue to grow. Planned capital works over the forward estimates (2025–26 to 2028–29) are expected to cost almost \$117 billion — almost double the 2022–23 planned four-year program of \$59.1 billion (Queensland Treasury 2025a, p. 42, 2025b, p. 12).

This growth in capital works is largely due to:

- upgrades to health facilities (including Queensland Health’s Hospital Rescue Plan, formerly the Capacity Expansion Program)
- planned transport infrastructure (including the Queensland Transport and Roads Investment Program)
- the Queensland Housing Investment Pipeline
- the Energy Roadmap and Electricity Maintenance Guarantee
- activities to support the Dam Improvement Program
- the 2032 Olympic and Paralympic Games (Queensland Treasury 2025a, p. 42).

The procurement activities of Queensland Government departments, government owned corporations, statutory bodies and special purpose vehicles are undertaken in accordance with the Queensland Procurement Policy (QPP) (Queensland Government 2024j). The QPP and its supporting instruments seek to ensure procurement processes and decision-making activities uphold accountability and transparency. They have also at times sought to influence markets, drive economic activity in select market sectors/locations and achieve broader social and environmental objectives.

Given the volume and scope of procurement issues, the Commission has sought to focus on the following key issues where procurement is likely to be affecting construction productivity and where there appear to be significant opportunities for reform:

- **Queensland Government project selection and sequencing** — Queensland’s current project selection and prioritisation process appears opaque, not commensurate with current market conditions, and is likely to be contributing to the growth in the size and influence of the government’s capital program.
- **Queensland Government procurement** — current policy appears to have a strong focus beyond value for money, including preferencing local suppliers and workers, mandating the use of apprentices on government projects, and requiring that government suppliers work towards social and environmental objectives.
- **Best Practice Industry Conditions (BPICs)** — concerns have been raised about the impact of BPICs on the cost of delivering the government’s capital works program and the broader economy, by diverting labour from private to public construction and bidding up construction industry costs. BPICs is discussed in greater detail in Part A Industry Reset.
- **Government contracting arrangements** — concerns have been raised that Queensland Government contracting arrangements are outdated, burdensome and impeding innovation.

What does best practice look like?

Best practice procurement processes and policies should deliver value for money for taxpayers, appropriately manage risks, ensure compliance with laws and regulation, encourage competition and promote transparency.

Government procurement should be underpinned by robust and transparent decision-making processes (PC 2014, pp. 279–280). This includes ensuring that prior to reaching the procurement stage, government has:

- considered its infrastructure needs in the context of addressing an infrastructure problem or opportunity, and its long-term planning processes
- investigated the potential risks to the viability and delivery of potential responses (that is, capacity constraints)
- undertaken detailed analysis of potentially viable options (including making better use of existing infrastructure) for addressing the identified infrastructure problem/opportunity, including the development of robust business cases, including cost–benefit analyses, with the overarching objective of providing the greatest net benefit to the community
- publicly disclosed its decision-making processes and all information and analysis used to form the basis of its infrastructure decisions
- undertaken a level of community consultation appropriate to the circumstances (Infrastructure Australia 2018).

By ensuring clear lines of accountability and responsibility for decision makers, government can provide industry and the community with greater assurance that the projects it has selected, prioritised, funded and delivered are in the public interest and will provide taxpayers with the greatest value for money (Infrastructure Australia 2018).

Achieving value for money

Selecting projects based on a value for money basis is important for ensuring that taxpayer money is spent on infrastructure that delivers the greatest net benefits to the community (VCEC 2011).

A sole focus on value for money (initially defined in Box B.1 and elaborated on in Section 6.1) does not mean a focus simply on the lowest upfront price. Rather it means that projects should be assessed against one criterion of 'value for money', where consideration is given to the project's lifecycle costs and the benefits the project will deliver for the community, among other things, but other objectives are excluded (from both the definition of value for money, and as criteria to assess a tender).

When value for money is defined in a way that gives weight to broader government objectives (for example, social or environmental objectives unrelated to the product or project being purchased), this limits the extent to which projects can be assessed objectively, increases tender costs and generally results in higher project costs — which must be funded either through higher taxes (now or in the future) or reducing spending in other areas. A singular focus on value for money, can however mitigate some of this risk, by providing grounds for a more objective assessment.

While governments often include other social or environmental objectives in procurement policies, they are generally a poor tool for achieving these outcomes. This is partly because it is not possible to assess the cost of delivering these objectives as the cost is hidden in broad tender costs. It can also be difficult during the tender process to determine whether environmental or social objectives are likely to be delivered.

Assessing projects on a singular value for money basis does not mean that social and environmental objectives will not be considered, as these objectives are typically inherent in the purchasing decision (that is, infrastructure being built to deliver a social objective) or covered by other regulation.

Box B.1 Defining 'value for money'

By 'value for money', the Commission means 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.

The term 'value for money' is discussed in more detail in Section 6.1.

Commercial arrangements are likely to deliver better outcomes

Costs are likely to be lowest where the government procures construction services on a commercial basis (that is, reflective of existing market and regulatory conditions).

When procurement processes move away from commercial arrangements, for example because they are unnecessarily prescriptive or contain provisions that do not maximise a project's value, they are likely to increase project costs, undermine construction industry productivity and ultimately result in an adverse outcome for the community.

Procurement rules are likely to impose additional costs and impede construction industry productivity where they:

- distort the contracted firms' employment and subcontracting decisions through quotas or hiring restrictions (see Australian Constructors Association, sub. IR49, pp. 22-23; Master Electricians Australia, sub. 37, p. 17)
- include requirements for contractors to adhere to above industry-standard or legislated labour and/or environmental conditions (PC 2014)
- restrict competition, such as through requirements for contractors to gain pre-approval to tender for projects, or where procurement processes explicitly or implicitly restrict tenderers (including where excessively complex tendering processes restricts the ability of small and medium enterprises to participate) (Australian Small Business and Family Enterprise Ombudsman 2023; Klok Advisory 2025)
- increase input costs through local content rules, or other restrictive sourcing requirements (Deringer et al. 2018)
- include specifications that move beyond those required to describe the outcomes the infrastructure is required to deliver, such that they restrict room for innovative or lower cost solutions by the supplier (PC 2014)
- unnecessarily increase complexity for project managers (PC 2014).

Other objectives are likely to be better achieved through other policy mechanisms

Governments are increasingly using procurement policies to achieve broader social and environmental objectives.

Research generally shows that objectives beyond value for money come at a net cost to the community, with any benefits for preferred suppliers or industries more than offset by costs to other sectors of the economy (Deringer et al. 2018; Harper et al. 2015; QCA 2015; VCEC 2011).

Given the inclusion of broader objectives in procurement policies is likely to impose additional costs on the community, government should consider if there are more efficient mechanisms available. Assuming they are not already covered under an existing regulation or convention.

Mechanisms should be in place to ensure selected projects maximise net benefits for the community

Procurement is inherently vulnerable to influence from parties with vested interests (Independent Commission Against Corruption South Australia 2024), which can shift project selection away from a focus on delivering benefits for the community.

While this vulnerability cannot always be fully mitigated, governments should ensure that mechanisms are in place to ensure this vulnerability is minimised.

As discussed above, while the use of a sole value for money objective for assessing projects is likely to mitigate this risk to some extent, transparent institutional and governance arrangements are also fundamental to achieving the efficient provision of public infrastructure services to the community. This includes ensuring that prior to undertaking any procurement, context and agency specific controls are embedded throughout the entire procurement process (NSW ICAC 2024b).

Transparency can also be improved by including mechanisms that strengthen incentives for decision makers to select projects based on their net benefits. For example, requiring cost-benefit analyses (with a complete options analysis) to be undertaken and published, allows assumptions and estimates to be transparently tested. This is also likely to improve the quality of analyses as any flaws are likely to be identified (PC 2014).

Transparent decision-making processes are vital for ensuring projects are selected based on their net benefits to the community. In the absence of transparent and robust information and analysis, there are few incentives for good decision making, since it is difficult for third parties to assess the merits of selected projects.

When projects are announced in the absence of robust analysis and planning, evidence suggests these projects are more likely to experience cost overruns (Terrill 2016; Terrill et al. 2020).

Governments should be cognisant of their impact on the broader market

When procuring large infrastructure projects, governments should be cognisant of how the project will impact the market. This should include an assessment of the state of the market and how the broader capital program is likely to affect market capacity.

This should be a continuous process given the propensity for delays between the decision to go to market and the selection of a tenderer.

Where governments aim to deliver large infrastructure projects in overheated construction markets, they are likely to cause rapid increases in construction prices and undermine industry productivity. This can occur where excessive demand creates labour or materials shortages, that in turn, reduces the ability of the market to sequence tasks efficiently.

Typically, best practice approaches try and minimise impacts by sequencing projects based on their expected net benefit to the community. Formally assessing projects against their expected net benefits can also discourage the inclusion of unnecessary features since proponents need to minimise costs to push projects 'up the line'.



5.0 **Project selection and sequencing**

5.1 Queensland's selection and sequencing of capital projects

Project selection

There currently appears to be a relatively low level of transparency around how the Queensland Government selects projects. That is, only a handful of recent Queensland Government-funded infrastructure projects appear to have a publicly disclosed assessment including a cost–benefit analysis (CBA).²¹

Similarly, project announcements do not appear to be contingent on robust analysis being completed. Early announcements that include untested cost and schedule estimates may place undue pressure on delivery and procuring agencies to meet unrealistic expectations, leading to poor planning decisions (Staples 2025). This sentiment was reinforced by stakeholders:

Announcing project budgets and timeframes before sufficient planning and investigation has been undertaken places unnecessary pressure on government delivery agencies as well as the construction industry. It sets an expectation within the community of what a project will cost taxpayers that will forever be the benchmark against which project success is measured.
(Australian Constructors Association, sub. 39, p. 12)

Delivering large-scale infrastructure projects is relatively reactive in Queensland where projects are often initiated without a clear understanding of long-term benefits, fit for purpose and value for money... IAQ member experience finds these issues can result in poor project selection, inefficient sequencing and cost overruns. (Infrastructure Association of Queensland, sub. IR99, p. 3)

Further, stakeholders told the Commission that many projects proceed past the business case stage based on overstated benefits (Queensland Major Contractors Association, sub. 66, p. 20; Gerard de Valence, sub. IR20, pp. 2–3). Additionally, projects tend to include overly elaborate or unnecessary features that add costs without improving functionality (Advantage Project Solutions, sub. 69, p. 4).

These shortcomings are not unique to Queensland and are a common problem across Australian governments (PC 2014, pp. 75–107).

A high-level evaluation of a selection of recent projects was undertaken to assess whether Queensland Government project selection processes are robust. This assessment considered whether:

- a robust assessment had been used during project selection
- the business case was based on overly optimistic assumptions
- where the business case did not pass a CBA but the project was progressed anyway
- a higher cost option was selected over a lower cost alternative likely to deliver similar outcomes.

Based on these criteria the Commission was able to identify several recent projects that demonstrate poor project selection (Box 5.1). See Chapter 4 in the Interim Report for a detailed discussion.

²¹ Project assessments should however be appropriate for the stage of the project, noting that these assessments take time and are often costly.

Box 5.1 Examples of poor project selection

While the Commission has not undertaken a detailed assessment of project business cases, based on available information the following projects have been identified as demonstrating poor project selection.

Cross River Rail

Infrastructure Australia (2017) identified 'material concerns' with the business case used by the Queensland Government to justify the Cross River Rail project. These concerns included the estimated project benefits being 'significantly overstated'. For example, the business case assumed average annual patronage growth projections of 6.9 per cent through to 2026 (Building Queensland 2017). Even accounting for the impact of the COVID-19 pandemic, patronage growth averaged only 2.6 per cent for the three years leading up to 2018–19. Infrastructure Australia (2017) similarly noted in its evaluation of the business case, that 'this [6.9 per cent] is a rate of growth not previously seen in Australia over such a sustained period'.

Youth Detention Centre at Woodford

An 80-bed youth detention centre in Woodford is estimated to cost \$983 million (Queensland Parliament 2024) — equating to approximately \$12 million per bed. When compared to per-bed cost estimates of other recent youth detention centre projects, the Woodford Youth Detention Centre appears significantly more costly. For example, the 32-bed West Moreton Youth Detention Centre at Wacol cost \$150 million — equating to approximately \$5 million per bed, while a 16-bed extension at the existing Brisbane Youth Detention Centre cost \$27 million — equating to approximately \$2 million per bed (Farmer 2020).

Cairns Marine Precinct Common User Facility

In late 2024, following the transfer of ownership and delivery of the Cairns Marine Precinct Common User Facility (CUF) project to Ports North, a review of the CBA identified several assumptions and estimates to be inconsistent with the requirements of the project. It is unclear if the CUF passed its initial CBA. At the time of writing, Ports North was preparing a business case optimisation report to 'recommend the scope and additional funding required to support the construction of a commercially viable CUF that meets industry needs' (Advance Cairns 2025, p. 9).

Queensland Rail Station Upgrade Program

Under its \$1.5 billion Station Accessibility Upgrade Program (Queensland Rail 2024), Queensland Rail appears to have undertaken full station rebuilds, which required those stations to be closed for extended periods of time — in some instances for more than a year — without fully considering lower cost options that may have achieved similar (or better) outcomes with less disruption. Similarly, there was a combined \$181.8 million total estimated cost (Queensland Government 2024a, p. 111) associated with upgrading Lindum, Bundamba, and Banyo stations, despite each of these stations being surrounded by low density housing, an industrial estate, and in the case of the former two, a floodplain.

The Sangster Review

The Sangster Review (Klok Advisory 2025) into Queensland Health's Capacity Expansion Program found poor project selection to be a key driver of cost overruns and project delays of Queensland hospital infrastructure projects, namely:

- Business cases were not completed prior to the announcement of projects nor the allocation of project budgets.
- Despite market conditions and construction pricing being well known at the time, these factors were not considered when project budgets were originally estimated, resulting in inadequate initial budgets.
- Projects were planned in roughly six weeks, with planning mainly desktop in nature, with no or very limited consultation or site investigations.

Greater consideration should be given to better utilising existing infrastructure as part of the project selection process

When assessing whether to deliver an infrastructure project, governments should consider all options to achieve the desired outcomes. This includes non-build and low-build solutions, which are typically quicker and cheaper to deliver. Some examples include investing in signalling equipment to run more transport services simultaneously on an existing network, or analysing patient flow data to allow a health facility to make greater use of its existing space (Infrastructure Australia 2021, p. 296). The Institute of Civil Engineers (sub. IR18, p. 2) also expressed this sentiment:

Decision-makers need to understand how infrastructure investments will be most effective in meeting objectives and must also consider when no-build or low-build solutions are better options. These projects are often less resource-intensive than traditional projects, such as traffic management and optimisation programs.

To ensure these less resource-intensive options are properly considered it is important the Queensland Government is cognisant of the planning system when making public infrastructure investment decisions. This will allow these decisions to be informed by the locations of future growth corridors. For instance, non-build solutions are likely to be more appropriate in regions where there is minimal expected increase in service demand in the near-term. Conversely, large capital investments in infrastructure should be reserved for regions where a strong rise in demand is anticipated (see related discussion in Part C).

Project sequencing

While it is not uncommon for infrastructure planning to be fragmented across government departments, or even across various divisions within a single department, fragmentation can be problematic where it reduces government's ability to sequence its capital pipeline, and can result in government demand overheating the market (IMF 2025).

Government may be willing to pay above market rates for projects that it sees as a priority. By paying higher prices to direct large volumes of resources towards 'priority' projects, during periods where the market is at or near capacity, governments inadvertently inflate the prices faced by other projects (public and private). This can reduce the purchasing power of other departmental budgets, and crowd-out private sector projects that are commercially constrained (RBA 2018; Tulipwood Economics 2024).

Stakeholders raised concerns about the extent to which the Queensland Government's capital program may be impacting the construction industry's ability to deliver the:

- housing supply required to improve housing affordability in Queensland
- essential infrastructure required to meet the needs of Queensland's growing population on-time and on-budget (see Master Builders Queensland CEO Paul Bidwell, as quoted in McKenna 2025; CSQ 2025d; Games Independent Infrastructure Coordination Authority 2025).

With respect to resource crowding out — specifically construction labour — stakeholders told us the government's capital program has a pronounced impact when there is a significant overlap in skills required.

Large-scale government infrastructure programs inevitably impact private non-residential construction by competing for specialist trades and engineering capacity. In the HVAC sector, there is a degree of delineation in the residential market, meaning residential projects may feel a lesser direct impact. However, in government and private infrastructure—such as hospitals overlapping with data centres or major commercial developments—the competition for the same resource pools is significant. 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.)

There is a significant cross over of labour, sub-contractors and supply chain between the three arms of the building and construction industry. As a result when there is significant demand across all three areas without sequencing of the works then there is a massive draw on the labour pool, sub-contractors and suppliers, as well as project management and engineering skills. (Queensland Major Contractors Association, sub. IR102, p. 19)

The Sangster Review (Klok Advisory 2025, p. 36) found evidence to suggest that poor project sequencing is resulting in intra-departmental projects competing with one another for resources. For example, it was noted that despite Health Infrastructure Queensland²² (HIQ) engaging an infrastructure advisory body to undertake market sounding prior to launching the Capacity Expansion Program (CEP) procurement process — which identified significant market capacity constraints and issues and recommended the use of a staged procurement process — HIQ progressed with the simultaneous procurement of all 15 projects.

The findings of the Sangster Review appear consistent with the views and anecdotal evidence provided by stakeholders, that due to a lack of whole-of-government oversight, it is often commonplace for Queensland Government agencies to compete with one another, to secure principal contractors, materials and labour.

During consultation there was general consensus amongst stakeholders that greater project sequencing and coordination across government agencies is urgently needed. Stakeholders advised us the current processes, or lack thereof, result in an inconsistent nature of work and are currently placing significant pressure on specific skillsets across both private and public projects, resulting in project bottlenecks, inflated project costs, impeded project delivery momentum and reduced productivity.

In areas of high workforce demand, such as medical gas installations, building commissioning, and specialist mechanical services, better staging of the project pipeline will help prevent multiple high-intensity activities from overlapping. This is particularly critical in Queensland, where the hospital pipeline, housing delivery, and major events infrastructure are all placing pressure on the same pools of skilled labour. By deliberately sequencing these works and staggering peaks in demand, government can maintain delivery momentum without exhausting workforce capacity or driving wage inflation. (Air Conditioning and Mechanical Contractors Association of Australia, pers. comm.)

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 such as office, industrial, hotels, and private social infrastructure. 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 Queensland Division, sub. IR97, p.3)

If appropriate sequencing can be achieved then the work can be better planned and the demand on the supply chain more manageable, enabling sustainable growth and reducing the peaks and troughs that have characterised the industry for a long period of time and affected the ability to realise sustained productivity improvements. (Queensland Major Contractors Association, sub. IR102, p. 20)

The "stop-start" nature of government capital works creates debilitating uncertainty, making it impossible for subcontractors to plan capacity or invest in the multi-year training of a skilled workforce ... This volatility is compounded by the practice of bringing large, unsequenced projects to an already constrained market, creating a significant "crowding out" effect ... (Joint Submission – AMCA, MPAQ, NFIA, NECA & Surveyors Australia, sub. IR75, p. 4)

²² The division of Queensland Health responsible for leading the planning, design, procurement and delivery of Queensland's health capital infrastructure (Klok Advisory 2025, p. 20).

In addition to an inconsistent pipeline of work, stakeholders also identified poor visibility and uncertainty of the Queensland Government's selection and staging of its capital pipeline, with many noting its impact on firms' confidence and appetite to invest in their medium and long-term capacity.

Construction requires the coordination and mobilisation of a complex and fragmented supply chain. The more clarity that can be given to industry on what is in the pipeline and the timeframes for delivery the better these supply chains can [be] managed to deliver the required outcomes ... Certainty of pipeline is required for contractors to commit to their plan and provides them with the confidence to invest and to enhance their own capability and capacity. (Australian Constructors Association, sub. 39, p. 11)

The Institute's Members report significant disruption due to poor pipeline management, including tenders prepared but not awarded, projects awarded but cancelled midstream (notably within the Hospital program), and Olympic projects delayed or retendered. These stop-start processes destabilise staffing, increase costs, and reduce confidence across the supply chain ... Government must confirm project planning and align budgets before going to market ... Pipeline stability is a fundamental productivity enabler. (Australian Institute of Architects, sub. IR21, p. 7)

As such, many stakeholders identified the role a credible, deliverable and well sequenced whole-of-government forward infrastructure pipeline could play in facilitating efficiency and productivity improvements by allowing industry to better plan and manage its capacity relative to expected demand.

There is currently no single source of truth for public infrastructure projects being delivered by the Queensland Government ... There must be a single source of truth that produces a reliable and deliverable pipeline – ideally for a 5–10-year period. Election cycles and budget constraints will be a challenge to achieving this, but this level of transparency and certainty will allow robust planning and investment by the construction industry. This will not only improve productivity, but it will also allow greater cost control. (Australian Constructors Association, sub. 39, p. 11)

A visible, long-term, credibly sequenced infrastructure pipeline is the single most important reform to unlock the sector's capacity to invest, innovate and build a productive workforce. (Joint Submission – AMCA, MPAQ, NFIA, NECA & Surveyors Australia, sub. IR75, p. 4)

Consult Australia views infrastructure project prioritisation as the most pressing challenge for Qld Government ... (Consult Australia, sub. IR86, p. 5)

Improving visibility of the forward pipeline has emerged as the top priority for the industry to plan effectively as well as the need for long-term planning across the state in IAQ's QIP Report 2025 ... Our QIP Report confirmed Queensland has an unprecedented investment pipeline requiring strategic coordination across sectors to manage its scale and complexity. (Infrastructure Association of Queensland, IR99, p. 3)

While there were differing opinions amongst stakeholders about the necessary time duration of the pipeline (see Australian Constructors Association, sub. 39, p. 11; Infrastructure Association of Queensland, IR99, p. 4; Master Electricians, sub. IR48, p. 7), there was consensus amongst stakeholders about the importance of project certainty. That is, government should not announce or seek tenders for projects, unless there is sufficient certainty that the project is not going to be cancelled or delayed.

While the Queensland Government publishes a forward procurement pipeline, including construction procurement, over 80 per cent of the procurement opportunities listed are estimated to go to market by December 2025 (Queensland Government 2025e).²³ The Commission understands there is also an internal to government capital pipeline, although, it is unclear how many additional projects are included in the internal pipeline above what is publicly available.

²³ The forward procurement pipeline is the consolidated pipeline of each of the Queensland Government's six buying categories' pipelines (Queensland Government n.d.). Two of these buying categories relate to construction: 'Building construction and maintenance' and 'Transport infrastructure and services'.

Both the Department of Transport and Main Roads and the Department of State Development, Infrastructure and Planning publish details about the Queensland Government's planned infrastructure projects. There is, however, no agency currently responsible for overseeing and coordinating the sequencing of Queensland's whole-of-government capital program, to ensure it is commensurate with market capacity.²⁴

5.2 Opportunities for reform

To reduce pressure on the construction industry, the Queensland Government should undertake a review of its capital program to ensure its forward work program reflects key priorities, whilst being cognisant of market factors, including impacts on productivity.

Although stakeholders told the Commission pausing or cancelling government projects reduces industry confidence and stability (Australian Institute of Architects, sub. IR21, p. 7; Master Electricians Australia, sub. IR48, p. 7), within the current environment it is necessary to review the capital program to identify opportunities to reduce demand and ensure taxpayer money is being used efficiently. A recent example of this was the Queensland Government's decision to pause, rescope and retender a number of the projects under the CEP (Queensland Government 2025I) in response to the Sangster Review.

The Australian Constructors Association (sub. 39, p. 11) outlined the costs of this review while acknowledging its necessity:

To the extent that Queensland has provided pipeline clarity, the level of confidence in the investment that has been announced is now low. This has been driven by recent events such as the review of hospital Capacity Enhance Program and the review of Olympic and Paralympic infrastructure. While the Queensland Government needed to undertake both reviews, this has created uncertainty and a degree of concern that the scale of what is required to complete these two programs alone is not fully appreciated.

These views reinforce the importance of governments refraining from announcing projects before conducting market sounding and a full project assessment, to ensure industry has the capacity to deliver them and the community needs them.

Due to the potential impacts of any review on industry certainty, any review of the capital program needs to be well structured, as noted by Infrastructure Partnerships Australia (sub. IR95, p. 3):

Infrastructure Partnerships Australia conditionally supports the QPC's recommendation 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 ... The Review's ToRs were clear, the reviewer defined the issues and recommended actions to solve them.

While the government should be cognisant of the potential impacts of uncertainty on industry investment that may arise from a review, on balance, the potential costs of a review are outweighed by its broader benefits (for example, the removal of projects not expected to deliver a net benefit could help reduce bottlenecks on other public and private projects, leading to higher overall site productivity and lower project costs).

Improving the way the Queensland Government selects and sequences future projects will also be essential for improving future infrastructure outcomes in Queensland.

²⁴ While the Coordinator-General does appear to play a role in the planning, delivery and coordination of large-scale infrastructure projects, it does not appear that this role extends to overseeing the coordination of all public infrastructure projects in Queensland, to ensure they are commensurate with market capacity. Based on publicly available information, it appears that the majority of projects coordinated by the Coordinator-General are within the mining and energy sectors (DSDIP 2025a).

It should be acknowledged that such a task has proven challenging for governments in every jurisdiction, and there is limited direct evidence for what works. Available evidence does however suggest that good governance processes, robust cost–benefit analyses and high levels of transparency can help to improve outcomes (International Transport Forum 2021; Marcelo et al. 2016; PC 2014; Terrill et al. 2020).

Given the above, there appears to be a strong rationale for the Queensland Government to establish an infrastructure body whose key functions are to:

- coordinate 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.

During consultation there was general support from stakeholders about the need for a more consistent whole-of-government approach to project selection and prioritisation in Queensland. There are several options that could be considered, with stakeholders suggesting the function could sit within a body located in a central agency or as an independent government entity. No governance process can guarantee perfect outcomes, but those that ensure government decision-making is underpinned by rigorous analysis and have in-built accountability mechanisms are more likely to improve outcomes than those that do not.

There are pros and cons of different governance and oversight mechanisms. For instance, the embedded nature of an internal-to-government oversight mechanism can be beneficial in terms of often being a lower cost option, and is closer to decision making processes, but these mechanisms are often less transparent. Conversely, while external oversight mechanisms can often be more costly to implement and more detached from decision making processes, they do generally have greater transparency.

The NSW Government’s Infrastructure NSW model (see Box 5.2) was raised by stakeholders as a good example of a consistent whole-of-government approach to infrastructure decision-making.

During consultation there appeared to be consensus amongst stakeholders that the former Building Queensland was not an effective model due to its narrow focus on assessing the quality of business cases and investment decisions.

A wide range of approaches are used by different Australian and international jurisdictions (see Table 5.1). The form of any infrastructure body is, however, a decision for government — a decision that can be guided by the Public Interest Map (PIM) (DPC 2024) policy and jurisdictional experiences.

Box 5.2 Infrastructure NSW

Infrastructure NSW (INSW) is an independent statutory body with the purpose of providing rigorous evidenced-based advice to the NSW Government on the state's infrastructure priorities and needs.

The objects of the *Infrastructure NSW Act 2011* (the Act), which establishes and confers functions on INSW, are:

- a) to secure the efficient, effective, economic and timely planning, co-ordination, selection, funding, implementation, delivery and whole-of-lifecycle asset management of infrastructure that is required for the economic and social well-being of the community, and
- b) to ensure that decisions about infrastructure projects are informed by expert professional analysis and advice.

The Act outlines 13 functions of INSW, which include, among other things:

- preparing a 20-year State infrastructure strategy, annual five-year infrastructure plans and project implementation plans for major infrastructure projects
- reviewing and evaluating proposed major infrastructure projects by government agencies and the private sector, and overseeing and monitoring the delivery of major and other infrastructure projects
- providing advice to ministers on: economic and regulatory impediments to the efficient delivery of specific infrastructure projects or infrastructure projects in specific sectors; appropriate funding models for infrastructure; any matter relating to infrastructure that the Minister requests
- assessing the risks involved in planning, funding, delivering and maintaining infrastructure and the management of these risks.

As part of its functions, INSW plays an assurance role on behalf of the state government. As part of this role, INSW provides whole-of-government oversight to Cabinet and other key government decision makers about how its capital projects are progressing, in addition to advice on how any key issues identified could be addressed.

INSW maintains a statewide register of proposed and active NSW Government capital projects through its NSW Assurance Portal (the Portal), which all proposed capital projects with an estimated total cost of \$20 million and above are required to be registered on prior to starting project development. This process requires agreement between the delivery agency and the Assurance Governance Committee (which comprises the CEO of INSW, and secretaries and CEOs of delivery agencies) about the profile and risk level of the project, with the decision provided to Cabinet for noting.

Underpinned by its Infrastructure Investor Assurance Framework (IIAF), INSW takes a risk-based assurance approach where minimum mandatory reporting and review requirements are proportionate with the project's identified profile and risk level. Data and information collected through these requirements are provided to Cabinet (including the Expenditure Review Committee), in addition to other key decision makers, including the Assurance Governance Committee, the INSW Board, NSW Treasury, the Cabinet Office, delivery agency secretaries/CEOs and NSW Premier and Treasurer, as required under the IIAF.

According to INSW, its assurance processes do not however take away from delivery agency project management or assurance requirements to meet internal governance arrangements nor does it take away the need for agencies to prepare business cases to support funding decisions in the event that a project does not require a gateway review under the IIAF.

As part of its five-year infrastructure plan, INSW publishes an annual NSW Infrastructure Pipeline which provides a five-year forward view of NSW Government infrastructure projects expected to come to market in the next three to five years with a minimum capital value of over \$50 million. The NSW Infrastructure Pipeline aims to provide industry with the best possible information to enable planning and resourcing.

Source: *Infrastructure NSW 2024, 2025b, 2025a; NSW Government 2023a.*

Table 5.1 Jurisdictional comparison of infrastructure bodies

	Independence	Governance structure	Key functions
Infrastructure Australia	Independent statutory advisory body	3 commissioners, supported by executive team and operational divisions.	<i>Infrastructure Australia Act 2008</i> outlines 7 functions including: - conducting audits to determine the adequacy, capacity and condition of nationally significant infrastructure - evaluating, or endorsing evaluations conducted by or for States or Territories of infrastructure proposals - developing Infrastructure Priority Lists and Infrastructure Plans specifying priorities for Commonwealth investment - providing advice on infrastructure matters.
Infrastructure Victoria	Independent statutory advisory body	7 board members, supported by executive team and operational divisions.	<i>Infrastructure Victoria Act 2015</i> outlines 5 functions including: - preparation and publishing of a 30-year infrastructure strategy - providing advice to the Minister on infrastructure matters - providing support to public service bodies or entities during the development of sectoral infrastructure strategies - undertaking and publishing research on infrastructure matters.
Infrastructure NSW	Independent statutory advisory body	10 board members including CEO. Key divisions include Projects NSW, Investor Assurance, and Restart NSW.	<i>Infrastructure NSW Act 2011</i> outlines 13 functions, including: - preparation of 20-year infrastructure strategy and rolling 5-year infrastructure plans - preparation of project sectoral State infrastructure strategy statements - review and evaluation of proposed major infrastructure projects by government agencies or private sector - providing advice on infrastructure planning and delivery assessment, economic or regulatory impediments and funding models.
Building Queensland <i>Existed between 2015-2021</i>	Independent statutory advisory body	8 board members supported by executive team and operational divisions. Functions transitioned into the department in 2021.	<i>Building Queensland Act 2015</i> outlined 8 functions, including: - providing advice to the State and government agencies about infrastructure - assisting government agencies with preliminary preparation of infrastructure proposals, preparing business cases, and evaluating infrastructure proposals - leading procurement/delivery of particular infrastructure projects.
New Zealand Infrastructure Commission (Te Waihanga)	Independent crown entity	3-7 board members supported by executive team and operational divisions.	<i>New Zealand Infrastructure Commission/Te Waihanga Act 2019</i> outlines a main function: to co-ordinate, develop, and promote an approach to infrastructure that encourages infrastructure, and services that result from the infrastructure, that improve the well-being of New Zealanders, and 6 additional functions.
National Infrastructure and Service Transformation Authority (NISTA)	Joint unit of the HM (UK) Treasury and Cabinet Office	CEO and broader executive team and operational divisions. NISTA Council provides advice to NISTA and ministers.	The NISTA Memorandum of Understanding outlines 5 functions, including: - overseeing the implementation of the government's 10-year infrastructure strategy - providing assurance for the government's priority projects - providing advice and support to government.

Source: Australian Government 2024a, 2025c; Infrastructure Australia n.d.; Infrastructure Victoria n.d.; Victorian Government 2017; Infrastructure NSW n.d.; NSW Government 2023a; Building Queensland 2021; Queensland Government 2019a; New Zealand Government 2022b; New Zealand Infrastructure Commission Te Waihanga n.d.; UK Government 2025.

5.3 Recommendations

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.

6.0

General procurement policies

6.1 Queensland Government procurement processes

To assess the extent to which the Queensland Government's procurement processes and policies are consistent with best practice, the Commission has undertaken a review of Queensland Government procurement policy.

The key findings of the Commission's review are detailed below. These findings appear to be generally consistent with the evidence provided by stakeholders as part of consultation.

The Commission understands the Queensland Government is undertaking a review of the Queensland Procurement Policy (QPP) (DHPW 2025c). At the time of writing, any revised policy was yet to be finalised, and as such, the Commission has based its assessment on existing policy.

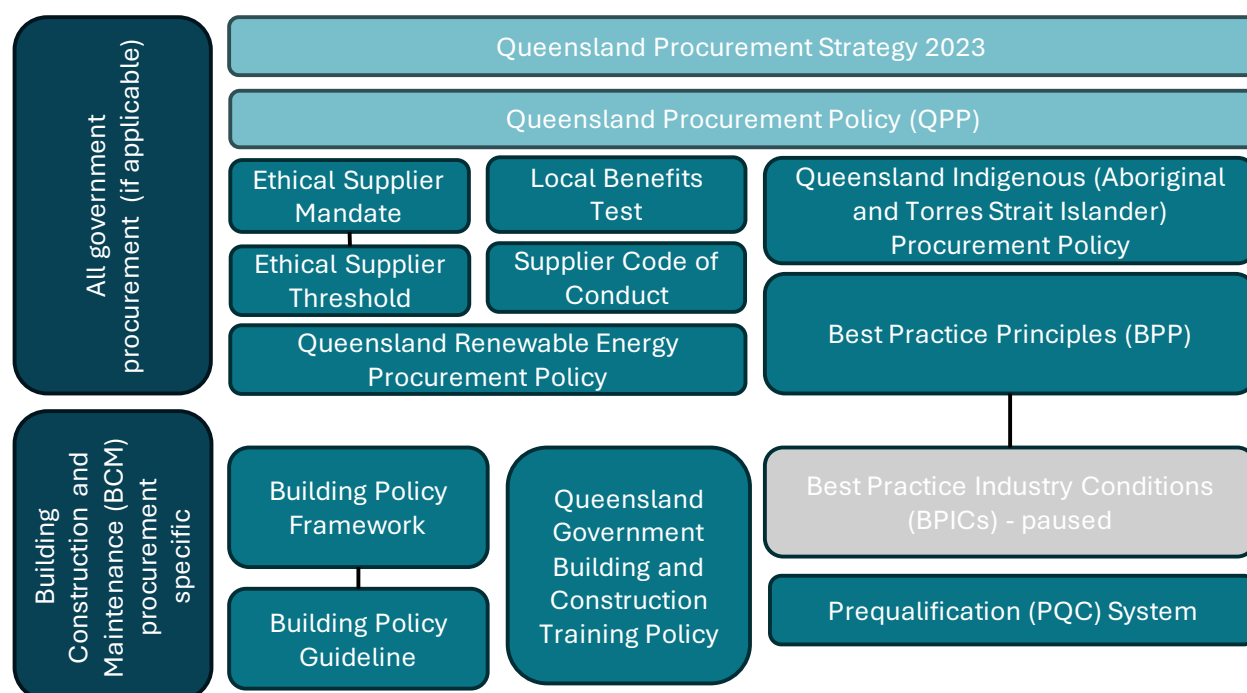
Where any updated policy includes the same or similar elements that the Commission has identified as being problematic, the Queensland Government should give consideration to updating any new policy to address these concerns.

Procurement policies appear to be overly complex

The Queensland Government Procurement System (the System) is underpinned by a whole-of-government Queensland Procurement Strategy (Queensland Government 2024k) and the QPP (Queensland Government 2024j) as well as several subordinate procurement policies (Figure 6.1).

For construction procurement, the System includes more than 15 documents, totalling more than 1,000 pages, and includes both instruments which aim to support the delivery of specific government objectives, as well as documents relating to the application (and compliance) with these instruments.

Figure 6.1 Key Queensland Government procurement policies



Source: QPC.

The System itself is centred around a *Buy Queensland* approach, which has the intent of:

- leveraging procurement power back to local suppliers and stimulating jobs growth, skills and development
- using procurement to drive sustainable economic growth, encourage innovation and increase supplier diversity.

These objectives are applied to procurement projects through conditions and expectations outlined in subordinate procurement policies, which are formalised through assessment criteria used as part of the tender process and are often included as provisions in procurement contracts. Any conditions and expectations in procurement contracts between the principal contractor and government also typically apply to subcontractors.

As the QPP operates as a hub and spoke model, it is up to each agency to interpret and apply the QPP and each of the subordinate procurement policies. Stakeholders have told us the complexity of the System imposes significant administrative burdens onto tenderers and their subcontractors and that differing requirements across government agencies add additional complexity.

The current policy structure includes primary procurement policy requirements, ancillary guidance documents creating additional compliance layers, varying interpretation across different government agencies ... (Australian Flexible Pavement Association, sub. 54, p. 13)

Productivity benefits will come from greater standardisation and consistency in the approach to procurement. Alignment of procurement processes across delivery agencies and greater consideration of the information that is needed to assess the ability of a bidder to deliver the project is needed. (Australian Constructors Association, sub. 39, p. 13)

A business should not need to read several separate documents to ensure compliance with a single clause in a procurement policy...This is not merely about simplifying the practices, but also about presenting them in ways that are easy for suppliers to navigate. (Civil Contractors Federation Queensland, pers. comm.)

The Queensland Law Society attributed differences in interpretation across government to the complexity of the procurement system.

Our members have reported that, when assisting government entities (e.g., local governments delivering State-funded projects, statutory bodies and government-owned corporations) 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)

According to stakeholders, the administrative burden disproportionately impacts smaller, less resourced firms, and is having the unintended consequence of reducing competition, particularly in regional areas.

Smaller contractors in regional areas face disproportionate barriers to market entry, procurement participation, and compliance with standardised policy models designed for large-scale metropolitan projects. (Australian Flexible Pavement Association, sub. 54, p. 3)

Learning how to navigate procurement processes, as well as ensuring continuous high-quality documentation, layers of approvals, and even how to read relevant policies can present challenges to new contractors. (Civil Contractors Federation Queensland, pers. comm.)

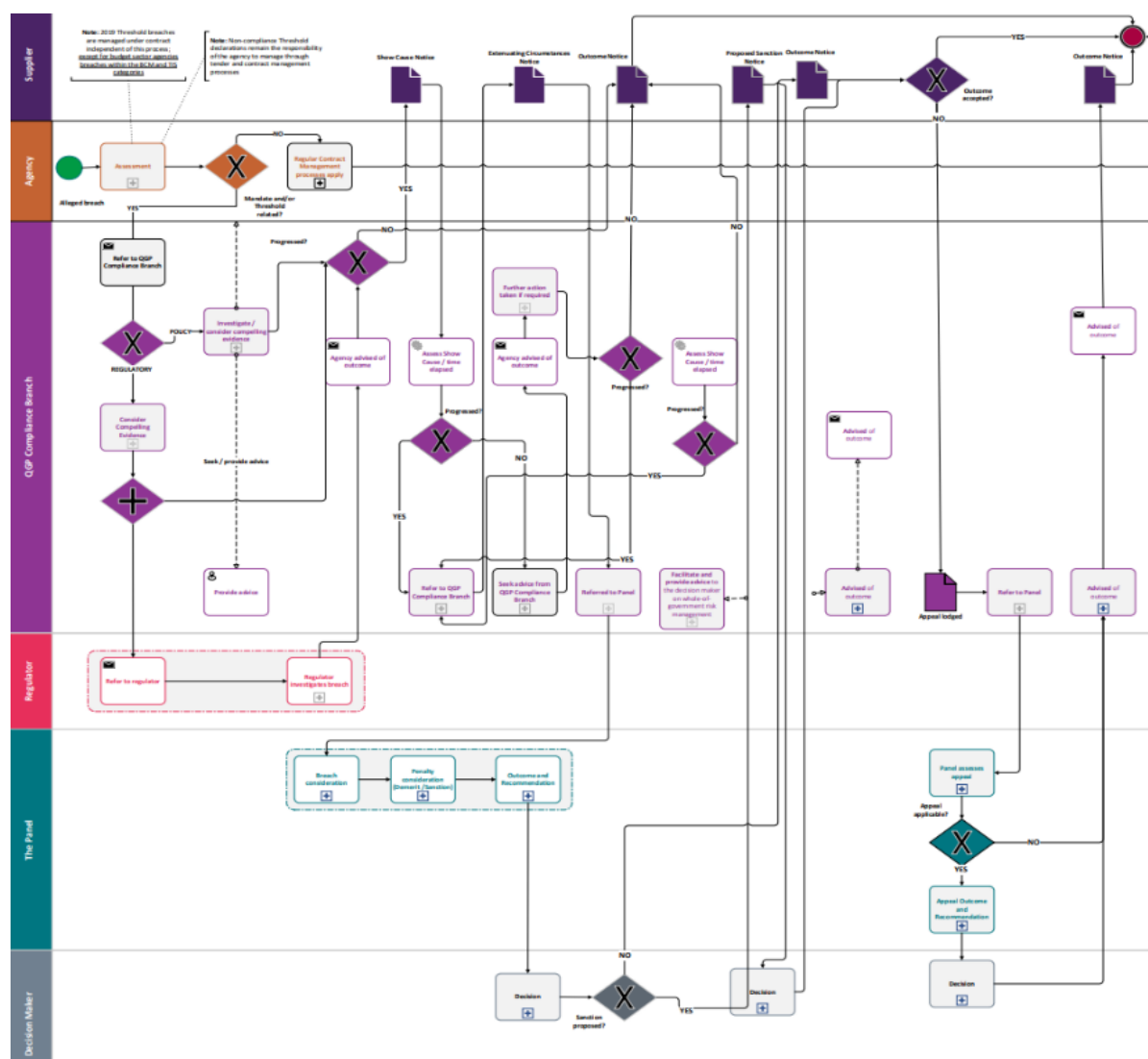
Small businesses have repeatedly told the QSBC that current tendering processes are overly complex ... The QSBC strongly supports simplifying these processes to make them fairer and more accessible for small businesses. (Queensland Small Business Commissioner, sub. IR87, p. 4)

Stakeholders told us that this burden has increased the costs of tendering for projects and ultimately results in higher project costs (Australian Constructors Association, sub. IR49, p. 3).²⁵ The System's complexity also elongates the procurement process, further exacerbating the burden faced by tenderers, who are required to keep a contingent of their workers available for the project while awaiting a decision on their bid (Australian Constructors Association 2023a, p. 14).

²⁵ The Australian Productivity Commission (2014) found that as contractors do not win all tenders, contractors will aim to recoup costs imposed during the tendering process for both successful and unsuccessful bids via higher costs for the projects they do win.

Where the Queensland Government suspects non-compliance (that is, a contractor or subcontractor fails to comply with procurement policy, legislative or contractual requirements), this is managed through the Ethical Supplier Mandate (the Mandate) (Queensland Government 2024d). This process appears to be excessively complex (Figure 6.2).

Figure 6.2 The process used by the Queensland Government to investigate alleged non-compliance under the Ethical Supplier Mandate and Threshold



Note: The diagram above is for illustrative purposes only. It is not intended that the reader be able to read the detail in the diagram. Each box within the diagram above represents a different stage in the process while the coloured sections on the left of the diagram represent different parties included in the process.

Source: Queensland Government 2024e, p. 45.

In its current state, the Mandate imposes significant and disproportionate compliance costs on contractors and subcontractors — this is likely to place further upward pressure on bid and project costs and reduce competition.

For example, if penalties were applied as rigidly as outlined in the Mandate, a significant proportion of contractors and subcontractors would be required to allocate resources to supporting the government's investigations.

The penalisation of non-compliance under the Mandate also appears to be duplicative of both the contract breach provisions already included in government procurement contracts, as well as the processes undertaken by regulators and law enforcement agencies with respect to non-compliance with laws and regulation (MBQ 2025b).

The Civil Contractors Federation Queensland (sub. IR76, p. 3) notes the requirements of the Mandate that duplicate legislative requirements act as a barrier to greater competition for government work without providing any obvious additional benefit:

Embedding requirements which are already effective under law is a waste of money, as suppliers who must comply then need to demonstrate during the procurement process how they will apply. This adds cost, adds a barrier to entry due to varying capability of demonstrating process and is not necessary. Performance and non-compliance can be monitored directly with appropriate regulators.

The audit process used to ensure that contractors are compliant with Queensland Government procurement policies was also identified by stakeholders as imposing a significant administrative burden onto building contractors. The Queensland Major Contractors Association (sub. IR102, p. 12), for example, notes that audits are sometimes done years after a project's completion and at significant cost to the contractor, with no perceived benefit:

The Buy Queensland audit process, is exceptionally time consuming and does not add any value. It needs to be disbanded with. Recent "audits" of projects finished some 2-3 years prior have cost the contractors \$250-\$300k to "assist" with that identified issues that were already addressed during the project to the satisfaction of all parties at the time.

Building Prequalification (PQC) System

Under the Building Policy Framework 'policy requirement 2', agencies are required to only select building consultants and contractors that are prequalified under the Department of Housing and Public Works' (DHPW) prequalification (PQC) system when the project or commission value meets a certain threshold (see Box 6.1) (Queensland Government 2024b). The objective of this requirement is to reduce administration costs for agencies. However, stakeholders noted that agencies generally carry out their own internal assessments of a firm's capability and financial capacity.

Several stakeholders noted the complexity of the PQC system and that it was a key impediment to greater competition for government building construction work, particularly for small and regional firms (Queensland Small Business Commissioner, sub. IR87, p. 5; Air Conditioning and Mechanical Contractors Association of Australia, pers. comm.; Joint Submission – AMCA, MPAQ, NFIA, NECA & Surveyors Australia, sub. IR75, p. 5). This complexity is due to:

- the duplicative information requirements of the PQC System with other processes
- the rigidity of PQC threshold level criteria, used to assess a building consultant's or contractor's eligibility to tender
- inconsistencies between the definition used to assess financial capacity under the PQC System, the Queensland Building and Construction Commission's (QBCC) Minimum Financial Requirements (MFR), and other Australian jurisdictions
- the onerous compliance requirements imposed on PQC registered building consultants and contractors.

Each characteristic is discussed in greater detail below.

Duplication of information

Stakeholders advised us they are required to repeatedly resubmit — for example, for an Expression of Interest (EOI) or Request for Tender (RFT) process — information as current processes do not acknowledge information provided via the initial prequalification process (Association of Consulting Architects, sub. IR41, p. 12; Australian Constructors Association, sub. IR49, p. 4; Civil Contractors Federation Queensland, sub. IR76, p. 3). Furthermore, there is insufficient sharing of information stored within the existing PQC Portal between DHPW and other agencies (Association of Consulting Architects, sub. IR41, p. 13; Master Builders Queensland, sub. IR73, p. 9).

It was also noted that much of the information required for prequalification duplicates what the QBCC and other regulators already collect, albeit in different formats for each process.

To reduce the administrative burden imposed on tenderers, stakeholders recommended agencies adopt a 'tell-us-once-approach', where agencies could require tenderers to confirm their PQC information is up-to-date (and provide any new or changed information) in a tender response, rather than requiring tenderers to provide all of the information requirements each time they tender for a project (Association of Consulting Architects, sub. IR41, p. 13; Master Builders Queensland, sub. IR73, p. 9).

In instances where contractors are wanting to work on Australian, state and local government projects, contractors are required to be prequalified under each individual government's prequalification system. Whilst there is a *National Prequalification System for Non-residential Buildings (NPS)*, in practice, due to differences in how the Queensland PQC System assesses financial capacity compared to other states, the NPS does not operate as a streamlined national system. This is consistent with the views of some stakeholders (see Master Builders Queensland, sub. IR73, p. 9).

Box 6.1 Queensland Prequalification (PQC) System

The DHPW's Prequalification (PQC) System is the Queensland Government's whole-of-government register of prequalified building consultants and contractors.

Building consultants and contractors must be prequalified and appropriately registered on the PQC System to be eligible to tender for any Queensland Government building project where the project or commission value meets the following thresholds:

- *Managing contractors* must be prequalified if they are directly engaged to work on a Best Practice Principles (BPP) project (that is, a project either valued at \$100 million or above, or that has been declared a BPP project).
- *Building contractors* must be prequalified if they are directly contracted on a government building project valued at more than \$1 million. For non-residential building contracts with a construction cost of at least \$50 million, building contractors are required to instead apply for prequalification under the National Prequalification System, but must be registered on the PQC System.
- *Building consultants* must be prequalified if directly commissioned on a government building project where the commission fee either:
 - exceeds \$60,000
 - is less than \$60,000 (where the service risk rating is 3 or 4²⁶).
- *Subcontractors* are currently not required to be prequalified to work on new or existing BPP projects. However, prior to the temporary suspension of BPICs, building subcontractors were required to be prequalified to work on BPP projects.

Source: Queensland Government 2025a, 2025b.

²⁶ A service risk rating of 3 or 4 identifies projects that the Queensland Government has assessed as being a 'high risk or significant'.

Rigidity of thresholds

According to stakeholders the criteria used by DHPW to assess a firm's PQC level is particularly restrictive and narrow in scope. As a result, firms can be excluded from tendering for a project due to its project value, despite the firm having experience delivering similar but lower value projects.

It was also noted that building consultants and contractors are unable to move through PQC threshold levels easily, thereby limiting their ability to grow and take on larger and more complex projects over time.

We have found that the PQC's administration of this [maximum annual contract] value is unreasonably harsh, to the extent that an increase in MACV [maximum annual contract value] can only be obtained by successfully completing a government contract which is above one's existing MACV. Hence by definition, it is impossible to increase this, except in circumstances where government departments specifically choose/demonstrate that PQC MACV will not apply. (Saltair Modular, sub. IR69, p. 2)

A prequalification system must recognise development of contractors and progress them through the levels. Unfortunately, contractors get stuck on a level because the system precludes them from doing projects at a level above. As such, they cannot demonstrate performance and capability at the next level. (Civil Contractors Federation Queensland, sub. IR76, p. 3)

Many stakeholders noted the potential benefit of government introducing more appropriately sized and flexible thresholds for improving participation and competition. While no stakeholder specifically identified what more 'appropriately sized' thresholds should be, one suggestion made was that thresholds should be matched to project complexity, scope and risk profile, rather than solely relying on contract value. The Association of Consulting Architects (sub. IR41, p. 14) also suggested:

- a 'stepping stone' approach should be adopted, whereby a lower PQC level firm, such as a PQC level 2 firm could bid for a level 3 project if they partner with a mentor firm, or if they have a proven performance record on similar smaller projects
- regional panels, where firms are pre-qualified within regions for certain project sizes accounting for the local context.

Inconsistent definitions and onerous compliance obligations

Differences in how the PQC System and the QBCC (under its MFR policy) assess financial capacity has also been raised as an issue, requiring firms and agencies to understand and comply with two different processes.

The PQC System is currently a more risk-adverse system because it excludes consideration of certain elements from the calculation of Net Tangible Assets, for example, related entity loans and investments (whether collectible or not collectible) to a related entity, subsidiary or an associated entity, which are included in the MFR [Minimum Financial Requirements] assessment. (Master Builders Queensland, sub. IR73, p. 9)

The Queensland Small Business Commissioner (sub. IR87, p. 6) identifies the PQC System's methodology for assessing financial capacity as being particularly restrictive, in that it completely excludes some firms from competing for government work due to their business structure.

A Queensland small business owner in the manufacturing sector faced significant challenges engaging with government procurement processes due to the requirements of the Prequalification (PQC) System. Despite being a compliant and highly qualified operator, the business was excluded for government building projects valued over \$1 million because it was established under a trust structure. This structural limitation, unrelated to the business's capabilities, prevented the owner from competing for significant opportunities within the government sector.

Stakeholders acknowledged the potentially significant benefits that could be gained from aligning the definition used to assess financial capacity under the PQC System with the National Prequalification System for Non-residential Buildings and the QBCC's MFRs.

No evidence was provided to the Commission identifying why the divergence in definition exists under the PQC System and/or justification for why the divergence should remain.

It is also noted the PQC System is administratively onerous due to its 'one-size-fits-all' approach to compliance reporting, with the administrative burden often disproportionate, relative to the contract value. This means that for building consultants and contractors tendering for projects of relatively low contract value, the cost of tendering often outweighs the benefit. As such, this has resulted in many small and regional firms opting out of tendering for government projects.

The Queensland Government's Prequalification (PQC) system functions as a significant barrier to entry for SMEs that dominate the subcontractor sector. Its one-size-fits-all approach imposes a high administrative cost that disproportionately affects smaller and regional businesses, restricting competition and delivering poorer value for taxpayers. This system systematically filters out the very businesses the government purports to support, leading to a less competitive market dominated by a few large players. (Joint Submission – AMCA, MPAQ, NFIA, NECA & Surveyors Australia, sub. IR75, p. 5)

Many report that the PQC System's stringent prequalification requirements create additional layers of red tape, particularly for smaller operators. These requirements, while designed to ensure quality and reliability, inadvertently limit the pool of eligible contractors and subcontractors reducing competition in the market. (Queensland Small Business Commissioner, sub. IR87, p. 6)

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)

On the pre-qualification (PQC) system, the impact varies significantly between larger contractors and SMEs, especially in regional Queensland. For Tier 1 and large Tier 2 contractors, PQC processes are a known and manageable cost of doing business, often absorbed within existing bid and compliance teams. However, for small and medium subcontractors, particularly those operating regionally, the administrative load and documentation requirements [of the PQC System] can be disproportionate to the scale of works they deliver. (Air Conditioning and Mechanical Association of Australia, pers. comm.)

The Air Conditioning and Mechanical Contractors Association (pers. comm.) identifies this as being particularly problematic in regional Queensland where government is often the dominant client and the pool of potential firms can be limited.

The current PQC thresholds can inadvertently limit SME participation in government projects by setting high compliance barriers relative to contract value. This is particularly problematic in regional areas where government is often the dominant client and the local subcontractor base may not have the resources to maintain PQC credentials for infrequent government opportunities. In some cases, this results in larger, out-of-region contractors being engaged, with flow-on effects such as increased travel costs, reduced local economic benefit, and program delays due to unfamiliarity with site conditions and local supply chains.

In addition to simplifying the PQC System and removing barriers preventing firms from participating in government projects, stakeholders noted improved guidance material and support for building consultants and contractors registering for prequalification for the first time could help increase participation and competition for government work, particularly for small and regional firms (Queensland Small Business Commissioner, sub. IR87, pp. 5–6; Association of Consulting Architects; sub. IR41, p. 14).

While there is likely significant benefit in streamlining the PQC System, there also appears to be merit in removing the mandatory requirement for agencies to only select building consultants and contractors that are prequalified under the PQC System. As discussed above, many agencies have their own internal processes for assessing firms' capability and financial capacity. These approaches have limited regard to the information and financial assessments provided under the PQC System. As such, the cost of the PQC System, in the form of reduced competition, appears likely to outweigh the benefits of a single whole-of-government register, particularly when the information is not used by agencies.

Subjectivity is likely to exacerbate risk of poor outcomes

In addition to being complex, the Queensland Government's procurement policies also contain elements that may be perceived as ambiguous from the perspective of the procuring agency. These ambiguities:

- appear to introduce a high level of subjectivity into procurement decisions
- are, in part, driven by the need for flexibility owing to the multiple objectives of procurement policy
- risk poor outcomes if the procuring officers lack the necessary tools and experience to make the appropriate decision and lends itself to influence by undeclared conflicts of interests and parties with vested interests.

The Commission has identified the building PQC System and the Ethical Supplier Mandate as key procurement policies where their application appears to be dependent on discretionary decision-making from procuring agencies. Preferential treatment, for example under the Local Benefits Test (see following section) (Queensland Government 2019b), similarly provides mechanisms for discretionary decision-making that do not seem beneficial.

Building Prequalification (PQC) System

The current process to assess the performance of prequalified contractors and subcontractors under the DHPW's PQC System is likely to allow for potential influence from interest groups.

As noted in the section above, procuring agencies are only required to use prequalified contractors and consultants when a project or commission value exceeds a particular threshold value. As such, this may be distorting the way in which procuring agencies estimate the value of their projects or consultant commission fees.

As discussed in Chapter 4, subcontractors were previously required to be prequalified to work on BPP projects, although this requirement has been temporarily suspended. Given subcontractors are not directly contracted by the Queensland Government, there does not appear to be a clear rationale for why subcontractors were required to be prequalified under the PQC System.

Furthermore, this requirement appears to provide procuring agencies with significant discretion around which subcontractors can work on government projects. This is likely to reduce competition and make tendering decisions more susceptible to external pressures and undue influence, which in turn increases risks of adverse outcomes (in terms of project cost and productivity).

As part of consultation, stakeholders raised concerns that the requirement for subcontractors to be prequalified to work on BPP projects (prior to the temporary suspension) effectively resulted in these subcontractors being required to enter into union approved EBAs, which offer substantially more generous conditions than otherwise available in the market. Due to the nature of the EBAs, these contractors are then required to provide these more favourable conditions to their workers across all their projects, essentially making their non-government work 'uncommercial'.

Stakeholders have told us that this has had a significant impact on competition and project costs in Queensland, with some subcontractors, particularly in the regions, making the decision to not tender for government projects.

[The] requirement for PQC prequalification drives cost prices up in regional areas due to limited [resource] pool ... there is thus little differential between Tender responses from the Building Contractor when the same subcontractor has tendered across multiple submissions ... Removing the requirement of PQC would reduce the administrative burden on contractors and diversify the labour market and resource pool, which would increase the competition and decrease prices. (Health Infrastructure Queensland, sub. 25, p. 4)

There are elements of this [prequalification] system that have the potential to reduce the attractiveness to construction companies ... State-based policy does not always fully account for the operation of the construction industry as a national industry, and rather than strengthening the local industry it can weaken it. (Australian Constructors Association, sub. 39, p. 14)

Performance reporting of prequalified building contractors and subcontractors also appears to provide some discretion for procurement officers to influence how future tender opportunities are awarded. Performance reports, for example, are completed by a departmental employee or a third party engaged by the department (and approved by the department) based on what appears to be a subjective scoring methodology.

Ethical Supplier Mandate

The Mandate outlines how the Queensland Government manages instances where a contractor or subcontractor fails to comply with Queensland procurement policy, legislative or contractual requirements outlined in their procurement contract, and how penalties (demerit points) for non-compliance are applied. This includes instances where a contractor or subcontractor fails to meet wage and entitlement standards consistent with provisions set out in the Ethical Supplier Threshold (Queensland Government 2024f).

While most of the Mandate process appears to sit within the responsibility of the Queensland Government Procurement Compliance Branch, the Tripartite Procurement Advisory Panel (the Panel) — prior to the lapse of its latest membership²⁷ — held sole responsibility for recommending how agencies penalised instances of non-compliance. The Panel was appointed by government and comprised of an independent chair and deputy chair, five union representatives and five employer representatives.

While in theory the use of an advisory panel can be an effective mechanism, in practice, its effectiveness is highly dependent on the independence of its recommendations, as well as the composition and impartiality of the members of the panel. If the panel's settings are not appropriate, including improper controls to prevent external parties from influencing procurement decisions, there is the potential for poor outcomes in the form of inflated project costs and lower project productivity.

The Queensland Major Contractors Association (sub. IR102, p. 12) identifies the Mandate as being particularly susceptible to external influences:

This was nothing more than a union developed scheme that was utilised by certain unions to discredit contractors with whom they did not want to see get work due to the fact that they did not hold agreements with them. The QMCA remains steadfast in its opposition to the ESM [Ethical Supplier Mandate] and the Tripartite panel that the industry viewed as nothing short of a Kangaroo Court.

²⁷ On 31 March 2025, the Queensland Government allowed for the previous appointment of the Panel to lapse while it undertakes a compliance review. This review is part of a broader Queensland Procurement Policy review currently being undertaken (DHPW 2025c).

Due to the associated risks, compliance burden on both agencies and contractors, and duplicative legislative and contractual provisions, it is likely the costs associated with the Mandate and Ethical Supplier Threshold would outweigh any benefits they provide. As such, there appears to be a compelling case to remove the Mandate and Ethical Supplier Threshold from Queensland Government Procurement Policy.

Based on available information, there also appears to be merit in permanently removing the Tripartite Procurement Advisory Panel from the Queensland Government's procurement system.

Procurement objectives beyond value for money

Many of the Queensland Government's procurement policies are designed to achieve objectives beyond value for money. By focusing on alternative objectives, these policies implicitly preference contractors that are better at demonstrating how they can deliver against these objectives, rather than contractors that can deliver the highest value for money for the Queensland community. This, in turn, incentivises firms to alter their business priorities, with potential impacts on site productivity and project costs.

This sentiment was shared by some stakeholders supportive of these policies but who acknowledged that government procurement is an inefficient mechanism for delivering on the government's broad social, ethical and environmental objectives.

We believe there is value in maintaining policy documents which outline the government's policy objectives on supplier code of conduct, industry training and maximising local benefits, however the policy outcomes may be better achieved through mechanisms other than the procurement system. (Master Builders Queensland, sub. IR73, p. 9)

The Queensland Small Business Commissioner (sub. IR87, p. 4) also noted that where procurement policies aim to deliver on the government's broad objectives, this creates complexity and may inhibit the exact firms the policies are targeted at from competing.

Focusing solely on value for money in procurement decisions can reduce complexity, but it must also ensure small businesses have fair opportunities to compete. The QSBC strongly supports simplifying these processes to make them fairer and more accessible for small businesses.

Stakeholders indicated that these alternative objectives are most effectively achieved organically, by having a productive construction industry. For example, more productive firms have greater capacity to train apprentices, use more sustainable materials, and provide better conditions for workers.

Procurement policies should further consider that there really are no such thing as non-financial benefits that exist independent of financial benefits. Social benefits can occur organically, as a side effect of working towards financial benefits. A business that is doing well financially can afford to hire and train more people, seek out better materials, and upskill groups that are often neglected – these are by products of financial benefits and done because it is in the financial interest of the business to do so. (Civil Contractors Federation Queensland, pers. comm.)

There is consensus among IAQ members experienced with government procurement that multiple objectives of policies and the onerous reporting and compliance terms require significant resources from tendering companies that do not go towards delivering the intended outcomes. Requirements such as valuing local talent and supply where possible, skilled local workforce and being good corporate citizens are generally upheld by industry. (Infrastructure Association of Queensland, sub. IR99, p. 4)

Several stakeholders told the Commission they support refocusing the Queensland Government's procurement policies on value for money:

The QSBC supports the QPC's recommendation to simplify the Queensland Procurement Policy (QPP) and focus on value for money. Simplifying procurement processes will reduce the administrative burden on businesses, especially small businesses, and increase competition. (Queensland Small Business Commissioner, sub. IR87, p. 4)

We support the recommendation to simplify procurement policies and welcome a focus on a "sole objective of value for money," defined by whole-of-life costs, fit for purpose planning and prioritisation, and outcomes delivered. (Infrastructure Association of Queensland, sub. IR99, p. 3)

On this basis, there appears to be a strong rationale for the Queensland Government's procurement policies to be updated to have a single objective of delivering value for money, with value for money 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 acquisition costs, transaction costs, maintenance costs and disposal costs
- supplier capability, capacity, commercial viability, and experience
- operational risk.

While agencies may include considerations relating to longer term value for money, such as encouraging innovation to lower costs over time, other matters should not be considered or given weight in tender processes as they are likely to increase project costs, without providing a commensurate benefit.

The Supplier Code of Conduct

The Supplier Code of Conduct (Queensland Government 2023c) outlines the government's expectations of contractors. It includes 17 expectations of suppliers that are unrelated to fundamental value for money principles. While many of these expectations relate to legal obligations, there are numerous expectations that compel contractors to contribute towards social and environmental government objectives. Stakeholders told us these requirements unnecessarily add compliance costs to government projects.

For example, one of the Supplier Code of Conduct's expectations is that suppliers will look for opportunities to enhance environmental sustainability, including by recycling and minimising waste. While the broad objective may be sound, it is not clear that delivering environmental outcomes through procurement is a cost-effective approach. Rather, it may simply result in contractors providing expensive site-specific solutions that deliver few real environmental and sustainability outcomes. As such, procurement policies are likely to be a poor policy instrument for delivering this objective.

Based on currently available information, the costs associated with the Supplier Code of Conduct appear likely to exceed its benefits. As such, the Commission is of the view the Queensland Government should repeal the Supplier Code of Conduct.

The Queensland Government Building and Construction Training Policy

The Queensland Government Building and Construction Training Policy (the Training Policy) (Queensland Government 2024i) mandates 15 per cent of total labour hours on large government projects be allocated to apprentices or trainees, or be dedicated to other forms of workforce training.²⁸ The Training Policy aims to complement existing government subsidies to correct for a perceived private sector underinvestment in training.

²⁸ The Training Policy applies to Queensland Government building projects with a contract sum of \$500,000 or greater, and civil construction projects with a contract sum of \$3 million or greater. The Training Policy requires at least 60 per cent of the deemed training hours be toward the employment of apprentices and trainees, with the remaining deemed hours allocated to other workforce training.

Under current arrangements, contractors are required to employ apprentices at a minimum level across all applicable government projects, rather than matching apprentices to the needs of the market. As no assessment is made about whether government projects are likely to provide training opportunities that match skill shortages in the market, the Training Policy is blunt in its implementation and may draw apprentices away from other parts of the market.

The Training Policy is also likely to be inefficient in the sense that it does not allow employers to match apprentices to those projects where they can be most efficiently utilised (for example, by employing apprentices on projects where the productivity differential between them and experienced tradespeople is less pronounced).

The Australian Constructors Association (sub. IR49, pp. 22–23) notes that where training targets or incentives are applied, consideration also needs to be given to their impact on productivity, which is currently not the case.

In many instances this [apprentice/trainee hours worked mandate] limits a project team's ability to be productive as not only do new entrants have limited skills and capabilities, but they also require a higher level of supervision and support from those with experience. Further consideration needs to be given to targets or other incentives that balance skills development with productivity.

The Australian Constructors Association (sub. IR49, p. 23) flagged that while the Training Policy had the initial intent of encouraging skills development, the policy is not consistent with how industry operates and has become more of a 'compliance' exercise than an outcome focused approach:

[The] Training Policy was established as a mechanism to positively encourage skills development, but in recent years it has moved toward more of a 'compliance' driven approach rather than outcomes focused. The government has created overly prescriptive and onerous evidence requirements, which are a significant administrative burden on Principal Contractors and subcontractors. This has been done with seemingly very little consultation with industry as there appears to be a lack of understanding as to how the industry actually operates. (Australian Constructors Association, sub. IR49, p. 23)

Stakeholders also questioned whether the Training Policy was resulting in a net addition of apprentices, suggesting larger government contractors tend to poach more experienced apprentices from smaller firms to satisfy apprenticeship requirements, rather than providing new apprenticeship opportunities:

Contractors are required to ensure a certain number of apprentices and trainees on government projects (which is passed down to subcontractors to implement), though there is no requirement that they be new to the industry (e.g., 1st year apprentices). As a result, larger businesses working on government projects are incentivised to entice 3rd or 4th year apprentices from local small businesses, offering higher wages. This leads to small businesses going through the more difficult early years with an apprentice with greater levels of supervision and less productivity of the business, only for the apprentice to leave once they become more productive. (Master Electricians Australia, sub. 37, p. 17)

Additionally, while workforce training is important for upskilling the industry, it is unclear that mandating contractors to use labour hours on major government projects to undertake workforce training is efficient. Rather, allowing firms the flexibility to train their staff when it is more suitable for them may enable firms to utilise their staff more efficiently.

Stakeholders indicated that training targets in procurement policies are not necessarily effective, as contractors' willingness to upskill their workforce is often driven by recognised skills shortages.

Contractors also reported that training targets set by procurement policies and contracts were either unhelpful or had no impact on their willingness or ability to upskill their workforce. This is because the recognised shortage of skills is a primary driver for them to upskill their workforce. However, skilling targets or quotas are useful to ensure all of industry regardless of their appreciation for the skills shortage work to drive the overall skilling requirements. (Civil Contractors Federation Queensland, pers. comm.)

Stakeholders also told us the Training Policy inhibits the uptake of modern methods of construction (MMC). As MMC involves offsite construction of modules, apprentices are not able to work enough hours to satisfy the Training Policy on projects that heavily use MMC.

Consideration also needs to be given to the extent to which the Training Policy entrenches existing ways of delivering, possibly limiting innovation. For example, the Training Policy has not kept pace with the construction industry's move towards the greater use of 'offsite manufacture'. It does not recognise any offsite construction activities as contributing toward training targets, even where it can be clearly demonstrated that activity is directly related to the project. (Australian Constructors Association, sub. IR49, p. 23)

While there may be a case for increasing apprenticeship rates and workforce training, it does not appear that procurement policies are the best instrument for achieving this outcome. It is likely the community absorbs the cost of these apprentice-worked hours through elevated project costs, but there is no clear way to determine the extent of these costs, or whether the Training Policy is addressing skill shortages in the market.

Based on the evidence provided, there appears to be a compelling case for repealing the Building and Construction Training Policy.

See Part E: Labour Markets for further discussion on apprenticeships and training.

Local benefits test

Despite the prevalence of policies that preference local suppliers across Australian governments, there is little economic rationale for their usage. In many cases they are unnecessary because local construction firms have a natural advantage, given their close proximity and knowledge about operating with local conditions, supply networks and labour markets (PC 2014, pp. 472–475).

Where policies result in genuine preferential treatment, they tend to make the targeted industries less competitive and less innovative, while also creating inefficiencies across the broader economy by redirecting resources away from more productive industries (CEDA 2025b; NSW ICAC 2024a; OECD 2019; PC 2024b). Stakeholders flagged their frustrations with the added costs local procurement policies impose, given the questionable benefits they deliver:

The local procurement policies of Queensland government disincentivise the use of resources from interstate or through offshoring, and require substantial effort in tendering, data collection and systems to complete reporting for unknown benefits. Consult Australia recommends Queensland government engage with other state and territory governments to explore alternative models that reduce the regulatory impose and increase available resources for project delivery. (Consult Australia, sub. 28, p. 17.)

Stakeholders identified that there are often many unintended consequences associated with using policies that preference local suppliers, namely less innovation and knowledge transfer, higher costs and lower productivity.

While on first glance, localism requirements are considered as a positive way to retain workforce and experience in the state, it can have unintentional market impacts. For example, a requirement for local experience on similar projects impacts diversity of market participants by reducing the ability of businesses to introduce new people and develop experience, use interstate resources and/or overseas complementary resource centres. An over-reliance on local experience on similar projects can mean that Qld is missing out on expertise and innovation that suppliers have provided in other jurisdictions. (Consult Australia, sub. IR86, p. 7)

Queensland procurement processes often also have a "buy local" focus for supplies and skillsets, which on one hand supports the local economy and workforce but also restricts the government from accessing available expertise that would support increased productivity outcomes. (Infrastructure Association of Queensland, sub. IR99, p. 7)

Local content requirements such as "Buy Queensland" can restrict supplier competition and can open the door for third party influence to push their preferred supplier. Limiting the supplier pool can limit the availability of workforce, the cost of these resources and the quality of work. (Australian Constructors Association, sub. IR49, p. 4)

Despite the primary objective of the local benefits test being to preference local businesses, stakeholders told us that due to the strict requirements imposed under the policy, the exact businesses the policy aims to support often miss out on government work to larger businesses located outside the region:

The rules around which businesses meet the 'local content' requirements are unclear, and genuinely local small businesses can miss out on government project work to businesses based outside the region. (Master Electricians Australia, sub. IR48, p. 11)

Local content rules need to be workable and provide common sense solutions. For example, the requirement for a local office is locking out regional builders because they do not have an office in a specific regional city. The rules can also have the reverse effect of restricting regional builders from working in SEQ. (Master Builders Queensland, sub. IR73, p. 8)

A requirement for suppliers to be located locally (sometimes in regions, not just in the state) can work against market diversity and favour only larger businesses that can afford to establish offices in the localities. Yet there are many small businesses that have the desired capabilities to deliver on the projects, but not the ability to open regional offices. Proximity is not capability, and having an office nearby doesn't mean you will deliver the best solution. (Consult Australia, sub. IR86, p. 7)

The local benefits test may also be inconsistent with Principle 5 of the Intergovernmental Agreement on National Competition Policy, to which Queensland is a signatory, as Principle 5 calls for Australian governments to remove barriers to interstate trade (Australian Government 2024b, pp. 27–28). The local benefits test may also be restricting investment in renewable energy projects.

Under the local benefits test, procuring officers are responsible for deciding the weighting to apply to local benefits. Given the latitude this provides procuring officers, it is likely to decrease transparency and increase the scope for external influence.

As discussed throughout this section, small and regional firms are often constrained from competing for government work due to the complexity of the procurement system, the PQC System and the onerous reporting requirements associated with government projects.

As such, local businesses are likely to benefit more from the removal of barriers that inhibit their participation in government work, rather than by using explicit preferential procurement policies.

Queensland Renewable Energy Procurement Policy

Elevated project costs are particularly problematic for Queensland's energy-generating Government Owned Corporations (GOCs) as they operate in a commercially competitive environment. The Queensland Renewable Energy Procurement Policy (QREPP) (Queensland Government 2024l) applies Queensland's broader procurement policy to the construction of GOC-owned renewable energy projects.

By requiring GOCs to procure renewable energy projects under more restrictive procurement policies than their private competitors, GOCs' projects are likely to have inflated construction costs.

While the Commission did not receive any submissions specifically referencing the QREPP, based on currently available information the costs associated with the policy appear likely to outweigh any benefits. As such, the Commission is of the view that the QREPP should be repealed, and the Queensland Government should prioritise delivering renewable energy assets as efficiently as possible.

6.2 Opportunities for reform

The incentive structure established by each of these procurement policies is likely to encourage contractors to reorient their priorities away from delivering projects at best value for money. This is likely to lead to inflated bid prices and lower site productivity, culminating in elevated project costs for the Queensland Government.

As such, there appears to be a compelling case for winding back the Queensland Government's procurement policies to a sole objective of delivering value for money (as defined in Recommendation 12). That is, procurement policies should not give weighting to additional, non-value-for-money metrics (for example, social and environmental objectives) when assessing a project.

Assessing projects based on value for money does not, however, mean that social and environmental objectives will not be considered by government, as these are typically either inherent in the purchasing decision (that is, infrastructure being built to deliver a social objective) or covered by other regulation.

In fact, by removing multiple requirements and allowing for the widest pool of bidders, with selection based on value for money, procurement is more likely to efficiently achieve many of the desired outcomes — for example, in relation to regional firm participation or MMC.

6.3 Recommendations

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.



7.0 **Contract and project management**

Efficient and effective procurement and contracting practices are critical to delivering high-quality infrastructure projects that meet community needs while optimising value for money. However, stakeholders have raised concerns about several issues in the Queensland Government's existing approach to contract and project management, including the inconsistent use of standard contracts and a focus on risk minimisation and compliance rather than outcomes.

These challenges are compounded by delays in the tendering process, limited early contractor engagement, and a lack of capability within government agencies to manage complex projects. Such inefficiencies can lead to higher costs, disputes, and missed opportunities for innovation, particularly in areas like digital adoption and modern methods of construction (MMC).

This chapter examines the key barriers to productivity and collaboration in government procurement and contracting, focusing on the benefits of standardised contracts, the need for better risk allocation, the importance of fostering innovation, and the value of engaging with contractors earlier. By addressing these issues, the Queensland Government has an opportunity to reduce inefficiencies, improve project outcomes, and create a more competitive and innovative construction industry.

7.1 Standard contracts

Non-standard contracts across governments are problematic because they result in contractors needing to dedicate more resources to understanding and interpreting bespoke documentation, leading to higher tendering costs, interpretation issues and contract management failures (Infrastructure Australia 2021, p. 275). Numerous stakeholders stated contractors often require special consultants and lawyers to review and interpret contracts on their behalf (Australian Constructors Association, sub. IR49, p. 8; Master Electricians Australia, sub. IR48, p. 18).

Standard contracts minimise the resources contractors need to spend on interpreting contracts, managing contract risk and support consistent performance management to help deliver better project outcomes (Consult Australia, sub. IR86, pp. 11–13; Infrastructure Association of Queensland, sub. IR99, p. 4; Pinsent Masons, sub. IR14, pp. 7–8). According to Pinsent Mason Australia (sub. IR14, p. 8), adopting a suite of standard construction contracts is also likely to increase opportunities to digitise contracting, potentially leading to further efficiency gains.

When construction contracts are bespoke or heavily modified, it is difficult to embed cost effective digital processes. For example, each variation may require custom integration, legal review, or manual workarounds, which undermines the efficiency gains that digital tools are designed to deliver. Standardised contracts, by contrast, provide a consistent foundation for integrating workflows.

Standard forms of construction contracts are frequently used in other jurisdictions to reduce the time and cost in developing bespoke contracts, ensure risk is allocated in a fair and recognisable way, and to reflect the insights and best practices accumulated over time (Christensen et al. 2025). For example, the UK Government (2022, p. 49) advises contracting agencies to use contracts from one of three standard contract suites, with any necessary amendments to be clearly documented in the contract.

Stakeholders raised concerns about the increased use of non-standard contracts (including standard contract forms with significant variations) across Queensland Government projects.

... there is now an increasing tendency to use heavily modified standard forms or revert to drafting bespoke contracts for individual projects. This has eroded the efficiency gains from standard forms and created more inefficiencies and disputes ... (Queensland Major Contractors Association, sub. 66, p. 27)

... infrastructure contracts in Australia are often labelled as "standard" but are in fact heavily customised. The influence of legal advisors in government procurement processes has entrenched a preference for bespoke agreements. This uniqueness increases the administrative burden and can deter capable contractors from bidding. (Institution of Civil Engineers, sub. IR18, p. 3)

Additionally, Project Legal (sub. IR84, pp. 3–4) told the Commission that state government contracts have become too complex, increasing the administrative burden imposed on contractors and subcontractors. For example:

... a recent major subcontract I advised on included 23 separate annexures to the main terms of the contract (which flowed down from the head contract) and included significant reporting obligations ... The state government needs to revisit the need for this reporting in particular if the information reported is not actually used.

The negative effects from using complex, bespoke contracts are disproportionately felt by smaller, less resourced firms:

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. Government construction and procurement contracts need to be standardised (at both state and local government level) and simplified for small value work. (Project Legal, sub. 60, p. 5)

Standardising construction contracts will enhance competitiveness in the industry by reducing the structural disadvantages faced by small and medium enterprises (SMEs) and those unfamiliar with the local approach. SMEs are often excluded from government procurement opportunities due to the complexity, inconsistency, and legal overhead associated with bespoke or heavily modified contracts. These firms may lack the in-house legal and administrative resources required to interpret and negotiate non-standard terms, which increases their cost of tendering and limits their ability to compete. (Pinsent Masons, sub. IR14, p. 7)

A key issue with the use of bespoke contracts is that they can increase disputes. Stakeholders told the Commission the increased use of bespoke contracts has led to more disputes arising from contract interpretation (Australian Constructors Association, sub. IR49, p. 8; Queensland Major Contractors Association, sub. 66, p. 27), while a 2018 global survey of construction leaders found that construction professionals spend an estimated 4.7 hours per week on managing disagreements (PlanGrid & FMI 2018, p. 12).

Consult Australia (sub. IR86, pp. 12–13) noted the use of standard contracts helps reduce disputes by fostering trust between parties through consistent contract conditions over repeated interactions:

In terms of productivity, standardised contracts increase the speed and simplicity of project establishment or partnership formation, with each party arriving with an understanding of their role. Consistency drives efficiency. ... Consistent industry adoption of a standard contract reduces upfront costs and time to establish a project, and builds understanding and trust between parties reducing dispute.

The Queensland Government currently has a suite of standard contracts for building construction projects, which are developed and maintained by the Department of Housing and Public Works (DHPW). 'Policy requirement 3' of the Building Policy Framework (Queensland Government 2024b, p. 14) states that Queensland Government agencies 'must use' these standard form contracts for all government building construction and maintenance projects. The Commission, however, has been told that not all agencies consistently adhere to 'policy requirement 3'.

The Department of Transport and Main Roads (DTMR) maintains a suite of standard contracts for their own use on civil engineering construction projects. The extent these standard contracts are still used without variations is unclear, with the Australian Constructors Association (sub. 39, p. 20) noting that until recently it was standard practice for DTMR to only apply minimal contract variations. Further, the Queensland Government does not have a suite of standard contracts available for other agencies undertaking civil engineering works.

Some stakeholders indicated existing standard contracts may not be fit for purpose, for example:

We note that the State Government does currently have a number of suites of standard documents. However, our clients have found these templates difficult to use, in some instances overly complex and in many instances unsuitable to meet the needs of the specific agency. We believe that if the State Government produced easy to use, appropriately drafted, clear and comprehensive standard procurement and contract documents then State Government agencies would naturally be inclined to adopt these even without a requirement to do so ... (Anonymous, pers. comm.)

The Queensland Government is unlikely to be the only Australian government that has failed to produce fit for purpose standard contracts, with Pinsent Masons (sub. IR14, p. 2) noting:

In our experience, no currently published and broadly accessible standard construction contract form in Queensland or Australia is fit for purpose or meets market needs. ... users and their legal advisers feel compelled to make extensive amendments and modifications to bring the form in line with market norms (or to otherwise draft entirely bespoke, one-off contracts).

The frustration experienced by firms may be exacerbated because even where suites of standard contracts are maintained by a government, they are likely only used by agencies of that specific government. That is, even where a firm may see a minimally varied contract when working with Queensland Government agencies on building projects, it is likely a different contract will be used if they take on a project for a Queensland Government-Owned Corporation (GOC) or statutory body, or where they are contracted by a local government, or another state government.

While the National Construction Industry Forum (2025, p. 14) has recommended considering standardised clauses for government construction contracts, any movement towards national harmonisation is likely to occur over the long-term rather than provide a short- or medium-term solution. Despite this, the Queensland Government should support attempts to develop national standard construction contracts.

The Queensland Government should also enhance its own suites of standard contracts and broaden their use where possible. This includes updating the existing suite of standard contracts for building works and developing a suite of standard contracts for civil engineering works, ensuring both suites are fit for purpose for all government agencies. Any standard form contracts should also be developed in consultation with GOCs, to ensure they are fit for purpose should GOCs elect to use them.

While the use of standardised contracts can provide efficiency gains for contractors by reducing the time and cost required to review, interpret and manage contractual obligations, there are likely to be instances where a standard contract does not provide the flexibility or specific requirements needed to effectively deliver a project. However, there appears to be merit in mandating government agencies use the suites of standard contracts with variations only occurring when necessary. Stakeholders suggested the onus could be placed on the procuring agencies to highlight where contract variations are made (Master Electricians Australia, sub. IR48, pp. 18–19; Pinsent Masons, sub. IR14, p. 9).

The Queensland Government should also consider who might be best placed to maintain and develop these suites of standard contracts. There is likely merit in giving responsibility to agencies with expertise in delivering the type of infrastructure (for example, DHPW for building construction and DTMR for civil engineering construction) as these agencies are regularly involved in these types of projects. Alternatively, the responsibility could sit with a central agency or infrastructure body (such as the one discussed in Section 5.2), as they may be better placed to coordinate wider stakeholder consultation.

7.2 Outcomes-focussed contract management

Some industry stakeholders have been critical of the Queensland Government's approach to project and contract management practices.

According to industry stakeholders, these practices include insufficient investment in the early development phase of projects, inadequate consideration to how projects are bundled, and minimising risk at the expense of better outcomes, such as by adopting an overly risk averse approach towards innovation.

These issues, and potential solutions, are detailed below.

Risk allocation

Risks should be allocated to the contractual party best able to manage them and should align with the incentives of each contractual party. That is, risks should be credibly allocated to those who can mitigate them for least cost, and for those that cannot be mitigated, to the party best able to absorb the specified risk (PC 2014, p. 125).

For construction risks that can be mitigated, the contractor is often best placed to manage them, as they are the party constructing the infrastructure. However, this is not always the case; for example, where governments mandate the use of particular construction techniques or materials, contractors are not able to adjust these factors in response to price fluctuations (PC 2014, pp. 125–127).

In practice, the allocation of risk is often more complex. Governments allocate risk using different public infrastructure delivery models, with the most appropriate contracting arrangement dependent on the type, size, cost and level of uncertainty of the project scope, as well as the risk appetite and capability of the procuring agency. Efficiently allocating project risks across stakeholders is essential to ensure public infrastructure projects provide the greatest net benefit to the community (PC 2014, pp. 123–132).

Stakeholders have raised concerns that contractual arrangements with the Queensland Government do not allocate risk efficiently, as the government may be prioritising the minimisation of its exposure to risks over delivering better outcomes. To the extent this is occurring, the government is likely shifting excessive risk onto contractors.

Some standard government contract clauses are placing too much risk on contractors, which cannot be adequately priced up front by the contractor. These practices drive a 'race to the bottom' resulting in insufficient contingency, cash flow and profit. (MBQ 2025b, p. 6 as referred to in sub. 43, p. 11)

... too often legal advisers have the say on risk settings in contracts and those setting are not informed by actual risk identification. ... To address how risk is allocated in government contracts parties need to be specific about which risk/s are relevant to the project and then how to balance the exposure of each party ... (Consult Australia, sub. IR86, pp. 10–11)

As one industry stakeholder noted, lengthy and complex procurement requirements and "problematic risk allocation" in contracts are key issues undermining productivity. (Association of Consulting Architects, sub. IR41, p. 7)

Master Builders Queensland (sub. IR73, p. 12) noted smaller businesses are disproportionately impacted in instances where risk is inappropriately shifted to contractors, as they are less capable of absorbing and managing the risk.

Inappropriately allocated risks may result in increased project costs (PC 2014, pp. 132, 481). For instance, when contractors are required to take on risk they are unable to manage or price (due to a lack of reliable information, or because the risk is controlled by government), the contractor will either withdraw their bid or factor this risk premium into their bid price, resulting in an increase in project costs.

Where contractors 'over-price' risk, this will result in the procuring agency 'overpaying' for the project; while in instances where contractors 'under-price' risk, if the risk eventuates, the contractor may end up in a dispute with the client for some level of compensation, resulting in the procuring agency potentially 'overpaying' for the project.

It is important to note that while reducing the level of risks borne by contractors may reduce the tender price, it may not necessarily reduce the overall project costs. For instance, where procuring agencies lack project management and/or construction expertise, the allocation of these risks to government is likely to result in increased project costs. It could be argued that in these instances, government may not be best placed to take on these risks (PC 2014, p. 477).

There are also likely to be significant issues for construction productivity where the misallocation of risk results in inefficient outcomes, either because contractors are disincentivised to use more efficient or innovative construction methods, or because it distorts firm behaviour.

For example, industry stakeholders mentioned that contractual arrangements often result in principal contractors passing risks onto subcontractors, who have limited ability to manage or mitigate them, which has contributed to declining participation in public infrastructure projects by efficient subcontractors.

According to the Australian Constructors Association (sub. 39, p. 18) this reallocation of risk has contributed to the fragmented nature of the construction supply chain and the dominance of smaller firms, with each player seeking to minimise their exposure to risk.

Similarly, the Australian Constructors Association (sub. 39, p. 18) identified the allocation of pricing risk to contractors in an uncertain project environment as being one of the primary drivers of low margins and high numbers of insolvencies in the sector, as well as the lack of investment in innovation in the industry.

Most stakeholder concerns have been raised in the context of fixed price contracts, where contractors are required to provide a fixed price at the time of tender, despite there often being high levels of uncertainty around key elements of the project (including those controlled by government), which limits the tenderer's ability to accurately price the project.

More broadly, stakeholders have raised concerns with the lack of collaboration and information sharing between parties as a key driver of perceived unfair risk allocations.

The lack of collaboration through procurement and into delivery has proven problematic. ... Risk allocation is best managed between the parties collaboratively so that each party understands the drivers and challenges of the other and how to best manage the relevant risks and work together to minimise the occurrence and the costs of managing the risks. This does not mean that all risks are shared, rather that a collaborative conversation is held between all parties. This can be done for all contract types, regardless of whether they are collaborative contracts such as alliances and ECI's [early contractor involvement] all the way through to construct only contracts. (Queensland Major Contractors Association, sub. 66, p. 26)

A casualty of poor risk allocation has been transparency and the sharing of project information. Information is unlikely to be shared if it can be used to prepare or defend claims for additional cost related to the realisation of inappropriately transferred project risk. Ideally, risks that cannot be quantified and priced should be dealt with openly and transparently, encouraging collaboration and innovative thinking rather than adversarial behaviour and disputes. (Australian Constructors Association, sub. IR49, p. 11)

While no contract can account for all the unexpected events that will complicate delivery, contracts can incorporate mechanisms to encourage clients and contractors to work together to resolve issues fairly and reasonably and to avoid disputes. The overriding goal of contracting must shift from a focus on transferring all risks to the contractor at the outset—particularly unquantifiable risks—to establishing the rules by which the parties will jointly manage these risks as they inevitably arise throughout delivery. (Australian Constructors Association, sub. 39, p. 19)

This points to a level of distrust between contractors and the government, as the client, which is preventing the parties from working collaboratively to optimally deliver projects. The importance of trust between contractors and the government in efficiently allocating and pricing risk is supported by literature (for example, Zaghloul & Hartman 2002).

Stakeholders also raised concerns about the lack of government investment in the early phases of project development, as this can shift risk to the construction phase where it is more expensive to manage and may result in time delays and escalated costs (Association of Consulting Architects, sub. IR41, p. 7; Gerard de Valence, sub. IR20, p. 4). For example, the Australia Institute of Architects (sub. IR21, p. 9) noted that although properly investing in the design phase leads to better project delivery, this approach is not consistently adopted on government projects:

... a limited understanding of the value of investing in upfront technically informed design can cause time delays and cost escalation. Investing in properly managed technical design upfront reduces rework and enhances performance during construction, however the experience of many of our members is that this is not a consistent approach on government projects ...

Conducting a comprehensive and well-supported project assessment in the early stages of a project's development reduces the project's overall risk and supports on-time and on-budget delivery (Infrastructure Australia 2021, p. 272).

To address concerns raised by industry stakeholders, the Queensland Government should consider how it may minimise shifting risk to contractors and subcontractors that the government is better placed to manage.

Unreliable information about site risks leads to a duplication of effort

Procuring agencies often undertake preliminary investigations during the project development phase to gather information on site-specific project risks, such as geotechnical, environmental and utilities assessments, to inform their decisions about a project's viability. This information is then distributed to tenderers.

However, tenderers are often contractually precluded from relying on this information. This means each tenderer must either replicate the process of gathering this information, or price in the risk that the information is inaccurate.

The Australian Constructors Association (sub. 39, p. 15; sub. IR49, p. 11) and Queensland Major Contractors Association (sub. 66, p. 23; sub. IR102, p. 5) indicated that time and money are wasted through duplication. Given tenderers will seek to recoup the costs of these investigations regardless of whether they are the successful tenderer, the client will inevitably pay for these investigations through higher bid prices (including for future projects).

Further, due to compressed tender timeframes, these tenderer investigations are typically not sufficiently detailed to appropriately assess the likely risks involved with any given project. This can lead to bids incorporating risk premiums that overestimate the true value of the risk (PC 2014, pp. 478–480).

The Staples Review of DTMR's Queensland Transport and Roads Investment Program (2025, p. 6) recommended allocating adequate funding to complete these assessments during the business case phase of a project, as this enables more robust planning and reduces risk during procurement delivery. This supports stakeholder claims that the client is best placed to undertake thorough investigations in advance of the tender process, and that allowing tenderers to rely on information provided would reduce bid costs.

Risk aversion can create barriers to innovation

Several stakeholders have raised concerns that a culture of risk aversion within the Queensland Government prevents the use of more innovative solutions to infrastructure provision and construction.

While there is an inherent balance between being overly risk averse and accepting excessive risk, several stakeholders raised that procuring agencies are currently erring on the side of being too risk averse, and this is a barrier to innovative approaches, such as MMC (for example, BuildSkills Australia, sub. 24, p. 17; Institution of Civil Engineers, sub. IR18, p. 3; Queensland Major Contractors Association, sub. 66, p. 37).

Industry bodies mentioned that while some procuring agencies initially welcome innovative approaches or technologies, they inevitably reject them due to risk aversion. The Association of Consulting Architects (sub. IR41, p. 16) said this stems from the government's view that 'innovation equals risk'.

According to Consult Australia (sub. 28, p. 9), the Queensland Government rarely considers the use of innovative technologies, even where they can be demonstrated to have been used successfully in other Australian jurisdictions or internationally. Queensland Major Contractors Association (sub. 66, p. 26) used the Rockhampton Ring Road as an example project where cost-saving approaches used interstate were declined in Queensland:

Through the project development phase, the client and their engineers were challenged over the design with different approaches and technical solutions that have been accepted interstate that would have saved significant costs and improved the likely time for delivery, but these suggestions were declined.

Stakeholders raised that government risk aversion is enabled through overly prescriptive tender documents. While some level of prescriptiveness in tender documents is necessary to ensure projects are delivered to a minimum standard, there is a trade-off government needs to be cognisant of:

Detailed specifications may seem to eliminate risk and guarantee a uniform product, but they are also part of the reason that we have failed to innovate and why contractors are required to chase project management unicorns in a constrained labour market – limiting the diversity of the sector and the ability to acquire experience. (Australian Constructors Association, sub. IR49, p. 12)

There may even be instances where delivery agencies are unintentionally encumbering the uptake of innovation on their projects by using prescriptive specifications. For instance, Consult Australia (sub. IR86, p. 14) called out DTMR's use of prescriptive technical specifications as an impediment to its intent to be more innovative:

Consult Australia supports performance-based specifications as this enables greater innovation through less rigidity and by focusing on the outcome to be achieved. For example, TMR has a strong intent to be innovative, however this is not clear in all documentation and is hampered by the suite of technical specifications, which can be unflexible. It is challenging to fit new products into stringent specifications.

In addition to hampering the uptake of innovative products and processes, prescriptive specifications can undermine competition by implicitly or explicitly favouring the products or approaches of a specific supplier. This can restrict market access and lead to market inefficiencies, inflated costs, and reduced productivity (Australian Constructors Association, sub. IR49, p. 13).

Another issue with prescriptive specifications can be the cost of compliance. Queensland Major Contractors Association (sub. IR102, pp. 24–25) provided the Commission with estimates from one of their members claiming that 10 per cent of their engineers' time is spent on tasks to comply with technical specifications, which is drastically higher than a decade ago.

Stakeholders suggested government procurement should make greater use of performance specifications, as they allow contractors to find the best solution to deliver a project, including by harnessing expertise from across the industry, rather than wasting resources complying with inefficient prescriptions (Association of Consulting Architects, sub. IR41, pp. 25–27; Australian Constructors Association, sub. IR49, p. 13; Queensland Major Contractors Association, sub. 66, p. 27).

The Association of Consulting Architects (sub. IR41, p. 26) identified how performance-based specifications can also reduce contractual disputes:

If contractors have the freedom to choose means and methods to meet performance outcomes, they also take on ownership of those choices. Under a prescriptive approach, if the spec is found to be flawed or unbuildable, the contractor can claim variations. Under performance, the onus is more on the delivery side to make it work (as long as the criteria and tolerances are clear). This can reduce finger-pointing like "I followed your spec, so it's not my fault it doesn't work" – instead, the contractor has incentive to ensure it works, because that's the requirement.

By using performance-driven payment mechanisms, the adoption of performance-based mechanisms should ensure contractors are still accountable for delivering works that are compliant and fit for purpose (Australian Constructors Association, sub. IR49, p. 13; Infrastructure Association of Queensland, sub. IR99, p. 5).

While there may be benefits from adopting a less prescriptive approach to government procurement of infrastructure, there are also significant impediments that need to be considered.

For example, if government wishes to introduce more innovation by using less prescriptive approaches, procuring agencies would need to:

- ensure they have sufficient expertise (and time) to understand and assess the proposed solution, including any assessment of risk
- have clear guidance on what is acceptable risk, and sufficient incentives for decision makers to make assessments and decisions on risk.

In particular, when adopting performance-based specifications, clients need to ensure performance criteria are clearly defined and measurable, and they have sufficient capability (either in-house or available through an independent third-party) to assess the delivered product against the specifications (Association of Consulting Architects, sub. IR41, pp. 26–27).

Where the use of prescriptive specifications is still preferred by governments, there would be benefit in aligning these with other jurisdictions. This would reduce the burden on firms working across jurisdictions by minimising the need for them to understand a different set of specifications. The Civil Contractors Federation Queensland (sub. IR76, p. 9) called out the lack of harmonisation across local governments within Queensland for adding barriers to contractors working across the state:

For standard projects standard specifications are suitable. The standardisation however needs to be across jurisdictions. Each jurisdiction has their own standard specifications which in turn means all of Queensland does not have a standard. This is very costly due to the constant knowledge uplift each time a company changes jurisdiction. ... Some contractors for this reason stick to a limited number of jurisdictions. This restricts portability of firms and reduces competition.

Risk aversion by government agencies is understandable as they are likely to be held responsible for projects that fail because of the use of an innovative approach, whereas the benefits from a project that successfully adopts innovation are dispersed more broadly. However, as discussed above, this culture is likely contributing to the lack of innovation on construction sites. To give agencies the confidence to be less risk averse, the Queensland Government should provide guidance to agencies on its risk preferences.

Some stakeholders suggested procurement policy should actively seek innovative proposals in bids. While there may be some benefit in this approach, care needs to be taken to ensure procurement does not seek innovation for its own sake, as this could reallocate risk to government, who may not be the best party to manage it. Further, government should avoid encouraging innovation through subsidies or tax concessions because this often results in government subsidising developments that would have happened otherwise, and it incentivises businesses to divert resources away from product innovation towards influencing government decisions (Cox 2025, p. 6).

A procuring model that is focussed on maximising value for money, has appropriate guidance on risk, and is backed by sufficient technical expertise in procuring agencies should allow contractors and subcontractors to utilise innovative, lower cost solutions without explicitly requesting or financially incentivising their usage.

Given the potential for improved outcomes and lower costs, there seems to be benefit in exploring options, such as addressing any barriers preventing performance-based contracting, that might allow increased innovation in infrastructure provision.

Digital tools

Digital tools, such as building information modelling (BIM), are integral to improving the efficiency of the procurement and delivery processes (Australian Institute of Architects, sub. IR21, p. 9), as they can provide contractors and subcontractors an opportunity to identify constructability and other issues before beginning works (Civil Contractors Federation Queensland, sub. IR76, p. 8). For example, tools like a Digital Utility Portal can improve safety by providing planners, engineers and contractors with data on the location of utilities well before breaking ground on a project (Box 7.1).

Box 7.1 Digital tools – Before You Dig Australia’s Digital Utility Portal

Before You Dig Australia (BYDA) has piloted a cloud-based Digital Utility Portal that operates as a single point of access to digital, machine-readable data on the location of utilities. By providing details about underground utilities — such as gas, water, electricity and telecommunications — before excavation, the portal reduces the risk of accidents and service disruptions.

Digital tools such as the BYDA Digital Utility Portal aim to replace fragmented, paper-based systems that impose additional costs on contractors. For example, one current approach to locating utilities is the BYDA referral service. This service provides PDF plans of utilities that must be manually interpreted, collated and converted into a format usable in the planning and design phases of a project. The utility data currently received by this service is often incomplete, inconsistent and out of sync with modern practices, which increases the risk of delays, rework and workplace health and safety incidents.

BYDA estimates that the use of their Digital Utility Portal can uplift labour productivity up to \$120 million by reducing planning and design time by 1.3 to 2.4 working days per request. This estimate ignores the savings from reduced utility strikes that cause injuries, work stoppages and service disruptions.

Source: *Before You Dig Australia* (sub. IR56).

Fully incorporating modern digital tools across the global construction industry could increase productivity by up to 15 per cent and produce cost savings of up to 6 per cent (McKinsey Global Institute 2017, p. 7). In particular, BIM can lower costs and reduce errors and omissions, leading to less rework (McKinsey Global Institute 2017, pp. 98–99).

Despite the potential gains, adoption of digital tools is limited within Queensland’s construction industry. This may be due to government requirements that rely on paper-based plans as an inhibitor to the adoption of digital tools:

Digital engineering tools and models such as BIM can assist with improving productivity, however widespread adoption of such solutions has been restricted by clients requirement that paper based plans are to only be relied upon; despite being based off a digital model.
(Queensland Major Contractors Association, sub. IR102, p. 25)

To help hasten uptake across Australia, Infrastructure Australia (2021, pp. 278–289) has called for governments to transition away from a 'digital by exception' to a 'digital by default' approach — a sentiment echoed by other stakeholders:

There is immense scope for greater use of digital solutions to improve the efficiency of procurement and delivery processes. Document management and reporting are areas in which greater use of available technology could substantially improve the speed, quality and consistency of these activities. Queensland should adopt a digital by default approach and an explicit goal of transitioning away from 'digital by exception'. (Australian Constructors Association, sub. 39, p. 27)

Embed a digital by default approach in all procurements with the goal of incorporating a digital twin under a harmonised framework and transitioning away from 'digital by exception'. (Queensland Major Contractors Association, sub. IR102, p. 22)

Consult Australia (sub. 28, p. 10) notes that while Queensland has had a coordinated whole-of-government approach to BIM since 2018, adoption has been slow and opportunities from digital technologies are yet to be fully leveraged. Stakeholders suggested several reasons for this, including decisions based on risk, a lack of common approaches across government, and a tight focus on low-cost rather than best-value.

Queensland Major Contractors Association (sub. 66, pp. 27) suggested that suboptimally shared risk impedes the adoption of digital tools:

Inappropriate risk sharing hinders the open and transparent sharing of project information, which is crucial for adopting productivity-enhancing digital technologies.

Meanwhile, Master Electricians Australia (sub. IR48, p. 16) attributes governments' reluctance to adopt digital tools to their legal advisors' risk aversion:

Legal advisors favour removing all potential risk for their clients. There is a perception, which is incorrect in MEA's view, that digitising project data and using BIM and digital twin technologies increases a party's exposure to claims that would not otherwise arise.

Another inhibitor is the 'lack of a common classification system such as Uniclass or Eclass/ETIM' (Master Electricians Australia, sub. IR48, p. 16). A classification standardises the specification of technical products, making it easier for contractors to select the right products and reduce ordering errors; while having a common system reduces costs because contractors can use the same system across projects. The Association of Consulting Architects (sub. IR41, p. 16) also called out the need for a less fragmented approach so digital deliverables can be used across different platforms:

If every agency or every project uses a different software or standard, it fragments effort. The government should endorse or adopt open standards (like Industry Foundation Classes for BIM) to ensure that digital deliverables are usable across different platforms and by facility managers post-construction.

Australian Institute of Quantity Surveyors (sub. IR51, p. 2) suggested other agencies could use Queensland Health's suite of BIM related documents as a blueprint.

Finally, refocussing the procurement process to prioritise value for money across a project's lifecycle, rather than simply accepting the lowest up-front cost, should encourage the adoption of new digital tools.

If tenders are decided primarily on lowest price and fastest program, firms may feel they don't have the "luxury" to invest in cutting-edge digital processes. Designing and coordinating via BIM, for example, can save enormous costs downstream, but it requires sufficient fee and time upfront to execute properly. Procurement needs to value the long-term savings of digital delivery (fewer RFIs, less rework) rather than assuming all bids are equal and just picking the cheapest. (Association of Consulting Architects, sub. IR41, pp. 15–16)

Given stakeholder evidence there appears to be a strong case for the Queensland Government to work with industry to remove barriers to the adoption of digital tools, including removing any requirements to rely on paper-based plans.

Early contractor engagement

Engaging collaboratively with the market early in the project planning and design process can help government project teams understand how decisions will influence project risk and likely costs. It can also allow industry to identify opportunities to optimise the project's design considering the market's current capacity, leading to more innovative and better designed and delivered infrastructure (Association of Consulting Architects, sub. IR41, p. 17; Australian Constructors Association, sub. 39, p. 13; Australian Institute of Architects, sub. IR21, pp. 7–8; Infrastructure Australia 2021, pp. 276–277; Queensland Major Contractors Association, sub. IR102, p. 21).

Stakeholders suggested that Queensland's procuring agencies are not collaborating with contractors early enough in the project development process under the existing procurement framework (for example, Consult Australia, sub. 28, pp. 8–9; Health Infrastructure Queensland, sub. 25, p. 2). Early contractor engagement can be formally integrated into the contracting arrangement, or it may also occur through a less formal relationship, where the client seeks input from multiple contractors during the project development phase.

The Staples Review (2025, p. 6) recommended embedding early market engagement during the planning phase of major projects to help assess market capacity and test delivery timeframes and packaging approaches.

The Queensland Major Contractors Association (sub. 66, p. 20) made a similar recommendation while noting the lack of contractor engagement at the early project concept development stage:

QMCA believes there is generally a lack of construction knowledge incorporated in the concept stage, and this actively hinders productivity in later stages. It should be recognised that a contractors can provide solutions and pragmatic delivery ideas that can assist with not restricting productivity during delivery. ... On large programs and projects establish an early-stage market sounding process that engages one or more contractors to help test concepts and ideas around what is practical to be built. This will help deliver more efficient and well thought out solutions leading to more efficient allocation of resources during the design and construction phases.

Collaborative contracting styles that formally involve early contractor involvement are considered particularly beneficial on projects that include difficult-to-price risks with uncertain outcomes, whereas standard projects with easier to assess risks are less likely to benefit from these types of contracting arrangements (Association of Consulting Architects, sub. IR41, p. 18; Gerard de Valence, sub. IR20, pp. 9–11; Infrastructure Australia 2012, p. 72).

These types of contracts tend to encourage a more collaborative relationship between the client and contractors throughout the duration of the project, which encourages parties to discuss and manage risks more transparently. Working collaboratively in the early stages of a project's development can enable risk to be allocated more appropriately, leading to lower costs (Infrastructure Australia 2012, p. 72). Similar sentiments were also echoed by stakeholders:

Instead of each party fighting to transfer risk, collaborative contracts often use a "best-for-project" approach to allocate risk to whoever can best manage it ... This can save time (no lengthy disputes) and money (solutions are found rather than positions defended). It also creates a culture of transparency – issues are flagged early, not hidden. ... If the client's needs evolve (which on long projects, they often do), a collaborative contract is generally more flexible to accommodate changes without massive rework of contracts. (Association of Consulting Architects, sub. IR41, pp. 17–18)

Collaborative procurement and contracting however enables all the relevant parties to sit down and agree on the most appropriate risk apportionment early and how to best manage it. Once all parties understand that then risks can be better managed throughout the project lifecycle and this will lead to better productivity and better use of limited resources. (Queensland Major Contractors Association, sub. IR102, p. 25)

The use of early contractor involvement procurement is not costless, however, and should only be used on complex projects with risks that are difficult to allocate and manage. The selection process is often more resource intensive for both the client and contractors, and the construction stage typically relies on a more trusting relationship between parties.

Contracting styles based around early contractor engagement

Two-stage contracting

While early contractor involvement can take an array of forms, it is most commonly used in the form of a two-stage contract, with the contractor engaged at the initial scoping stages of the project (Infrastructure Australia 2012, p. 22; PC 2014, p. 448).

Initial tendering under this contract form involves tenderers competing on their fees to develop the project design, not based on their estimate of delivering the project. The winning contractor then works collaboratively with their design consultants and the client to revise the project brief and refine the project design.

Based on the finalised project brief and design, the contractor will make an offer to the client to subsequently build the project. At this point, the client can either accept this offer or decline it and retender for another contractor to construct the project based on the brief and design delivered in the first stage (Infrastructure Australia 2012, p. 22).

The Queensland Government, through the Queensland Government Building Policy Guideline (Queensland Government 2023a, p. 10), previously required major building construction projects to be procured using a two-stage contract.

While two-stage contracting can help facilitate contractor involvement early in the design phase (with the expectation it will help increase innovation), it is not suitable for use in every circumstance and can be difficult to implement in practice.

For example, the use of two-stage contracts was found to be problematic through the Queensland Government's Capacity Expansion Program because of the prevailing market conditions, including capacity constraints, subcontractor registration, and BPIC requirements (Klok Advisory 2025, pp. 40–41).

The Queensland Government has subsequently removed any requirement for major building construction projects to use two-stage contracts and has allowed other contract types to be used for all projects.

Alliance contracting

Alliance contracting is another alternative contract type that involves early contractor engagement by essentially turning a project into a joint venture. Alliance contracts are often considered most useful in situations where the client has limited experience assessing specific project risk (PC 2014, pp. 444–446). The Association of Consulting Architects (sub. IR41, p. 18) told us alliance contracts are more flexible for incorporating changes within complex projects with highly uncertain risks:

In an alliance, the team can incorporate the change in an integrated way, negotiating the cost transparently. This can be very beneficial in, say, fast-moving technology projects or where policy decisions might impact scope mid-project.

Alliance models require even greater collaboration between the client and contractor than two-stage contracts. For this reason, the tendering process often requires key personnel from the client-side and tenderer-side to engage in workshops and role playing scenarios to examine how effectively they work together. Subsequently, alliance partners are often selected on non-price considerations (PC 2014, pp. 444–446).

Victoria's Level Crossing Removal Program is an example of a successful alliance contract arrangement. Its initial goal of removing 85 level crossings was achieved ahead of schedule, leading to the program's expansion. A key contributor to the program's success has been the close collaboration between client and contractors, where the procurement and contracting framework forced innovation to occur (CEDA 2025a, p. 11).

Although dated, the New Perth-Bunbury Highway (NPBH) was another example of a successful project delivered under an alliance contract model. This contract model was selected because it offered greater flexibility in achieving value for money and was considered the best approach to manage the project risks (Infrastructure Australia 2012, pp. 85–92).

An additional benefit of the particular alliance used for the NPBH was that it included a subcontractor that was able to ensure a supply of raw materials at a time where there was strong competition from major resource projects (Infrastructure Australia 2012, p. 86).

While the use of alliance contracting models may be appropriate for some projects, given the higher costs involved in its set-up, its adoption should be assessed on a case-by-case basis.

Right-sizing projects

While bundling similar projects together can bring efficiency gains, it often comes with trade-offs, including reduced competition and loss of smaller firm capability. In addition, bundling work into overly complex projects may lead to inefficient risk allocations, such as concentrating project risk onto fewer parties.

As such, a one-size-fits-all approach is unlikely to be effective. Especially given benefits of bundling likely vary by project (based on factors such as project size, similarity of project elements, and market factors) (Qiao et al. 2019). Projects should, therefore, be assessed for bundling (or un-bundling) on a case-by-case basis.

When making this assessment, the following broad benefits and risks should be considered.

The main benefits of bundling arise from economies of scale (for example, by spreading costs over multiple projects and/or the use of bulk purchasing arrangements). In some cases, further efficiencies can be gained through the use of repeatable designs (reducing planning and design costs) or streamlined management (reducing administrative overhead).

These benefits may be most apparent for highly specialised work that needs to be done across multiple sites (Association of Consulting Architects, sub. IR41, p. 22) or projects that require production at scale to be viable, such as prefabricated and modular buildings (Gerard de Valance, sub. IR20, p.10; prefabAUS, sub. IR38, p. 2; Q Shelter, sub. IR42, p. 5).

Depending on the project, bundling may also spread a firm's risk over time, by giving them certainty over their upcoming pipeline. This certainty may encourage the firm to invest in longer term staffing contracts, newer (and potentially more efficient) construction methods, or in technology, plants or equipment that would be too expensive if projects were awarded individually. For example:

The certainty created through the full allocation of work packages enables each Alliance to attract and retain large-scale, high performing teams and to drive continuous improvement. It provides the certainty needed for investment in skills development, plant, longer term supply chain agreements, workplace conditions and solution standardisation and reuse. (Australian Constructors Association, sub. IR49, p.10)

Creating greater stability across the workforce is key to improving productivity. Long-term employment contracts, for example, can lead to a more satisfied workforce and ultimately result in better construction costs due to reduced staff turnover. (Infrastructure Association of Queensland, sub. IR99, p. 8).

That said, in some cases, there may be no benefits from delivering projects as part of a bundle (Australian Constructors Association, sub. IR49, pp. 10–11). In extreme cases, if too many projects are bundled, or the overall project becomes too large, project costs can actually increase (Qiao et al. 2019).

Bundling can also be considered as a transfer of some risk from the contracting firm to the government. For example, the firm gets a guaranteed pipeline (reducing its risk) while the government only has one supplier (increasing its risk). This transfer can be good (for example, if it encourages better investment) or bad (if the supplier is unable to meet its obligations and issues on one site cascade to affect the whole bundle). The overall benefit of this transfer will depend on whether the government is better placed than the firm to manage the risk.

A key risk from bundling projects is smaller firms are often precluded from tendering for bundled projects because they lack the capacity to deliver on them. This can particularly be an issue for regional firms, which may struggle to win projects when they are bundled into a state-wide delivery package.

In comparison, keeping projects unbundled enables small- to mid-tier firms to compete, increasing competition in the short- and long-run and making better use of the full supply chain:

Disaggregating major public infrastructure projects is critical to activating greater participation from mid-tier contractors and fostering broader participation and competition in the Queensland civil construction market. A strategic approach is required to ensure that there is a blend of package sizes that activates local lower tier and mid-tier contractors. (Roads Australia, sub. IR77, p. 4)

In addition, unbundling can reduce costs through specialisation (the most suitable contractor can deliver each part of the contract) and risk distribution (the contractors best able to bear the risks do so, reducing the overall risk premium of the project). As such, for more complex projects (where the benefits of scale may be smaller) it can be better to un-bundle, which allows costs and risk to be spread over multiple parties.

Aside from losing the benefits from economies of scale that bundling provides, unbundling can also bring additional costs. For example, there are coordination costs when separate contractors deliver a project across multiple phases that might not be incurred if a project is bundled.

Therefore, when procuring for construction projects it is important for government to consider how to 'right size' their projects as appropriate.

IAQ members have found in their experiences that the benefits of bundling projects include optimisation by work type and resource requirements, but this must be balanced against the need for segmentation to activate more of the supply chain and prevent competition issues for smaller firms. (Infrastructure Association of Queensland, sub. IR99, p. 5)

To maintain a healthy pipeline of medium-sized contractors and preserve market competition, procurement models should balance the benefits of bundling with measures that ensure fair access for smaller businesses. (Master Electricians Australia, sub. IR48, p. 17)

Delays in the tendering process

Stakeholders raised concerns with the length of time between when tender bids are submitted and when the tender is awarded. A lengthy tender decision process creates two problems. These relate to the tender's validity period, and the need for prospective contractors to put resources on hold while awaiting a decision.

First, the tender will include quotes for construction materials that may only be valid for a certain period. While tenders often include 'tender validity periods', this period can still be long enough for volatile materials to significantly rise in price, with the tenderer responsible for this risk. Further, once the tender validity period expires, it is unclear whether tenderers can submit another tender with updated prices, or if their only recourse is to withdraw their tender.

Second, as prospective contractors are required to quarantine staff in case they are the successful bidder, delays in awarding contracts can have significant opportunity costs for businesses:

The procurement process for large projects appears needlessly long, potentially taking up to 18 months. ... even after tenders are submitted, the decision period can take many months, sometimes longer than the time spent preparing the tender, leaving bid teams and proposed delivery teams on hold. The process involves a contractor team not much smaller than the construction team itself. (Queensland Major Contractors Association, sub. 66, p. 25)

Extended tender phases and post-tender reviews force contractors to retain bid teams and external consultants longer than is usual, this adds to the cost of bidding and extends the end-to-end delivery times for projects. (Australian Constructors Association, sub. IR49, p. 3)

According to the Australian Constructors Association (sub. 39, p. 14), Queensland has recently been poor at awarding tenders before the validity period expires:

In a recent independent survey of ACA members, undertaken by Oxford Economics, Queensland performed below expectations against measures assessing the extent to which contracts are awarded within the original tender validity period. This was consistent with broader national trends. Possibly this trend has some relationship to the volume of documentation that bidders must provide and the time needed for tender evaluation boards to then review and evaluate what has been submitted.

As noted above, reducing the amount of documentation that tenderers must submit may enable procuring agencies to award tenders more quickly. Stakeholders have also suggested a shortened tender validity period of less than 90 days and incorporating key performance indicators for departments could reduce the time taken to award tenders.

Agency capacity

A capability uplift may be required if government wants its agencies to better manage projects and contracts. Improving the way agencies behave as a client is likely to require staff to have a greater understanding of how government decisions can influence project outcomes.

The Australian Institute of Architects (sub. IR21, p. 9) noted that limited in-house design and technical capability within government likely contributes to delays and cost escalations. Other stakeholders also called out the decline in government's capability over recent years:

From the ACA's perspective, there has been a notable erosion of public sector project management and procurement capability over the past decade in Queensland. Historically, the state government had centralised expertise (for example, the former Project Services division) that provided experienced project managers, architects, and quantity surveyors who oversaw capital works. That institutional knowledge helped maintain consistency and high standards. Since the disbandment or downsizing of those central bodies, many departments now manage their own capital programs with varying levels of success. (Association of Consulting Architects, sub. IR41, pp. 23–24)

In a recent internal survey of ACA members feedback was received that Queensland delivery agencies currently having a lack of internal capability and capacity to manage tender processes. (Australian Constructors Associations, sub. IR49, p. 13)

The decline in government's capability also limits agencies' willingness to adopt more collaborative contracting styles, as doing so would require them to adjust their project management approaches (Australian Institute of Architects, sub. IR21, p. 9; Association of Consulting Architects, sub. IR41, p. 18).

Increasing the use of digital tools is also likely to require the government to improve its in-house expertise and knowledge (Infrastructure Australia 2021, p. 285). The Australian Institute of Architects (sub. IR21, p. 9) told the Commission that to maximise the benefits from government adopting a digital by default approach, agencies responsible for delivering projects need to have the expertise to effectively interpret and leverage digital outputs.

For the government to address its perceived capability shortfall it will need to invest in training (and recruitment) to improve agencies' expertise. This may involve delivery agencies reprioritising their budgets to address noticeable skills shortages, or it could involve extra funding allocations to agencies specifically for this purpose. Agency capability may also be improved through greater inter-agency collaboration and learnings.

Another option to help address expertise shortages is for government to develop a central guiding policy or knowledge base that agencies can draw upon to inform how they procure and deliver projects, which could sit within an existing central agency or an infrastructure body established for coordinating infrastructure delivery (such as the one discussed in Section 5.2). The Association of Consulting Architects (sub. IR41, pp. 24–25) noted such guidance would provide less experienced staff with a roadmap to guide their decision-making.

7.3 Recommendations

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.



PART C: Land use regulation

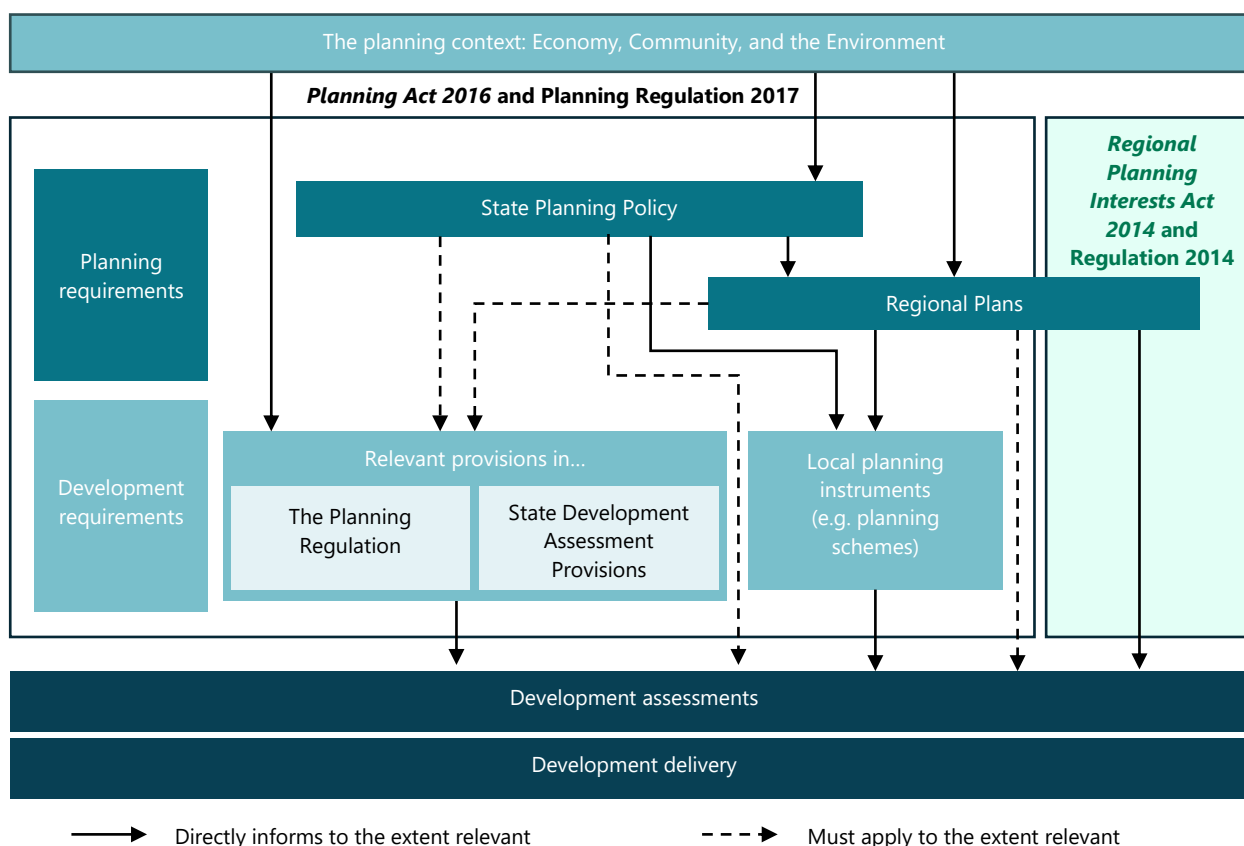
Key points

- Land use regulation seeks to reduce negative impacts arising from development, protect amenity, and coordinate the location and construction of infrastructure and public goods. By doing so, it constrains what gets built and where it is located.
- However, there is emerging international literature which suggests land use regulation has become an impediment to construction productivity. At the same time, productivity estimates suggest housing construction productivity has performed worse than other parts of the construction industry.
- There is evidence that Queensland's land use regulation, and planning regulation in particular, is unnecessarily constraining construction productivity:
 - Inconsistencies between planning and building regulations have created overlap and duplication, with confusion over roles and responsibilities.
 - Planning approval processes often result in long delays, uncertainty and inefficient back-and-forth processes. This results in idling of labour and capital and increases financing and administrative costs. There is also a lack of publicly available information or other accountability mechanisms to incentivise local government performance.
 - Zoning and planning scheme restrictions constrain density, reducing the supply of housing and leading to inefficient infrastructure use. For example, almost 70 per cent of residential land in Brisbane within 1,000 metres of a train station is effectively zoned as low density.
- Because of this, development and housing construction costs are significantly higher than they should be, with many developments becoming unfeasible, particularly affordable forms of housing.
- Improving the efficiency and effectiveness of Queensland's planning system can be achieved by:
 - requiring variations from design and siting requirements for detached housing to demonstrate net benefits to the Queensland community
 - commissioning a review to resolve interface issues between planning and building regulation
 - limiting the use of inefficient or inconsistent requirements contained in zones and overlays
 - undertaking an internal review of Queensland Government processes that underpin its governance of the planning system.
- To provide a more streamlined approvals system, the Queensland Government should consider improving state development assessment pathways and introducing a planning portal.
- Consideration should also be given to increasing the supply of development rights in well-located areas. This can be done by increasing the zoned supply near transport hubs in South East Queensland in the short term and, in the longer term, introducing independent planning panels to more rigorously analyse regional needs, improve consultation processes and make planning scheme recommendations.
- To help ensure that infrastructure supports efficient development, the Queensland Government should commission an independent review of infrastructure planning, provision, funding and charging.
- The planning system needs to be more accountable and better at measuring outcomes and identifying bottlenecks by transparently publishing data and analysis.
- The Queensland Government should play a greater role in building the case for reform, educating the public on the trade-offs involved in planning and development and helping to ensure consultation reflects the views of the broader community.
- Increasing housing densities is likely to generate large benefits based on the Commission's analysis which indicated enabling more development in well-located areas could deliver net benefits ranging from \$18 billion – \$48 billion.

Overview of the Queensland planning system

Queensland's land use regulations consist of acts, regulations, policies and plans, with responsibility for these shared between the state and local governments (Figure C.1).

Figure C.1 The Queensland planning system



Note: *The Regional Planning Interests Act 2014* gives effect to the policies with regional plans and manages the impact of resource and other regulated activities on areas of regional interest. Beyond giving a legislative basis to regional plans, it has little impact on urban planning and, as such, is not discussed further.

Source: *State Planning Policy 2017*.

These mechanisms include:

- The *Planning Act 2016* (the Planning Act) is the primary legislative instrument that shapes planning in Queensland by:
 - guiding land use planning for future development throughout Queensland
 - setting out whether, and how, development may occur
 - setting requirements for social impact assessment and community benefit agreements
 - prescribing the process for resolving disputes and offences (Queensland Government 2025f; OQPC 2025a).
- The *Planning Regulation 2017* (the Planning Regulation) supports the Planning Act through statutory instruments to ensure consistency in planning and development assessment across the state. These instruments include Ministers Guidelines and Rules for Planning, Development Assessment Rules and State Development and Assessment Provisions (OQPC 2025b).
- State Planning Policy outlines 17 state interests and ensures they are protected and delivered. It applies when making or amending a local planning instrument (Queensland Government 2017, pp. 5, 8).

- Regional plans guide land use regulations, infrastructure priorities and economic development, and set objectives such as the locations and types of new housing based on regional needs (Queensland Government 2025i). There are 13 regional plans.
- Local planning instruments (primarily local planning schemes) apply the State Planning Policy and regional plans at a local government level, with consideration for local needs. These regulate new development, guide growth through allowable uses (residential, commercial, community and others), building heights, setbacks, densities and other aspects of development. As part of this, they regulate which land uses and proposals require an approval and the category of assessment that applies (Queensland Government 2025f; DSDIP 2022).
- Development assessment is the process for assessing a proposed development against local planning schemes and against state interests to determine if and how development may occur.

Local governments carry out most development assessment against their local planning schemes. However, the state also becomes involved in development assessments when:

- a development is proposed in a Priority Development Area (PDA), where Economic Development Queensland (EDQ) makes planning schemes and undertakes development assessments
- a development impacts a state interest, such as heritage overlays, state transport corridors or the clearing of vegetation. In this case, a developer may also need to apply for approval from the State Assessment and Referral Agency (SARA), which coordinates whole-of-government state assessment against the State Development Assessment Provisions (DSDIP 2025b).

The Queensland Government oversees the implementation of the Planning Act, the Planning Regulation, State Planning Policy and regional plans and delegates to local governments management of most local planning instruments and development assessment. Local planning instruments and development assessments are the main planning mechanisms that affect construction productivity.

Objectives and benefits of land use planning

The purpose of the Planning Act is to establish 'an efficient, effective, transparent, integrated, coordinated, and accountable system of land use planning (*planning*), development assessment and related matters that facilitates the achievement of ecological sustainability' (Planning Act, s. 3). The term 'ecological sustainability' is broadly defined, and seeks to balance factors such as environmental values, economic development and social wellbeing.

As defined in the Planning Act, achieving this balance includes:

- facilitating diverse, efficient, resilient and strong economies, including local, regional and state economies
- creating and maintaining well-serviced, liveable and affordable development
- conserving or enhancing places of special significance
- providing for integrated networks of public spaces
- addressing impacts of climate change through sustainable development, such as sustainable urban design.

Stakeholders told the Commission that planning is crucial to promoting the public interest:

Planning is a profession focused on the public interest, aiming to create economically functional and thriving cities with a good quality of life. (PIA, sub. 29, p.3)

Beyond protecting people from hazards such as coastal inundation, flooding or bushfire risk, planning ensures that land uses are appropriately located to minimise conflict and optimise functionality. Effective planning coordinates development with infrastructure capacity, helping to manage demand on transport, water, and energy systems. Planning protects heritage and facilitates economic activity by providing certainty for investment. Importantly, planning provides mechanisms for community input and dispute resolution, helping to balance competing interests in a (hopefully) transparent and accountable way. (Anonymous, sub. IR64, p. 2)

Where land use regulations (including planning) work well, they effectively target identified problems that would otherwise be persistent and economically significant. For example, land use regulations can:

- reduce negative externalities imposed on others, and market failures that may arise from development and competing land uses (Gurran et al. 2012, p. 12). These may include pollution, excessive noise, overshadowing, and congestion
- protect public goods that may otherwise be over-consumed or under-provided (Gurran et al. 2012, p. 12). This includes green spaces, heritage buildings and land for future infrastructure provision
- ease information and coordination problems. Benefits may come from density or scale of economic activity, such as shopping, eating or residential precincts. Coordinating transport, utility and services infrastructure avoids disconnected developments that require future costly network upgrades or are not adequately serviced.

Other benefits of land use planning may include: protection of significant economic infrastructure (for example, transport corridors); supporting access to jobs and economic activity; development of major urban corridors and promotion of housing affordability (PC 2011c, pp. 1–2).

The costs of land use planning

Like any regulation, land use planning can impose both benefits and costs while pursuing its objectives.

It is important to evaluate the costs of land use regulation broadly because they impact community welfare through effects on housing supply and affordability.

While measurement issues make it difficult to quantify the costs (see Chapter 2), there are clear mechanisms through which land use regulation imposes costs and lowers productivity in the construction industry, including by:

- increasing the resources devoted to administering and complying with planning obligations
- inhibiting innovation by impeding competition, scale economies, alternative design choices and alternative construction or manufacturing methods
- restricting housing density (by imposing minimum lot sizes, height restrictions and floor space ratios), impeding the achievement of scale
- requiring additional inputs to meet planning requirements that either do not necessarily provide sufficient private value or are inconsistent with building regulation requirements
- increasing uncertainty and risk and holding costs through complex approval processes
- limiting the amount of developable land, which can restrict development to land that is expensive to develop (including land that requires expensive new infrastructure or is less suitable for construction).

Aside from increasing the unit cost of housing (through additional costs and reduced productivity), land use regulation can impose net costs on the broader community by artificially restricting supply. This adds a ‘zoning premium’ to the price paid by home buyers.²⁹

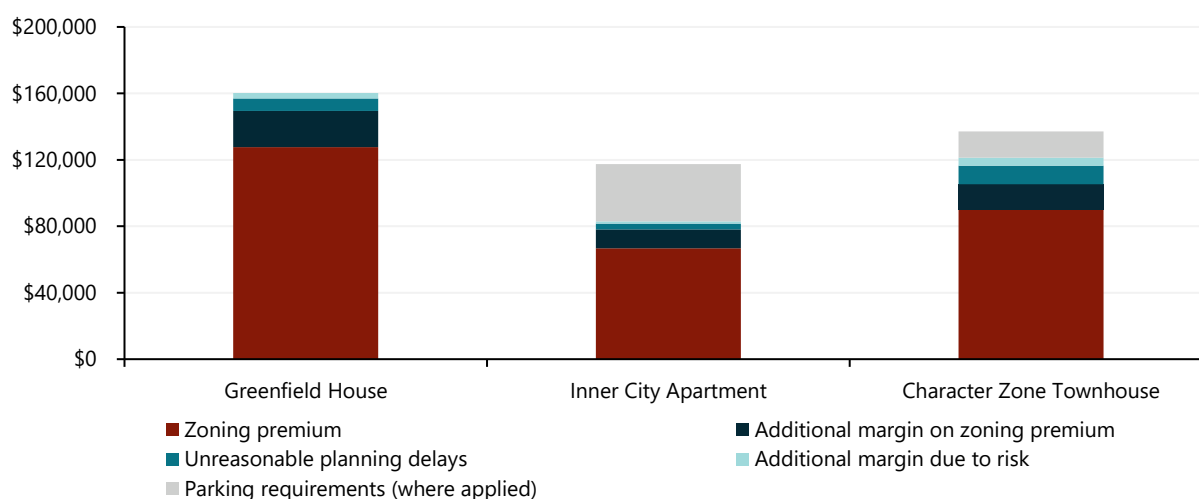
Research engaged by the Commission suggests that planning regulation adds over \$160,000 to the total cost of a detached house on the urban fringe of Brisbane. For apartments and townhouses the costs were also significant, at up to \$117,000 and \$137,000. Most of the costs were from the zoning premium (Figure C.2). Although these estimates relate to housing costs in Brisbane, it is likely that high-level findings (such as the relatively large cost of planning regulation) apply across Queensland’s urban areas.

²⁹ Kendall & Tulip (2018) estimated that, in 2016, zoning premiums increased Brisbane house prices by \$159,000 (an increase of 42 per cent relative to the cost of providing the dwelling) and increased apartment prices by \$110,000 (a 26 per cent increase relative to the cost of providing the dwelling).

Box C.1 shows stylistically how zoning premiums arise and how they can impact housing markets.

Figure C.2 Most of the costs from planning are estimated to be from zoning premiums

Estimated costs from planning regulation for three types of development in Brisbane



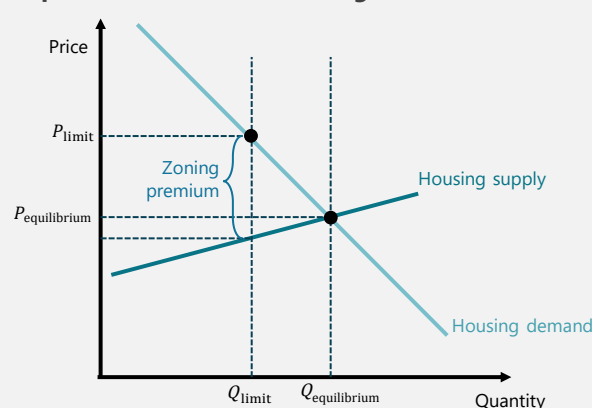
Note: These estimates do not account for any benefits that might be provided from planning regulation. Parking minimums are only applied in certain areas and so may not impact all construction projects.

Source: CIE 2025.

Box C.1 Stylised effect of zoning restrictions on housing availability and affordability

While planning requirements are often necessary to achieve other policy outcomes (see above), they inherently limit the quantity of available housing. For a given level of demand, this has the effect of increasing prices. This can be visualised in a simplistic supply-demand diagram — by introducing a limit of housing supply below the market equilibrium, the market price rises (to P_{limit}). The difference between the price of housing and the cost of the housing supply represents the zoning premium.

Figure C.3 Stylised development market with binding constraint



Source: Adapted from CIE 2025.

Underpinning these costs is a complex planning system. For example:

Queensland has 77 local government areas, each with its own bespoke planning scheme provisions ... Many planning schemes are also out of date, with limited compliance with the requirement that they be reviewed within ten years of adoption. Across councils, schemes vary widely in structure, format, and provisions, creating unnecessary complexity, higher costs, and inefficiencies for councils, businesses, and communities. (UDIA, sub. IR96, p. 16)

IAQ [Infrastructure Association of Queensland] members have found the complex regulatory environment, including slow approval processes and regulatory bodies lacking expertise across regulations, creates considerable challenges for the timely and efficient delivery of infrastructure and housing projects. (Infrastructure Association of Queensland, sub. IR99, p. 5)

Complex land use regulations can also inadvertently affect a developer's decision to build, and the types of buildings built. For example, developers in Queensland may avoid discretionary approval pathways due to approval delays and the uncertainty of the development assessment process (Gallagher et al. 2025). Avoiding such pathways can favour the construction of detached, single-family houses and constrain the delivery of housing types such as apartments and townhouses. This can result in cases where developments with clear public benefit are left unbuilt.

Further, because the outcome of a regulatory process may be unknown before business decisions, additional uncertainty, risk and delay add to costs. For example, developers may add a 'risk premium' to the dwellings that they construct to mitigate risks across their project portfolio.

The need to improve Queensland's planning system

When the cost of land use regulation is assessed against its objectives, there are clear opportunities to improve the planning system. In terms of this inquiry, there are two rationales for change:

- There is clear need to improve housing construction productivity (see Chapter 2). Reform of the planning system (and its interaction with related systems) can improve the efficiency with which it achieves its objectives over the long term. There is emerging literature that suggests reform of land use regulation can significantly improve the productivity of the residential construction industry (see D'Amico et al. 2023; Maltman 2025b). Several recent Australian papers have linked land use regulations and construction productivity (CEDA 2025a; PC 2025b) however the empirical evidence remains limited.
- The terms of reference direct the Commission to give consideration to housing affordability. There is strong empirical evidence that restrictive planning can reduce housing supply and that more housing improves affordability (see Asquith et al. 2019; Bratu et al. 2023; also see Box C.1). Policy experiences in other jurisdictions also provide useful evidence of the impacts of land use regulations on housing supply and affordability. For example, Gurran and Phibbs (2016) argue previous reforms, mostly in NSW, successfully increased the responsiveness of supply to changes in demand.

More generally, improved land use planning could result in:

- better alignment with community expectations — while the planning system provides an opportunity for stakeholder participation during the development of local plans and appeals against some developments, in practice, consultation may not be representative of the broad community
- delivery of the same outcomes at lower cost — housing affordability has declined, and it is increasingly difficult for people to find suitable homes close to work, transport and amenities. Improving productivity through streamlined approval processes can reduce the negative impact of planning on productivity
- reduction of negative outcomes from development — most development in South East Queensland is on the urban fringe, imposing additional infrastructure and environmental costs, such as higher transport emissions and habitat loss.

While the Queensland Government, along with other Australian governments, has embarked on some reform (Box C.2), more is needed to deliver the housing outcomes desired by the community.

Box C.2 Recent housing policies in Australia and Queensland

In 2022, Australian, state, territory and local governments, institutional investors and the construction industry agreed to a National Housing Accord (the Accord). Through the Accord, National Cabinet committed to delivering 1.2 million well-located homes over five years from mid-2024, supported by \$3.5 billion in Australian Government funding for state-level targets. National Cabinet also endorsed a National Planning Reform Blueprint with opportunities to reform zoning, land release, density, approval processes, planning staff resourcing and consultation.

Planning regulation changes in 2022 also allowed any person to live in a secondary premise (previously restricted to family members), provided certainty for social and affordable housing projects and introduced new approval requirements for detached housing in medium and high-density zones.

In 2024, the Queensland Government released the 'Homes for Queenslanders' plan, initially targeting one million new homes by 2046 (later revised to 2044). Key reforms included the *Housing Availability and Affordability Act 2024*, granting the Planning Minister powers to acquire land or create easements for critical infrastructure, and included a state assessment pathway for affordable housing. Revised housing targets in regional plans were implemented to encourage greater density and diversity, with the Incentivise Infill Fund providing \$350 million to support increased density in established areas. Following this, in 2025, the Queensland Government announced the \$2 billion Residential Activation Fund to fast track the development of essential infrastructure to unlock new homes across Queensland.

Sources: Australian Government n.d.; Crisafulli 2025.

Overall, the system of land use regulation in Queensland is complex, and it is beyond the scope of this inquiry to review every element of the system. Instead, the Commission focused on areas where the evidence, including stakeholder feedback, suggests there is potential for large gains to construction productivity and benefits to the broader community. These focus areas are discussed in the remainder of this part and are outlined below.

- **Design of planning regulation** — Queensland's land use regulation can be complex, restrictive, inconsistent across local governments, and inconsistent between regulatory instruments. This can result in additional costs and reduced efficiency.
- **Planning approval processes** — Planning approval processes can cause long delays in construction, detracting from construction productivity. Moreover, there is little accountability for regulator performance, particularly at the local government level.
- **Zoning and land supply** — Zoning regulation restricts the development of greenfield sites and availability of land for higher density dwellings. This impedes economies of scale in construction and more intensive use of infrastructure.
- **Incentivising change** — People have incentives to oppose development locally and the trade-offs involved in development and the planning system are not always well understood in the community. To achieve other reforms a case for better planning policy needs to be built.

While several stakeholders raised concerns about environmental approvals, these are only briefly addressed. This is largely because the Australian Government administers environmental regulation under the *Environmental Protection and Biodiversity Conservation Act 1999*, which is currently being reviewed (McIlroy & Commins 2025). As such, options for the Queensland Government to enact reform are limited.



8.0

Design of planning regulation

8.1 The interface between planning and building regulation

Queensland's planning system fulfils important functions; however, evidence suggests that there are opportunities to improve its effectiveness, efficiency and equitability by:

- addressing interface issues between planning and building regulation
- reducing unnecessary requirements, complexity and inconsistency across Queensland's planning system.

As planning regulation determines how land is used, it also affects the nature of buildings constructed on that land. This gives rise to a conceptual tension between building and planning regulation. For example, the Explanatory Notes to the Planning Bill 2015 (p. 209) describe the historical use of planning schemes to regulate building work:

Planning schemes have in the past often characterised development that is in fact only building work as a material change of use, either in error, or in the expectation that this allows for the regulation of an aspect of building work that is in fact regulated under the building assessment provisions, so is unavailable to the local government to regulate independently.

Queensland's current planning and building regulatory regimes primarily seek to resolve this tension by deeming provisions about 'building work' in a local planning instrument ineffective where they overlap with regulations under the building assessment provisions, unless allowed under the *Building Act 1975* (Planning Act, s 8). In turn, the *Building Act and Building Regulation 2021* allow local laws, planning instruments, and local government resolutions to form part of the building assessment provisions in relation to design and siting standards for detached housing, and to designate areas prone to bush fire or flooding (Building Act ss. 31–33; Building Regulation ss. 5–8).

This allows local planning schemes to determine performance criteria and acceptable solutions for design and siting requirements for detached housing that relate to:

- building height, such that it does not unduly overshadow adjoining houses or obstruct the outlook from adjoining lots
- building siting such that it provides adequate visual privacy for neighbours
- the size and location of structures on corner sites such that they provide adequate sight lines
- sufficiency of space for car parking necessary to satisfy the projected needs of residents and visitors
- requirements related to outdoor living space in respect of lots under 450m² (see Building Regulation, s. 6; QDC part 1.1; QDC part 1.2).

The relevant parts of the Queensland Development Code (QDC), described above, are likely to be replaced by the Queensland Housing Code (QHC) currently under development. It is assumed that, in the absence of any other reform, the existing legislative structure will be retained. The Commission has therefore focused its discussion on the underlying relationship between planning and building regulation, rather than the specific requirements contained in the QDC and planning schemes.

Addressing inconsistency in design and siting requirements for detached housing

The ability of local councils to impose varied building and siting requirements for detached housing creates inconsistency and complexity for new development (Erin Dunn, sub. 64, p. 2; Ain Kuru, sub. IR16, p. 2; PCA, sub. IR97, p. 7). This contributes to increased costs and longer timeframes, impedes innovation, and weighs on productivity.

This ability to create local government housing provisions becomes complicated for the entire construction sector, where they are not experienced with the specific nuances with that area. The outcome of this is:

- a burden on those in the design team in understanding site constraints, modifying building plans, and back and forth with non-compliances that were missed initially.*
- a burden on certification teams to understand site constraints and required approvals for non-compliances, back and forth with local governments about local processes in development pathways for identified non-compliances, back and forth with design teams to remedy any breaches. (Project BA, sub. 48, p. 4)*

As noted by UDIA (sub. IR96, p. 11), the scale of these impacts is significant:

Around 25 percent of applications decided (1,000 applications per quarter) by Queensland LGAs are building works made assessable under the planning scheme. That means that these applications cannot be dealt with under the QDC alone. The approach on these types of applications varies by local government.

In principle, differences in building requirements between local governments may be warranted if externalities or the need for consumer protection differ across regions — for example, due to climatic differences such as the frequency and intensity of cyclones (Brisbane City Council, sub. IR26, app. A, p. 3; Ipswich City Council, sub. IR23, p. 4; Bundaberg Regional Council, sub. IR70, p. 1; Gladstone Regional Council, sub. IR54, p. 1).

It should be noted that, in a state as diverse as Queensland, a 'one-size-fits-all approach' is inappropriate and cannot consider diverse local conditions which require variations for neighbourhood design, character, amenity, and specific hazards like flood and urban heat. (Local Government Association of Queensland (LGAQ), sub. IR53, att. 1, p. 3)

Brisbane City Council also submitted that requirements in local planning schemes could be less restrictive than those in the QDC or the proposed QHC.

An example of a variation in development provisions for Brisbane is building height of dwellings houses and secondary dwellings. The current draft QHC proposes a maximum building height of 8.5 m. Brisbane has a building height of 9.5 m which is more suitable as it allows for buildings to be designed for flood resilience, topography and also the pitch of traditional character housing roof. Restricting or removal of variations for local matters in relation to the housing provisions will result in more restrictive regulation, poorer building designs and may not reflect local conditions. (Brisbane City Council, sub. IR26, app. A, p. 4).

While some variations may reduce restrictiveness and provide net benefits, some stakeholders questioned whether many variations did genuinely give rise to additional benefits:

The suggestion by some stakeholders that planning schemes need to vary the NCC or QDC for climatic reasons is incorrect, as the NCC already addresses this through eight (8) different climate zones and mandatory energy assessments at building approval stage. In fact, the NatHERS assessment tool divides Australia into 69 separate climate zones. (HIA, sub. IR85, p. 3)

Most of the identified requirements in [the selected] council codes relate to unique design and siting provisions for houses and not to climate, hazards, or safety concerns. These variations are increasingly evident in new schemes, as demonstrated by the draft Sunshine Coast Planning scheme, which is currently open for public consultation, prior to final adoption. (UDIA, sub. IR96, p. 11)

The Housing Industry Association (HIA) further submitted that the requirements specified under planning schemes sometimes contradicted the objectives of the NCC — for example, by requiring dark coloured roofs in contrast to the NCC requirements to seek lighter cooler roofs to limit solar absorptance (HIA, sub. IR85, app. 1, p. 3).

The Department of State Development, Infrastructure and Planning (DSDIP) also applies its own detached housing codes in Priority Development Areas (PDAs), and the draft QHC explicitly exempts such areas (Queensland Government 2025m, para. 5.4(a)). As with local government planning schemes, stakeholders were critical of the ability to vary the development code in PDAs (for example, Ain Kuru, sub. IR16, p. 7), with HIA (sub. IR85, p. 5) noting that the inapplicability of the QHC to priority development areas as a 'shortfall' of the new QHC.

Differing views on reform

A potential option favoured by industry stakeholders to address these costs was the introduction of a state-wide detached housing code (HIA, sub. IR85, pp. 3–4; Master Builders Queensland, sub. 43, p. 16; UDIA, sub. IR96, p. 16; Ain Kuru, sub. IR16, p. 7). Several of those stakeholders also noted that NSW, Victoria, Western Australia, and South Australia all already utilise state-wide mandatory detached housing codes in some form³⁰ (Ain Kuru, sub. IR16, p. 7; HIA, sub. IR85, app. 1, p. 7; Department of Planning, Lands and Heritage (WA) 2024; Department of Transport and Planning (Vic) 2025a; NSW Government 2025f; State Planning Commission (SA) & Department for Trade and Investment (SA) 2024).

Conversely, standardisation in this manner was strongly opposed by local governments (for example, Brisbane City Council, sub. IR26, app. A, p. 3; LGAQ, sub. IR53, att. 1, p. 2; Ipswich City Council, sub. IR23, p. 4) and the Planning Institute Australia (PIA) (sub. IR29, p. 16). Local governments and industry also disagreed on the impacts of reducing variation — for example, HIA (sub. IR85, app. 2, p. 3) argued variation in planning requirements contributes to 'some homeowners and developers [adopting] conservative approaches to housing design, stifling innovation and market responsiveness', while the LGAQ (sub. IR53, att. 1, p. 3) argued that 'broad standardisation could stifle innovation, promote uniformity at the expense of unique local contexts, and lead to mediocrity'.

PIA (sub. IR29, p. 15) argued that the need to vary design and siting requirements in the QDC arose due to deficiencies in the QDC itself:

The QDC has not been comprehensively reviewed or updated in over 10 years and therefore has not kept pace with evolving design and community expectations. In many cases, local planning schemes already vary the QDC to achieve more suitable development outcomes, such as increasing site cover, building heights, or reducing car parking rates.

Relatedly, a stated reason for updating the QDC with the introduction of the QHC is to 'reduce, and potentially remove, the need to vary the QDC' (DHPW 2025d). Other stakeholders, however, did not agree that the currently proposed QHC would lead to greater standardisation:

In relation to detached housing, the industry has been advised by the government that the Queensland Housing Code will not be mandatory, allowing each council to create their own dwelling house codes. This completely removes any benefit of developing the code in the first place and simply repeats the current situation with QDC MP1.1 and MP1.2, not resulting in genuine benefits in productivity. (HIA, sub. IR85, app. 1, p. 6)

The above submissions suggest that variations in design and siting requirements for detached housing can contribute to uncertainty, cost and delay, but that there can be at least in principle, potential benefits in variation of requirements.

Variations should be required to demonstrate net benefit

There appears to be a strong case to introduce a state-wide detached housing code. However, the ability of councils to introduce design and siting requirements that manage locality specific factors, or that reduce the regulatory burden on new development, is desirable where those variations genuinely result in improved outcomes for the Queensland community.

³⁰ For example, Victoria's only applies to lots under 300m² (Department of Transport and Planning (Vic) 2025a). In Western Australia, a local government may adopt a local development plan that amends, replaces or augments state-wide deemed-to-comply provisions in specific circumstances (Department of Planning, Lands and Heritage (WA) 2024).

To ensure that variations from the QDC deliver genuine benefits to the community in practice, the Queensland Government should introduce a requirement that variations from the QDC in local government planning schemes and in PDAs are permissible only if net benefits to the community can be demonstrated. This requirement should be communicated to local governments and relevant Queensland Government agencies and should be supported by specific guidance on best practice approaches.

In responding to the interim recommendation that variations from the QDC require a demonstration of net benefits to the community, some stakeholders noted that there may be difficulties associated with ascertaining the reference 'community' against which costs and benefits should be assessed.

Demonstrated net benefits to the community may not be the relevant measure. This can raise the question of which community and when (now or future focused)? Rather, the State Planning Policies should be sufficiently robust that on balance the introduction of new building matters will collectively achieve the State interests. (Ipswich City Council, sub. IR23, p. 4)

Importantly, many variations to the QDC are often intended to address site-specific circumstances such as topography or flooding. In these cases, the focus is on localised benefits, and it may be less relevant to prioritise broader community benefits in every instance. (Brisbane City Council, sub. IR26, app. A, p. 4)

Consistent with general cost–benefit principles (see, for example, DSDILGP 2021a; Queensland Treasury 2023) the referenced community should incorporate the Queensland public at large, including those in other local government areas. Similarly, the interest of both present and future communities can be adequately accounted for through the application of standard cost–benefit analysis processes.³¹

Some stakeholders suggested that cost–benefit analysis and State Interest Review Process are equivalent. For example, the LGAQ (sub. IR53, p. 3) submitted that:

... the QPC also suggests that a 'formal regulatory assessment' should be introduced to assess 'net benefits' before councils are permitted to vary the Queensland Development Code. The QPC should be aware that this is already standard practice in Queensland's planning system - known as the State Interest Review Process.

A variation to the QDC that satisfies the State Interest Review Process is one that satisfies the articulated elements of the State Planning Policy 2017. However, satisfaction of the State Interest Review is not equivalent to demonstrating net community benefits within a best practice cost–benefit framework:

- A cost–benefit analysis involves assessing the impacts on community welfare, that is, how different groups are made better or worse off due to a policy. It involves quantifying and aggregating these impacts insofar as possible, qualitatively assessing unquantifiable impacts, and explicitly acknowledging or testing any uncertainty or assumptions used (see, for example, DSDILGP 2021a).
- The State Interest Review process requires a plan to satisfy the criteria in the State Planning Policy 2017. While considerations relevant to this process are likely to overlap with elements of a cost–benefit analysis, there is no requirement for any explicit or robust quantification of the impacts on community welfare (Queensland Government 2017).

As such, for the purposes of clarity, the recommended requirement of demonstrating net benefit to the Queensland community would be *in addition to* any existing requirements in planning legislation, regulation or policy.

³¹ See Chapter 3 Regulatory Framework.

Even where planning requirements that vary the requirements in the QDC demonstrate net benefits, there is likely to be value in ensuring that compliance costs of accessing these requirements — including across different planning schemes — are as small as possible. PIA (sub. IR29, p. 16), for example, suggested that where local government variations to building regulation are justifiable, they should be ‘done in the most transparent way’, and that the relevant Department should maintain a central publicly available database that details which local governments have approved variations. There is clear merit in such an approach, and the Queensland Government should consider developing such a register to improve clarity and certainty for industry.

Further, where variations in local planning schemes are ostensibly justified by creating net benefits for the community, the underlying analysis supporting that conclusion should be published to ensure it is transparent and subject to public scrutiny.

Options to further utilise standard codes

The above reform is intended to remove variations in detached siting and design requirements which impose net costs on the community. Such a change must be complemented by ensuring underlying QDC and QHC requirements are fit for purpose and up to date. If the requirements in the QHC do not meet those conditions, local planning schemes will be able to justify variations as delivering net benefits to the community.

Beyond ensuring the QHC is fit-for-purpose and up to date, there are other opportunities to utilise both the QHC and other standard codes to promote productivity in dwelling construction.

Provision for secondary dwellings in the QHC

Several stakeholders noted that the QHC could include provisions for secondary dwellings (Master Builders Queensland, sub. 43, p. 16; HIA, sub. IR85, p. 6), that inconsistency between building requirements for secondary dwellings were a source of complexity and cost (Saltair Modular, sub. IR69, p. 2), and that the current regulatory regime for construction of a dwelling house and secondary dwelling is ‘overly technical and complex’ (Queensland Law Society, sub. 63, p. 4).

The draft QHC does not apply to secondary dwellings (DHPW 2025d, para. 5.3). The inclusion of provisions for secondary dwellings in the QHC could provide for consistency in design and siting requirements across Queensland while allowing local plans to derogate when net benefits to the community can be demonstrated.

The Queensland Government previously released a draft secondary dwelling code as part of the proposed Distinctly Queensland Design Series (DHLGPPW 2024) and stakeholders were broadly supportive of the intent of such a code (see, for example HIA 2024c; LGAQ et al. 2024). Other jurisdictions have already developed similar provisions:

- The Victorian Government exempts small secondary dwellings from requiring a planning permit in most residential and rural zones if specified requirements are met. It has also removed the need for a planning permit for a single dwelling on a lot of 300 square metres or more (Department of Transport and Planning (Vic) 2025b).
- The NSW government exempts secondary dwellings from planning approvals in residential zones if they meet specified building requirements (NSW Government 2025e).
- The Western Australian government exempts ancillary dwellings from planning approval if they meet relevant deemed-to-comply requirements in the Residential Design Codes (Department of Planning, Lands and Heritage (WA) 2024).

Ensuring the QHC adequately countenances small lot development

The Queensland Government should ensure the QHC appropriately countenances housing development on small lots. Some stakeholders noted that the effect of some small lot requirements in local planning schemes had the practical effect of inhibiting or complicating development (UDIA, sub. IR96, p. 11; HIA, sub. IR85, app. 1, p. 4). The Property Council of Australia (PCA, sub. IR97, p. 7) similarly noted that ‘it is critical that the Queensland Development Code is improved and made fit for purpose, particularly in how it addresses small lot housing’.

While the Commission has not received specific evidence of challenges with the QHC as currently drafted, ensuring small lot development is viable is likely to be essential to meeting Queensland's housing needs. As such, the Queensland Government should explicitly consider, and be satisfied, the introduction of the QHC appropriately supports development on small lots. As above, ensuring that small lot development is appropriately incorporated into the QHC is complementary to the adoption of Recommendation 21 as it reduces the need to vary design and siting requirements.

Using standard codes to promote gentle density

Beyond the QHC, there may be further opportunities to use codes more broadly to facilitate development in the interests of the Queensland community. In particular, the Queensland Government should consider options to establish or promulgate consistent codes or pathways to promote 'gentle density', including smaller townhouses and apartment buildings.

Several industry stakeholders advocated for the adoption of a 'gentle density' code (HIA, sub. IR85, p. 6; Master Builders Queensland, sub. 43, p. 16). Stakeholders also identified processes available under the NSW Housing Pattern Book — which provide fast-tracked planning pathways for infill in areas with low- and mid-rise housing types — would be desirable (UDIA, sub. IR96, p. 42; HIA, sub. IR85, p. 6). These options could also be pursued as part of any further development of the Distinctly Queensland Design Series.

In developing any codes, designs, or processes of this type, the Queensland Government should consider flexibility to take into account differences in regions, climates and communities. Any such instruments should similarly be developed in consultation with local governments, industry, and the Office of the Queensland Government Architect.

Resolving broader inconsistency between planning and building legislation

Despite the intended delineation of planning and building regulation, a broad range of stakeholders noted that there are a range of significant interface issues between them. Beyond the design and siting requirements noted above, stakeholders identified issues across primary legislation and subordinate instruments.

The interface between Queensland's planning and building frameworks is a source of delay and confusion, contributing to inefficiencies and uncertainty that ultimately affect housing delivery and construction productivity. (PIA, sub. 13, p. 3)

There is no definitive delineation between the matters regulated under the Planning Act 2016 and the Building Act 1975, which has resulted in duplication and, in some cases, conflicting requirements. This can create legal and practical impossibilities for proponents and assessment managers seeking to comply with both regimes ... Critical terms such as "building work" are defined differently across the two frameworks, creating interpretive uncertainty. The absence of a conflict resolution hierarchy between the Acts further exacerbates this issue. (Master Builders Queensland, sub. 43, p. 22)

The Queensland Law Society (sub. 63, p. 5) similarly referred to inconsistent terminology across the Planning Act, the Building Act, the QDC and the NCC. Several stakeholders also identified issues around the relationship between 'building work' and a 'material change of use':

- Project BA (sub. IR103, p. 3) argued that characterisation of 'certain aspects of building work' as 'material change of use' was allowing local governments to categorise the development.
- Ain Kuru (sub. IR16, p. 5) noted that '[d]espite the Planning Act, accepted planning practice is to classify the design and siting of a house as a *material change of use*' creating considerable uncertainty for development.

- Brisbane City Council (sub. IR26, att. A, p. 5) argued that 2022 amendments to the Planning Regulation 'now prevent a local planning scheme from making a material change of use for a new dwelling house, secondary dwelling, or rooming accommodation assessable (in certain circumstances)' leading to complex and duplicative building and planning process.

The complex and ambiguous interface between the two acts, including key terms, leads to confusion and disagreement about their interpretation and application:

... the intricate interplay between the two Acts can inadvertently lead to non-compliance. Applicants may unknowingly continue without fulfilling all necessary requirements, particularly when the responsibilities of assessment managers and referral agencies are not clearly communicated. This scenario underscores the need for a more streamlined and transparent assessment process.

If professionals, building certifiers, planners, and local governments frequently struggle to align and interpret requirements, it is unreasonable to expect the general public to understand when approval is needed. (Erin Dunn, sub. 64, p. 2)

There are a significant number of 'grey' areas in both planning and building legislation which are applied by councils, planning consultants and building certifiers differently. (HIA, sub. 32, p. 7)

Statutory building surveying roles are made more complex by requiring that all necessary planning applications are obtained and consistent with the proposed building works. The Legislation seeks to separate jurisdiction between building and planning matters through Planning Act Section 8. However, planning and building have vastly different requirements, and it can be said that the national decline of building regulatory systems is in part due to State and Territory decisions to place regulatory control with planning departments. (Australian Institute of Building Surveyors, sub. 49, pp. 6–7)

In general, stakeholders noted that these issues created significant confusion, delay and cost. For example:

Planning matters are addressed in isolation, with no regard for building compliance issues. By the time the proposal reaches a Building Certifier for assessment under the Building Act, substantial investment may already have been made in architectural design, engineering, and surveying—only to discover fundamental non-compliances, such as insufficient fire separation due to boundary proximity or inadequate stormwater management stemming from incompatible roof drainage design. These disconnects highlight the inefficiencies and risks caused by complex assessment pathways. (Erin Dunn, sub. 64, pp. 1–2)

Members are reporting that they are utilising 80% of their time during the construction authorisation assessment stage in resolving planning matters, leaving limited time to carry out their key role in assessing building design compliance. This leads to decisions conditioning compliance, and leaving it up to trades to sort out how compliance is to be achieved during construction, rather than it being demonstrated in the design phase. (Australian Institute of Building Surveyors sub. 49, p. 7)

These issues are legally complex and will likely require legislative changes to resolve. These issues are also longstanding, having persisted from previous iterations of planning legislation (PIA, sub. IR29, p. 15), and stakeholders indicated that these will not be resolved by the introduction of the QHC.

Importantly, the recent release of the draft Queensland housing code (QHC) does not resolve the tension between planning and building frameworks in Queensland. As we previously advised, our view is that the relationship between Queensland's Planning Act 2016 and Building Act 1975 is insufficiently integrated, resulting in inefficiency, regulatory overlap, confusion, and in some cases, direct conflict. (PIA, sub. IR29, p. 11)

Council notes the inconsistencies between planning and building legislation continue with the release of the draft QHC. The draft QHC introduces new and different definitions for terms which are already defined in the Planning Act, resulting in additional confusion for local governments and the development industry. (Brisbane City Council, sub. IR26, app. A, p. 4)

Identifying the most effective and efficient options to ensure planning matters are regulated by planning regulations and building matters are regulated by building regulations and that the two regulatory systems are consistent and do not overlap will require a review of the Planning Act, Building Act, and their subordinate legislation and instruments. Such a review was strongly supported by a broad range of stakeholders across planning, local government and industry (PIA, sub. IR29, p. 13; Brisbane City Council, sub. IR26, p. 1; Australian Institute of Builder Surveyors, sub. IR52, p. 16; LGAQ, sub. IR53, att. 1, pp. 4–5; UDIA, sub. IR96, p. 5; Queensland Small Business Commissioner, sub. IR87, p. 10; Queensland Law Society, sub. 63, p. 5; Australian Institute of Architects, sub. IR21, p. 11; Ain Kuru, sub. IR16, p. 1; City of Ipswich, sub. IR23, att. 1, p. 1; HIA, sub. IR85, p. 2; Bundaberg Regional Council, sub. IR70, p. 1; Master Builders Queensland, sub. IR73, p. 13).

This review should make recommendations to:

- resolve inconsistencies and hierarchy between the acts
- ensure the use of consistent terminology across them
- address any ambiguities in the definitions of development, building work and material change or use
- promote consistency of processes under the two Acts.

This should involve considering the fundamental issue of whether the current practice of regulating building through the Planning Act should continue.

Consistent with best practice regulatory principles, that review should be led by an individual with appropriate expertise in planning regulation, building regulation and building processes, and should develop options in consultation with relevant industry, community and government stakeholders. The review should also be completed by the end of 2026 and should not adversely impact other planning or building reforms underway.

Lastly, the adoption of this recommendation will require legislative change as noted by Project BA (sub. IR103, p. 1). In conducting the review, specific legislative options to enable the integration of recommendations 21 and 22 into legislation should be identified.

8.2 Improving use of zoning and overlays

As discussed above, the use of zoning and overlays to regulate land use can achieve important objectives and positive outcomes for the broader community. However, the available evidence indicates that both the substantial requirements, and complexity in the implementation of zoning and overlays, impose significant costs.

Some requirements are likely to impose costs that exceed their benefits

Unlike state regulations, requirements introduced in local government planning schemes are not required to undergo an impact assessment process to consider the benefits and costs for a range of options and expose the analysis to public scrutiny. As a result, it is difficult to assess the efficacy of requirements in local planning schemes.

Stakeholders pointed to a wide variety of restrictions introduced into local planning schemes. For example:

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. In fact, character restrictions apply to nearly 13% of all of Brisbane's residential zoned land, and the majority of residential lots in the highly desirable neighbourhoods within 5 kilometres of the CBD.

Combined with Brisbane City Council's reactionary 2017 "townhouse ban", Council's decisions have put a squeeze on innovative mid-sized firms who would in a functioning market be developing luxury mid-rise apartments in highly-desirable areas. (Greater Brisbane, sub. 11, p. 2)

Local governments should not create blanket overlays to capture majority of (or every) site for the regulation of certain aspects of development. For example, the Brisbane City Council's Dwelling house character overlay, Sunshine Coast Regional Council's Height of buildings and structures overlay. In both these examples, the overlays were created to circumnavigate legislative provisions intended to simplify or cut red tape. (Project BA, sub. 48, p. 16)

Apart from stakeholder views, there is evidence to suggest that many additional regulatory requirements in local planning schemes and PDAs are problematic.

- **Minimum parking regulations** can impose unnecessary costs on households. Recent research surveying apartment residents in Sydney, Melbourne and Perth found parking is often misallocated, with around 20 per cent of apartments oversupplied and 14 per cent undersupplied (De Gruyter et al. 2023). As each parking space is worth up to \$100,000, the price of unused parking was estimated to cost residents more than \$6 billion (Zheng 2023). De Gruyter et al. (2023) noted this was an inefficient use of space and exacerbated housing affordability issues.
- While **heritage regulations** are important to protect buildings of historic and cultural significance, they can be complex and legalistic and provide an inefficient mechanism to protect heritage values. Because private owners typically do not capture the wider community benefits of conservation, this typically creates disincentives for owners to fully maintain heritage properties, with many falling into disrepair (PC 2006). Protections can also risk workplace health and safety and broader public health, by delaying or impeding maintenance and repair and preventing the timely removal of derelict buildings and hazardous materials.
- **Character zoning** is only used by a few councils (including Brisbane and Ipswich) and requires the retention of pre-1947 homes, and imposes a range of other conditions, including limiting development to two storeys, requirements that additional buildings must be behind or beside an existing dwelling and limited to no more than one dwelling per 300m² and must reflect the existing character of the area (BCC 2025b). While these requirements may have benefits, they impose significant additional costs including by excluding low- and middle- income households from accessing housing in affected neighbourhoods (Gallagher et al. 2023).
- **Mandatory inclusionary zoning** requires developers to include a proportion of properties in a development that are below market rate. The Australian Productivity Commission (2022) found that mandatory inclusionary zoning can add additional costs, potentially reducing supply and worsening affordability.
- **Height and other density restrictions** that attempt to maintain community character can result in a significant loss of greenspace and a net loss of community amenity. Research has found planning restrictions designed to protect Brisbane's backyard and character have not prevented a loss of greenspace (Gallagher et al. 2020a) or preserved heritage buildings (Gallagher et al. 2023) but may have encouraged urban sprawl (Gallagher et al. 2020b) and stopped new housing development.

While not all of the above are exclusively managed through zoning and overlays requirements, each are at least analogous to requirements in Queensland's local planning instruments or PDAs. For example, regulatory requirements relating to 'heritage' for structures located in Brisbane exist under the *Queensland Heritage Act 1992* and the Brisbane City Plan heritage overlay (see BCC 2025a s. 8.2.12).

The use of zoning and overlays in plans is complex and inconsistent

Numerous stakeholders referred to the complexity and inconsistency of planning material between local governments. For example:

Currently, there is very little consistency across planning schemes and their provisions are often difficult to interpret and apply. (Queensland Law Society, sub. 63, p. 5)

Planning schemes include housing standards in zoning codes, housing codes, local area codes and overlay provisions. Planning schemes are enormous documents overcrowded with planning acronyms and legalese, and even practiced professionals argue about how they should be interpreted. (Ain Kuru, sub. IR16, p. 3)

It simply isn't possible to be up with all the nuances of each Planning scheme, amendments and Temporary Local Planning Instruments, so I often have to contact Council with a query. (Liz Woollard, comment 7)

Under the Planning Regulation, zones in local government schemes must draw from a prescribed list defined by their 'purpose statements'. For example, the purpose of the 'medium density residential zone' is to provide for 'medium density multiple dwellings' and 'community uses, and small-scale services, facilities and infrastructure, to support local residents' (Planning Regulation 2017, Sch 2).

Because these 'purpose statements' are formulated in broad language, there is significant variation in the manner in which local planning schemes implement them. HIA (sub. IR85, p. 5), for example, noted that:

A Medium Density Residential Zone under the Sunshine Coast and Gold Coast Planning Schemes can limit maximum building height to 3 storeys.

In Brisbane, a Medium Density Residential Zone typically permits building up to a maximum height of 5 storeys, unless varied by a neighbourhood plan.

There is currently very little certainty associated with the zoning of a property at a particular residential density.

In addition to variation in zoning requirements, there is a proliferation of varied overlays imposed within local government planning schemes:

Often, the pathway towards approval and delivery is made complex by a range of factors including ... [a] myriad of overlays, placed on top of the land earmarked for urban uses (UDIA, sub. IR96, p. 24)

HIA confirms the key issues associated with overlays include ... [a] significant number of overlays and sub-categories, adding to the complexity of assessments which vary in each LGA (HIA, sub. IR85, p. 7)

Unlike zoning, there are no explicit requirements on the form or function of overlays in planning legislation or regulation.³²

Though complexity and inconsistency in zoning and overlays contribute to cost and delay, there is also an in-principle trade-off between *consistency* and *flexibility*. The importance of the latter was highlighted by local government stakeholders (for example, Brisbane City Council, sub. IR26, att. A, p. 4). Further, PIA (sub. IR29, p. 17) noted that:

The fundamental purpose of an overlay is to identify and address specific, unique local features. Overlays are a critical mechanism through which the State Planning Policy (SPP) is applied to the distinct circumstance of a local government area. ... Standardising overlays would undermine the ability of planning schemes to respond to site-specific risks and opportunities, eroding the core principle of a tiered and responsive planning framework.

³² Noting that overlays are subject to the requirements in planning legislation that apply in general.

Varied zoning requirements implemented in PDAs further complicate this, by introducing further variation and inconsistency in land use regulation as applied to new development. For example, Brisbane City Council (sub. IR26, att. 1, p. 9) noted:

Complexity is introduced for community and industry where the Queensland Government declares a Priority development area (PDA) which essentially excises an area or a site from Council's land use and infrastructure planning framework. Efforts involved in developing a bespoke planning scheme and supporting assessment process for PDAs duplicates Council's standard development assessment resourcing, reducing productivity.

Bushfire and flood overlays

Bushfire and flood overlays are common features of local government plans, with clear rationales supporting their inclusion as necessary to manage local hazards and risks.

However, several stakeholders raised concerns about a lack of consistency across the state regarding the designation and implementation of environmental overlays — particularly for flooding and bushfire risk.

There is a growing occurrence of councils introducing strict planning controls based on overlay mapping for bushfire, projected sea level rise and flood hazard areas. This includes provisions preventing subdivision or in some case extending an existing house for an additional bedroom. Overlay mapping is completed on a macro-scale for entire LGAs or in some cases the entire state. As this mapping is created on a broad scale, it can be very inaccurate. There are examples of when these requirements are imposed on partly completed housing estates ...

There is no need for regional issues such as bushfire, flooding and environmental management to have unique requirements in all 77 council planning schemes. (HIA, sub. 32, p. 8)

The Institute also strongly supports the QPC to further investigate actions to resolve conflicting regulatory frameworks that impact on productivity. One clear example of this is planning in bushfire zones. Development productivity is affected by overlapping and sometimes inconsistent application of legislation and guidelines in this area. While the Planning Act is intended to be the principal instrument guiding development in Queensland, working in tandem with the Building Act, uncertainty arises where the hierarchy between these instruments and local laws is not clearly defined.

In practice, this has led to:

- *Variation in how bushfire construction standards (AS3959) are applied, with requirements sometimes extending beyond the scope of the Building Code and creating additional costs or delays.*
- *Differences in approach to vegetation management, where local laws are interpreted as overriding provisions of the Planning Act and Planning Regulation, reducing housing capacity in some rural areas.*
- *State-issued guidelines (e.g., Bushfire Prepared Communities 2017; Integrated Building Work in Planning Provisions 2019) that, while intended to assist, have contributed to differing interpretations across councils.*

These inconsistencies can create delays, increase costs, and reduce certainty for industry, impacting both productivity and housing supply. (Australian Institute of Architects, sub. IR21, p. 10)

Discrepancies exist in how state and local government environmental overlays (e.g., for flooding, bushfire risk) are applied. (Brisbane Residents United & Spring Hill Community Group, sub. IR100, p. 10).

HIA (sub. IR85, p. 7) also noted that adjacent councils in South East Queensland, which share river systems, impose different requirements and assessment triggers in relation to flood overlays. Lastly, some stakeholders noted that bushfire and flood mapping could be incomplete or out-of-date (Ain Kuru, sub. IR16, p. 4; HIA sub. IR85, p. 8).

Options for reform

The evidence available to the Commission indicates that both the substantial zoning and overlay requirements, and the complexity and inconsistency of them, are creating inefficiencies and unnecessary costs for development.

Reform options to zoning and overlays are, however, complex and contentious, and likely require amendments to at least the Planning Act and its subordinate instruments. As such, they will need to be considered through an iterative process in which reforms are developed and tested with stakeholders in a manner consistent with the Queensland Government's Better Regulation Policy.

In developing these options, DSDIP should consider a broad range of possible approaches. At a minimum, it should consider the following:

- removal of character zoning from the Planning Regulation 2017 — as above, the available evidence suggests that the use of character zoning in Queensland imposes costs on the community, including by contributing to worsening housing affordability
- more precisely defining prescribed zones to increase consistency in requirements in zones which are ostensibly for the same purpose
- 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 to ensure they are up-to-date and impose requirements proportionate to hazards
- requiring local governments to draw from a prescribed list of overlays.

Noting many of the same issues around both the consistency of zoning and content of planning schemes are present in PDAs, DSDIP should also investigate options to apply these principles in that context.

The adoption of any of the above will likely be contentious. For example, PIA (sub. IR29, p. 16) submitted that:

PIA strongly opposes any form of standardisation for managing natural hazards, such as bushfire and flood. The State Planning Policy commits the planning sector to a best-practice, risk-based approach to natural hazards, which has been established through the Queensland Flood Commission of Inquiry and the ongoing work of the Queensland Reconstruction Authority and Inspector General Emergency Management.

To ensure that the decision to implement any reform is supported by the strongest possible evidence and genuinely reflects positive outcomes for the community, any proposed changes should be accompanied by appropriate cost–benefit analysis and supported by stakeholder engagement.

8.3 Governance of the planning system

Under the Planning Act, planning schemes:

- are to set out integrated state, regional and local planning and development assessment policies for the local government area (section 4)
- must coordinate and integrate the matters dealt with by the planning scheme, including State and regional aspects of the matters (section 16).

For example, when making local planning schemes, local governments are required to address matters outlined in the State Planning Policy (SPP), such as the state interests, and the relevant regional plan (Queensland Government 2017).

The Queensland Government oversees the administration of the local planning schemes, and the Planning Minister is responsible for approving local planning schemes (DSDIP 2022). The Minister may approve a new or amended planning scheme if the Minister considers the instrument meets the requirements of the Planning Act (outlined above). To help ensure these requirements are reflected in local planning schemes, the state provides a range of guidance, and statutory and regulatory instruments including:

- the Minister's Guidelines and Rules
- Planning Regulation 2017
- the SPP and regional plans, including the 17 state interests.

Stakeholders suggested the integration of the SPP and regional plans into local planning policy was not happening consistently. For example:

While the SEQ Regional Plan identifies a 'missing middle' and assumes that a significant portion of future dwelling growth will be accommodate[d] via alternative housing types or 'gentle density' such as terrace homes, duplexes and townhouses, this necessary outcome is not reflected in local government planning policy. In fact, the reality is the opposite outcome is occurring with a definite aversion to alternative housing types evident in many council planning schemes. (HIA, sub. IR85, app. 1, p. 9)

[Changes to small lot development in a local planning schemes] also illustrate the disconnect apparent between the regional plan's stated outcomes and local planning schemes. The changes, approved by the State Government, are also contradictory to the requirements including in ShapingSEQ in relating to a requirement for net residential densities of 20-30 dwellings/ha. (UDIA, sub. IR96, p. 25)

Such inconsistencies can arise because:

- the SPP does not prioritise one state interest over another. As such, local governments are left to consider which state interests to prioritise and how best to balance their integration in a local planning scheme
- revisions to local planning schemes, state interests and regional plans are not coordinated. This can mean local planning schemes may not always reflect current state interests or versions of regional plans.

In addition, stakeholders noted that local planning schemes may be out of date, despite the requirement that they are reviewed within 10 years of adoption (see Planning Act 2016 s. 25).

Many planning schemes are also out of date, with limited compliance with the requirement that they be reviewed within ten years of adoption. Across councils, schemes vary widely in structure, format, and provisions, creating unnecessary complexity, higher costs, and inefficiencies for councils, businesses, and communities. (UDIA, sub. IR96, p. 16)

This apparent lack of compliance can see a divergence between the current intention of planning instruments at the state and local levels if updates to local planning schemes do not keep pace with updates to the state interests. This can result in slow or inconsistent implementation of state interests, reducing their efficacy.

Key issues with the current system [include] ... Slow and inconsistent implementation of state interests (e.g. State Planning Policy and regional plans): state interests are often applied differently and at different times across councils reducing their effectiveness. ...

There are several productivity benefits of planning standards, and standardised content ... More effective state direction: aligning plan content ensure state interests are implemented consistently, strengthening their intended outcomes. (UDIA, sub. IR96, p. 16)

Reflecting the above, stakeholders suggested government oversight needs to be strengthened in some cases, and that government administration of local government schemes can be slow or ineffective. For example:

HIA is concerned that the State Interest Review process for new planning schemes does not appear to include oversight by any Queensland Government department to prevent unlawful duplication or variation of the QDC or NCC through planning schemes. (HIA, sub. IR85, app. 1, p. 3)

It should be emphasised that previous attempts to bring greater certainty to some planning scheme requirements such as overlays through model codes or non-statutory guidance have been unsuccessful, including the Model Code for Neighbourhood Design and Example Assessment Benchmarks for Bushfire. HIA suggests the Queensland Government has ultimately failed in its role to oversee and regulate planning scheme overlays. (HIA, sub. IR85, p. 7)

Ipswich has recently updated its planning scheme and LGIP [Local Government Infrastructure Plan] on 1 July 2025, a process that took many years, most of which was waiting for State review and approval. This planning scheme is compliant with the current State legislation, which includes an approved LGIP. (Ipswich City Council, sub. IR23, p. 10)

The above commentary suggests that there may be opportunities to improve processes applied by the Queensland Government in managing and overseeing the planning system. To identify whether these potential improvements can be realised, the relevant Queensland Government department should undertake an internal review of its processes to ensure it has sufficient oversight of local plans, including whether they are consistent with the requirements of the Planning and Building Acts.

8.4 Recommendations

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 permissible.

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.



9.0

Approval processes

9.1 Approvals can slow construction

Approvals are key steps in the construction process. Approval processes can reduce construction productivity where they create uncertainty, have high transaction costs, require expensive or unnecessary modifications to building design or cause excessive delays that result in the idling of labour and capital.

There are several types of approvals relevant to this inquiry:

- development approvals within the planning system (the primary focus of this chapter)
- building approvals, obtained for compliance with building regulations
- approvals for utility connections (discussed in Chapter 21 Utility connections)
- environment approvals (briefly discussed below).

There is a range of other approvals (for example for titles), that may impose costs and delays, that are not materially covered in this inquiry.

Approvals are often interrelated; one is required before the next approval can be granted and failure in one approval regime can cascade into delays and failures in another.³³ The Australian Productivity Commission (2025b, p. 4) described the following:

... working through the often-extensive development and construction approval process can mean that the timeline for major housing development projects, such as new housing estates and apartment complexes, can stretch to ten or more years. Often only a small part is time spent building. Even after approvals are granted, delays can continue as projects seek construction certificates and wait for essential infrastructure connections. Because construction is highly sequential, delays and disruptions can create 'cascading failures', which push up costs.

The National Housing Finance and Investment Corporation (2022) also described the development process as often being long and cumbersome.

Industry stakeholders contended the cumulative impact of gaining approvals can make some projects unachievable (Camalee Investments sub. 12, p. 1). Referring to the number of different entities which need to be engaged, and hurdles which need to be jumped, for the development of six townhouses, Camalee Investments (sub. 12, p. 1) described the following:

These are all separate steps that generally require independent approvals before you can proceed to the next step and any one of these steps can bring the whole project to a stop. Some approvals take 3 weeks, some take 6 to 9 months and that's per line item, some can go concurrently but most need one step done before the next can start. They all lead to increased uncertainty in delivering a project in a reasonable timeframe.

Approval processes are more complex for multi-dwelling developments. Developers have asserted that townhouses in Brisbane require more than 30 approvals from council and statutory bodies while houses require three (Ludlow 2023). Townhouse approval processes appear to be more complex than detached houses and take longer. The HIA (sub. 32, p. 5) submitted that:

... in 2014 Brisbane's new planning scheme introduced 22 additional requirements for townhouses and apartments.

³³ As discussed in Chapter 8 above there are also significant interface issues between building and planning regulations which flows through to the associated approvals.

Stakeholders said that timeframes for building and planning approvals are not always adequate and can, at times, conflict with each other. Approvals lapsing due to time limits on statutory timeframes can result in the need to reapply for approvals and further project delays:

The building act prescribes a demolition/removal condition which prescribes that works must substantially commence within 2 months or the application lapses. In many cases, this creates a significant burden in the re-issue of development permits, as other permits such as road traffic permits, after hours works permits, etc are also required, can't be lodged until after a building approval for the works is obtained, and generally take more than 2 months to process, leading the building approval lapsing. (Project BA, sub. 48, p. 18)

Development assessment

Development approval is granted following a development assessment (where required) which evaluates compliance with local planning schemes.

The Organisation for Economic Co-operation and Development (OECD) research estimated that Australia has the most decentralised land use regulatory system across 25 developed countries (Cavalleri et al. 2019, p. 21). Within Australia, Queensland appears to have a relatively more decentralised planning system than other Australian states and territories. Research shows that local authorities tend to be more restrictive than higher level governments and are more responsive to obstructive stakeholders (Glaeser & Gyourko 2018; Hilber & Rober-Nicoud 2013).

There is a lack of publicly available official data on development assessment outcomes. Stakeholders told us that development approval processes were unnecessarily long, cumbersome to navigate, inherently uncertain and lacked accountability. For example, UDIA (sub. IR96, p. 12) noted:

While the Planning Act 2016 offers statutory timeframes for decision making of development applications, members report that over time, the length of time taken to gain approval for a code and impact assessable development has increased. This increase may not always be obvious through reporting, because of the use of 'stop the clock' provisions which ultimately increase the total time of planning assessments. ... Material Change of Use applications take around 100 total days from lodgement to approval versus a typical legislated period of 35 business days, Sunshine Coast Regional Council having increased for this type of application from less than 50 days in 2020 to 129 in the December quarter 2024.

John Tozer (sub. 18, p. 2) provided an example where confusing back and forth approval processes created excessive delays and resulted in significantly higher project costs:

... Council changes its mind yet again and now wants and approves all Council trees being removed from verge and insists on construction of footpath at road level. Which is essentially exactly the same as was approved when subdivision commenced in April 2022, which they refused to allow us to construct for more than two years. Possibly the first time in history a Developer has proposed to save some Council trees but Council has insisted the Developer knocks them all down. ... Delays have cost Owners hundreds of thousands of dollars in extra construction and financing costs as well as approximately an extra \$100,000 each in costs to 2 buyers of Lots, from Builders raising their quotes, by waiting up to 18 months extra for Council to make up its mind about the verge and issue Plan Sealing.

There is also some evidence that local government development assessment decisions are often inconsistent with planning regulation. For example, most (56 per cent) planning matters that proceed to court involve a developer appealing a council refusal (DSDILGP 2021b). Most appeals are successful³⁴, and the development is allowed. The proportion of planning applications that result in appeals varies significantly across councils.³⁵ This suggests that there is significant variation in the approval processes across councils, with many not operating as well as they should.³⁶

The inconsistencies in the interpretation of planning legislation at the local government level can result in significant delays. For example:

Project BA was required to engage in an almost 2 year Court proceeding to confirm and enforce a process that was already prescribed by sections 54(3) and 60(4) of the Planning Act. (Project BA, sub. 48, p. 8)

Even in PDAs, where approvals are supposed to be streamlined, approval processes can be excessively delayed. For example, a 2019 Moreton Bay application for a higher density mixed use development next to a train station on a vacant site faced approval delays because of a state assessment that it would cause traffic issues on a state road, despite council support and approval and being in a PDA. The site now hosts 'a forest of weeds', a dilapidated building and 'unsightly' fencing and neighbours are concerned about vandals (Callinan 2024).

Stakeholders also explained that timeframes can unexpectedly increase for a range of reasons, including complex requirements of infrastructure, unexpected referral processes and lack of upfront understanding of requirements:

The timeframes for design and approval of developments are often also drawn out because of the complexity of technical infrastructure. Those involved in design will make best endeavours to determine what is required and design accordingly, only to find that something has been missed forcing redesign of elements to address deficiencies arising from that process. The processing of applications is also often protracted beyond expected timeframes because of unforeseen referral processes and also because of issues that arise therein which were not anticipated because of the difficulty in understanding what is required up front. (Australian Institute of Building Surveyors, sub. 49, p. 5)

Development approval performance appears to vary. There are some signs of good practice. Some local governments have implemented fast track processes for some types of approvals. For example, Brisbane City Council 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 to identify relevant matters to be addressed to speed up approval processes (Brisbane City Council, sub. IR26, p. 2; Ipswich City Council, sub. IR23, p. 8).

State Assessment and Referral Agency (SARA) provides an end-to-end service for developments that meet a 'state interest' threshold and has a good reputation for state referral services. The PCA (2017, pp. 8, 15) has referred to it as a model for state referral services and the Australian Productivity Commission (2025b, p. 6) recently suggested that it provides a starting point for other states to look to when implementing reforms that establish coordination bodies.

³⁴ 55 per cent of all appealed developments are allowed to proceed and 7 per cent are partially allowed.

³⁵ The proportion of planning applications that result in appeals varies significantly across councils from about 0 per cent in Fraser Coast, Lockyer Valley and Mackay to 4 per cent in Redland and Brisbane and 5 per cent in Noosa

³⁶ A high rate of appeals, with a high rate of success, would imply that local government regulators are not applying or interpreting regulations in line with their intent. It is likely the cost and uncertainty associated with approval processes would discourage many applicants in those councils with high rates of appeals.

However, 'state interest' reviews can also prove a bottleneck to local and state planners approving a project.

In enabling development in PDAs, (Economic Development Queensland) EDQ may assist in facilitating state interest reviews by brokering' solutions between parties. However, where agreement cannot be reached, delays may become problematic. (EDQ, sub. IR105, p. 4)

SARA adopts annual key performance indicators that include the time taken to issue information requests and make assessments. In 2021-22, 79 per cent of customers were satisfied with SARA's overall performance and 75 per cent with the pre-lodgement process (Queensland Government 2022, p. 10).

There are also interstate examples of expedited planning approval processes for major residential developments. An analysis of the average planning approval, presale and construction timeframes for multi-level apartment buildings completed in Melbourne between 2015 and 2023 found that planning approval timeframes for very large apartment buildings were substantially shorter than for medium and large apartment buildings³⁷. These shorter planning approval timeframes meant that, despite longer presale and construction timeframes, very large developments were delivered within roughly six months of medium and large apartment buildings, despite their greater complexity (Dr Andrea Sharam (RMIT) and Dr Lyndall Bryant (QUT), sub. IR107, p. 14).

Similar local government information is generally not publicly available in Queensland. However, the Commission understands that Queensland has the longest statutory timeframes for approval, and many stakeholders provided examples of long delays from extended local government approval timeframes.

Issues are not constrained to the residential market

Stakeholders in non-residential markets also pointed to the barriers, inconsistencies, uncertainties and high costs associated with approval processes.

For example, Cement Concrete & Aggregates Australia states that state and local government planning frameworks are disconnected and unaligned, with local government assessment and appeals processes being highly uncertain and involving long delays. They estimate that current approvals for quarries take between 1 to 14 years and cost between \$800,000 and \$8,000,000:

... over the recent period, six million tonnes of quarry production within KRA's [Key Resource Areas] has been denied with DA assessment processes extending beyond five years and costing Applicants and Councils many millions of dollars. This has resulted in a reduction in confidence from the quarrying industry to invest in new and expanded quarries in Queensland. (Cement Concrete & Aggregates Australia, sub. 5, p. 10)

Infrequent complex approvals for projects also impose high costs on councils. A local council may also not be best placed to assess some projects of state interest, that provide wider benefits but impose costs locally.

Previous reviews have also observed planning problems impeding other industries. For example, inquiries reviewing the retail industry have identified planning processes as impeding competition, including development assessment, approvals and appeals within the process (ACCC 2008, 2025; Harper et al. 2015; PC 2011a).

Stakeholders told us that community projects were also often subject to lengthy and complex approval processes. Government agencies outside of planning told us that local and state government approvals are often difficult to navigate and these costs can be particularly adverse for smaller projects.

Environmental regulations and approvals

Australian, state and local government environmental regulations and approvals are complex and can be duplicative.

³⁷ Buildings with less than four storeys were not captured in the analysis.

Stakeholders raised concerns that the Federal Government imposes duplicative environmental protections, adding red tape costs and significant additional time in the total approval process (Brisbane Residents United & Spring Hill Community Group, sub. IR100, p. 14; HIA, sub. 32, pp. 10–11). The Business Chamber of Queensland (sub. 75, p.2) submitted that 52 per cent of businesses who needed to comply with environmental regulations reported high costs.

Environmental approval is often a barrier or a delaying factor in a proposed project getting to the development approval stage. For example:

Coordination between these separate areas of environmental legislation and different regulators is poor. It is not uncommon to secure local and state government approval for vegetation clearing only to be subject to a 2 – 4 year process with the Federal Government to determine if vegetation clearing is supported under the EPBC Act. (HIA, sub. 32, pp. 10–11)

Similarly, the Consult Australia said (sub. 28, p. 17):

In terms of environment and conservation, there is a lack of agreed frameworks between the federal and state governments, and no consistent guidelines on environmental legislation. This is hampering productivity on projects.

The Australian Government administers environmental regulation under the *Environmental Protection and Biodiversity Conservation Act 1999*, this is currently being reviewed (McIlroy & Commins 2025). Following an economic reform roundtable, the Australian Government announced its intention to accelerate its review of national environmental laws and to legislate reform by the end of 2025 (Watt 2025).

Options for the Queensland Government to enact reform are limited while an Australian Government review is underway.

9.2 Options for improving approval processes

Improve state assessment pathways for significant developments

While reforms to Planning Regulations discussed earlier would help to reduce procedural complexity for smaller developments, other reforms may be necessary for more significant projects. This could include greater use of state powers to facilitate development by enacting a simpler, streamlined pathway for significant residential and non-residential developments.

The Planning Minister currently has discretionary power to declare any project a State Facilitated Development allowing the Department Chief Executive to undertake development assessment. However, under the Planning Regulation 2017, the pathway requires developments to include at least 15 per cent affordable housing. In practice, this requirement is difficult to comply with, increases development costs and, as a result, has made the pathway unattractive for most developers.

Affordable housing requirements typically impact development feasibility by shifting the burden of subsidised housing onto the private sector (see Box 9.1). As a result, the requirement for affordable housing has limited the uptake of State Facilitated Developments — few (11) residential projects have entered State Facilitated Development assessment in the 12 months since the new pathway has operated (DHLGPPW 2025).

The evidence suggests the use of mandated housing affordability provisions is not likely to lead to more housing being built (Box 9.1). State Facilitated Development assessment pathways should prioritise increasing the supply of housing to meet the current high demand, and not impose unnecessary requirements on development, including those for affordable housing.

Box 9.1 Affordable housing provisions

Affordable housing provision is not free. Where it is imposed mandatorily, the Australian Productivity Commission (2022) says it can add costs, reduce supply and worsen affordability.

Voluntary affordable housing provisions — whether incentivised through streamlined development assessment pathways or additional development rights — rely on windfall gains from avoiding regulatory costs or receiving scarce rights. Reducing these regulatory barriers for some projects (but not most) may not depress housing supply and affordability broadly. However, they also are unlikely to make a large impact on the overall housing market.

The number of affordable housing units that are likely to be built from affordable housing mandates is generally small because the internal economics of developments can support only so many affordable units and the number of projects in any year is not that high.

Several states have affordable housing provisions in their planning systems. One analysis found that 2,500 affordable dwellings had been developed through the NSW Government's inclusionary zoning regime between 2009–10 and 2020–21. South Australia delivered 5,485 affordable homes between 2005 and 2015 through an inclusionary planning target applying to new residential areas.

Li and Guo (2021) found that when the affordable housing requirement across London was expanded from projects with 15 or more units to those with 10 or more units, there was a decline in new developments of 10–14 units, and an increase in developments with 9 or fewer units (that is, where possible, developers will divert their resources).

Affordable housing provisions in planning are likely, at best, to only modestly benefit some lower income households and at worst, if poorly designed, constrain housing supply with attendant consequences for affordability.

Sources: Gurrán et al. 2018, 2021; Hamilton 2021; Li & Guo 2021; Metcalf 2018, p. 20; Mukhija et al. 2015; Rowley et al. 2022, p. 57; Schuetz et al. 2011.

Streamlined planning pathways, if designed effectively, can lead to more efficient and timely processing of planning applications by removing roadblocks, allowing greater expertise and resourcing to be utilised, and applying a state mandate to support new housing where it is needed.

Other states have relied more on state facilitated approvals. For example, Western Australia allows developers to opt in to a process whereby dwelling developments can be determined by an independent 'development assessment panel' (WA Government 2024a). These panels comprise two local government members and three specialist, subject matter experts appointed by government. The panels provide a streamlined approval process for multiple home developments over \$2 million.

Industry stakeholders expressed support for a state facilitated development pathway:

The Institute supports the Commission's suggestion of a Significant Development Pathway, including for housing projects. It is clear, given Institute members' experiences, that the multiple layers of approval from different levels of government is a key inhibitor to a more efficient approvals system. Members often report difficulties in wading through the regulatory maze, particularly on projects of scale. (UDIA, sub. IR96, p. 18)

Many stakeholders suggested that existing pathways should be improved to increase use prior to introducing more alternative pathways and adding complexity for industry.

... Queensland already has a sufficient number of development pathways in place. The focus should be on improving the utilisation and efficiency of these existing pathways, rather than introducing new ones that may create confusion and complexity for industry. Streamlining current processes and enhancing coordination across agencies will deliver greater benefits than adding further layers to the system. (PCA, sub. IR97, p. 7)

PIA supports streamlining development assessment to the greatest extent possible but has serious reservations about introducing a new streamlined process for significant developments. The Planning Act already offers several approval pathways. (Planning Institute of Australia, sub. IR29, p. 6-7)

However, not all stakeholders had a favourable view of pathways for state facilitated assessment. Some stakeholders opposed alternative pathways, arguing they created duplication or confusion and removed powers from local governments.

Council does not support creating a separate "streamlined" pathway for significant development. Brisbane already delivers fast, accountable decisions within the existing framework... Shifting decisions to independent third parties risks duplicating process, confusing accountability, and creating multiple interfaces for applicants, while still requiring Council's expertise. (Brisbane City Council, sub. IR26, p. 5-6)

Council does not support broad-brush measures that would... introduce or expand the scope of alternative assessment pathways for development beyond existing mechanisms (e.g., state-facilitated development, ministerial infrastructure designations and priority development areas). (Bundaberg Regional Council, sub. IR70, p.1)

To improve development assessment pathways, the Queensland Government should remove the affordable housing requirements under the current State Facilitated Development pathway.

Removing the affordable housing requirements may allow any housing and non-residential development to utilise this pathway. The government should also consider a minimum threshold for a development to be considered significant, to ensure the pathway has adequate capacity.

The Queensland Government tasks EDQ with assessing development applications in PDAs. However, some assessment in PDAs has been delegated from EDQ to individual councils (Economic Development Queensland, sub. IR105, p. 4). EDQ commented that they need to consider whether the model of delegating development assessment powers within a PDA back to the relevant council fails to achieve the initial intent of a PDA, to fast track assessment (sub. IR105, p. 4).

While EDQ should continue to work with local government, it should continue to make development assessments within PDAs, rather than delegating these to local government.

Use technology to improve planning processes

Technology can be used to facilitate improved performance in planning and approvals processes. For example, stakeholders have said there is the potential to:

- use a single digital statewide portal for providing planning information and making planning applications
- use artificial intelligence to speed up the development assessment process and provide concierge services.

Stakeholders provided some examples of the potential for technologies to improve the efficiency, accuracy and transparency of planning processes (for example, Association of Consulting Architects, sub. 15, p. 3) and greater use of electronic forms (Project BA, sub. 48, p. 17).

NSW is conducting trials in several councils of technologies that improve the quality and accuracy of information when a development application is lodged, by, for example, identifying errors. This is part of a broader investment to introduce artificial intelligence into the planning system (NSW Government 2025a).

Several stakeholders also noted support for the creation of a planning portal to allow the lodgement of all development applications through a central mechanism and to introduce standardisation in the development application process (Australian Institute of Building Surveyors, sub. 49, p. 13; HIA, sub. 32, p. 12; Project BA, sub. 48, p. 17; UDIA, sub. IR96, p. 16).

Some jurisdictions have developed state-wide portals. The NSW Government established a planning portal to host a range of digital planning services, mapping tools and reporting tools to assist everyone involved in a proposed development as well as to produce council performance data. South Australia introduced an online planning and development system, PlanSA, which enables customers to lodge and track development applications across the state and provides all necessary information to support customers in completing applications.

Industry saw merit in developing a statewide planning portal, as it has the potential to improve the efficiency of development applications, create more certainty in timelines, and improve transparency and accountability in the planning system (HIA, sub. IR85, p. 10; UDIA, sub. IR96, p. 16). Building certifiers also argued for the efficiency benefits of using a planning portal (Erin Dunn, sub. 64, p. 2; Project BA, sub. IR103, pp. 6–7).

ePlanning is a key lever for improving planning practice and streamlining approvals. The experience of PlanSA demonstrates its value in delivering greater consistency in planning decisions, with centrally managed legislative amendments and standardised interpretations. Importantly, ePlanning also simplifies how communities, developers, and decision-makers engage with the planning system. (UDIA, sub. IR96, p. 20)

Local governments agreed that digital planning technologies would deliver an opportunity for enhanced efficiency. However, they called for support from the Queensland or Australian Government to accelerate the development and transition towards such a platform, with this support being particularly critical for smaller and regional councils.

... across several councils the LGAQ has engaged with, planning technology (or 'PlanTech') is seen as an important opportunity to improve efficiency and transparency. Several Queensland councils have already begun gradually adopting digital planning technologies, but often require State and Federal Government funding to accelerate this transition. (Local Government Association of Queensland, sub. IR53, p. 9)

Digital planning and innovation can result in significant benefits. From experience, the implementation of these technologies can be time-consuming, resource intensive, and costly. To maximise benefit, including for smaller and regional councils, this should not be the role of individual councils, rather the State should consider investing in tools for application statewide. (Ipswich City Council, sub. IR23, p. 8)

Council supports the Interim Report's recommendation that the State Government explore digital planning and permitting technologies that would support and assist the development industry. Council further recommends that the State actively support local governments in implementing and maintaining these tools. Such technologies should not only streamline application and assessment processes but also assist the construction industry by providing consistent, accessible information on local planning controls. (Bundaberg Regional Council sub. IR70, p. 2)

The benefits of a planning portal would include:

- improved capability to efficiently and consistently collect data across all planning agencies
- reduced administrative burden for councils
- improved reporting tools for councils
- more efficient and transparent processes for development applicants.

The Commission considers there to be a sound rationale for a consistent state-wide planning portal in Queensland. The Commission recommends the development of a state-wide planning portal that is similar to those in NSW and SA. This would introduce standardised processes for preparing, lodging and tracking development applications across all Queensland local government areas, which could reduce administrative barriers for developers working across multiple local government areas.

Service guarantees

Developers have criticised Queensland councils for increasing, long and uncertain timeframes for the approval of development applications (Mr John Tozer, sub. IR4, p. 2), which has created uncertainty in the industry. While the *Planning Act 2016* sets a statutory timeframe for decisions on development applications of 35 business days, in practice, outcomes can take longer, particularly when the council issues a request for further information which effectively ‘stops the clock’. Further, the statutory timeframes are often seen to be unrealistic and therefore are not followed (Mr Ain Kuru, IR16, p. 11).

Due to the use of ‘stop the clock’ provisions, inefficient approval performance may not always be reflected in whether statutory requirements are met or in the reporting of outcomes:

Members report that over time, the length of time taken to gain approval for a code and impact assessable development has increased. This increase may not always be obvious through reporting, because of the use of ‘stop the clock’ provisions which ultimately increase the total time of planning assessments. (UDIA, sub. IR96, p. 12)

Local governments countered that longer timeframes are often a result of poorly prepared applications or a process whereby extensions to the statutory timeframes are agreed in order to resolve issues:

The duration of an assessment is also a shared responsibility between Council and applicants. It does not rest solely with local government performance. Council consistently receives applications that are not properly made as they lack the information needed for a full assessment. Many proposals seek outcomes that do not comply with assessment benchmarks. Council’s preference is to negotiate solutions that lead to approval rather than refuse applications, and the feedback received is that applicants value this approach. Accordingly, Council regularly agrees to extensions to the statutory timeframes under the Planning Act to resolve issues. (Brisbane City Council, sub. IR26, p. 7)

Local government has many examples of poorly prepared applications, where consultants rely on local government to issue information requests. ... Many lodgements for application are piecemeal, incomplete and require additional information. A review of application timeframes identified that more than 50% of application time is spent with the applicant either responding to information requests, making applications properly made, or dealing with referral agencies. Council application timeframes once the application is properly made are limited to 35 business days with any extensions required by agreement with the applicant. There are existing consequences for not determining applications within the set timeframes, including deemed approval provisions. (Ipswich City Council, sub. IR23, p. 8)

To improve the pace of development in NSW, the NSW Government introduced an updated Ministerial Statement of Expectations Order, which came into effect on 1 July 2024. The order set new benchmarks for council timeframes in assessing development applications, planning proposals, and strategic planning and sought to achieve shorter timeframes incrementally each year, over a four-year period (NSW Government 2024b).

The order was accompanied by the development of a Council League Table dashboard, which provides transparent information on assessment timeframes for each council and enables the NSW Government to have sufficient visibility over the performance of councils, to provide support to underperforming councils, and to exercise ministerial intervention where expectations are consistently not met. Since the introduction of the order and the publication of the Council League Table dashboard, assessment timeframes among NSW councils have trended downwards (NSW Government 2025b).

The Queensland Government could consider the introduction of a similar mechanism to improve the certainty of assessment timeframes for development applications in Queensland. This could be achieved through a ‘service guarantee’ committed to by each local council. A service guarantee would be complemented by improved reporting and accountability through a proposed growth monitoring authority in Recommendation 33.

However, additional requirements for a service guarantee may impose additional costs on the planning department and local councils and have uncertain benefits. While there may be merit in considering a service guarantee, the Commission has insufficient evidence and stakeholder feedback to make a recommendation.

Low risk approvals

Stakeholders noted there is some confusion about who is responsible for assessing many low risk applications:

Currently, there appears to be some confusion as to when the private certifier assessing the application applies the performance criteria (if an acceptable solution is not met) and when referral to a local government is required. (Queensland Law Society, sub. 63, p. 6)

Some stakeholders have suggested that the role of building certifiers could be clarified such that they effectively operate as gateways for approval processes. For example, Erin Dunn (sub. 64, p. 2) suggests that all development applications involving building work should be first submitted to a private building certifier as the initial gateway, with the certifier effectively coordinating the approval process.

This view is supported by the Australian Institute of Building Surveyors (sub. 49, p. 5) who suggest that building certifiers should be the prescribed assessment manager for residential houses:

For assessable development (developments that require an authorisation before construction can commence) involving a dwelling house (residence) and/or ancillary outbuildings (sheds, carports, garages etc.) on residential land, regulations should be amended so that the appointed building certifier should be the prescribed assessment manager. In this case, the local government role should be limited to being a referral agency for any proposed non-compliance/s with town planning instruments.

They note this would simplify the development process because this would mean that only a single development application would be required, and it would clarify roles and responsibilities (certifier as the prescribed assessment manager, councils as a referral agency), provide a mechanism for preventing duplication and allow faster turnaround times.

Any move to redefine the role of the building certifier as the prescribed assessment manager is likely to require amendment to the Planning Act.

The New Zealand Government recently enabled the establishment of a private building approval company, Building Consent Approvals (BCA), to speed up approvals. The company is focusing on simpler approvals and aims to turn around low-risk developments much faster than local governments. BCA was required to go through a registration process with the Ministry of Business, Innovation and Employment, and will need to follow the same regulations as council authorities (New Zealand Ministry of Business, Innovation & Employment 2025; RNZ 2025).

Some stakeholders argued that introducing third parties to the process could result in further delays and would require further accreditation and technical training:

Council's practical experience with greater involvement of private building certifiers does not necessarily result in faster process. This is due to certifiers typically being risk-averse and relying heavily on Council officer advice and direction. ... Where exploring the option for certifiers or other third parties to take a larger role, it is recommended that any model requires accreditation and training in technical development assessment, clear statutory accountability with published reasons, and direct engagement with community submitters and a complaints pathway to remove unnecessary involvement of the local government. (Brisbane City Council, sub. IR26, p. 6)

Adding third parties to this process, with referrals to government, may actually result in additional delays, reduced safeguards, and add further complexity. It is noted that certifiers already rely heavily on Councils to provide advice and commentary on whether proposals are consistent with requirements that they are already responsible for. (Ipswich City Council, sub. IR23, p. 7)

Some stakeholders were opposed to, or held reservations about, allowing building certifiers or other third parties to act as assessment managers (Bundaberg Regional Council, sub. IR70, pp. 1–2), particularly where no significant benefit could be demonstrated (Planning Institute of Australia, sub. IR29, p. 8).

Further analysis is required to determine if the likely benefits associated with allowing building certifiers or other third parties to act as assessment managers would exceed possible costs and risks. On this basis, the Commission has not made a recommendation at this time.

9.3 Recommendations

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.



10.0

Zoning and land supply

10.1 Restrictive zoning regulation limits density and supply

In urban settings, productivity is most likely to be supported by increasing the supply of land for housing, particularly at greater densities, since it allows:

- greater scale economies in construction — there are efficiencies in the construction of apartment buildings and housing estates
- more intensive use of infrastructure — this reduces the cost of new housing and increases the value of existing and newly constructed infrastructure. SGS Economics & Planning (2016, p. 14) identified a clear inverse relationship between housing density and infrastructure costs.

Broadly, studies have shown restrictive zoning may reduce supply of housing and that reforms to increase development rights and allowable densities may increase housing supply. For example, a study of land use regulation reforms in 1,136 US cities estimated that liberalising regulations was associated with increases in housing supply (Stacy et al. 2023).

Greater density is also likely to improve housing affordability and has been shown to provide a range of other benefits, including reduced congestion, improved liveability and better health and environmental outcomes (Box 10.1).

Improvements to productivity would come through a reduction in transport times between homes and workplaces and an increase in 'agglomeration benefits' (i.e., self-reinforcing growth where more jobs attract more workers; productive firms attract other productive firms; specialist firms, industries and professionals congregate). 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)

It is not clear that the current patterns of urban land use (which are strongly influenced by land use regulation) reflect community preferences. While there are limited Queensland data about the types of housing many people would prefer to live in, numerous studies have shown that planned and actual housing supply often does not match people's preferences. While housing is disproportionately provided as detached houses on the city fringe, Australian studies show people would prefer to live in more central locations and, taking into account budget constraints, at greater densities (Daley et al. 2018; Kelly et al. 2011; Newton et al. 2022; Curtin Business School & Hames Sharley 2013; Infrastructure Victoria 2023).

Land located close to services and amenities is in short supply. Well-located apartments and townhouses could be part of the solution and greater density by building up is something we need to start embracing. (Real Estate Institute of Queensland, sub. 67, p. 4)

Box 10.1 Benefits of better planning and density

Economic growth and employment

- Empirical studies have linked increased density to increases in productivity and innovation, and a lower cost of goods and services. Greater density is also associated with higher growth and wages (Nygaard et al. 2021, Ahlfeldt & Pietrostefani 2019, Hsieh & Moretti 2019).
- The Harper Review (Harper et al. 2015), ACCC (2008) and the Australian Productivity Commission (2011a) found planning and zoning may act as a barrier to competition by limiting the number, size, operating models and mix of businesses.
- Urban planning that allows improved market access has been associated with an increase in regional GDP (OECD 2020). Proximity to work and family networks has been shown to influence participation rates (Gurran et al. 2021 pp. 10–12; Compton & Pollak 2014).
- Policies or regulation that cause house price growth relative to the broader economy can result in capital misallocation by crowding out investment in more productive activities (MacLennan et al 2021).

Transport and infrastructure

- Travel times at the urban fringes of Australian cities are a major issue, with a high prevalence of lengthy commutes among residents of outer suburbs (BITRE 2016). In most greater Brisbane suburbs fewer than 10 per cent of jobs are within a one-hour public transport journey (Kelly & Mares 2013).
- Australian Housing and Urban Research Institute research noted housing growth in outer suburbs and jobs growth in central locations has resulted in increasing distances between homes and places of work (Gurran et al. 2021; Van den Nouwelant et al. 2016).
- SGS Economics and Planning (2016) found consistent and strong evidence that building new infrastructure in greenfield areas is much more costly than adapting infrastructure in established areas. The New South Wales (NSW) Productivity Commission (2023, p. 11) made similar findings for Sydney. Hamilton & Kellett (2017) compared estimated infrastructure costs of three development types in Adelaide, finding greenfield development cost government about 12 times more than the infill development.
- Planning influences the carbon intensity of the transport system, with the sector accounting for 19 per

Amenity

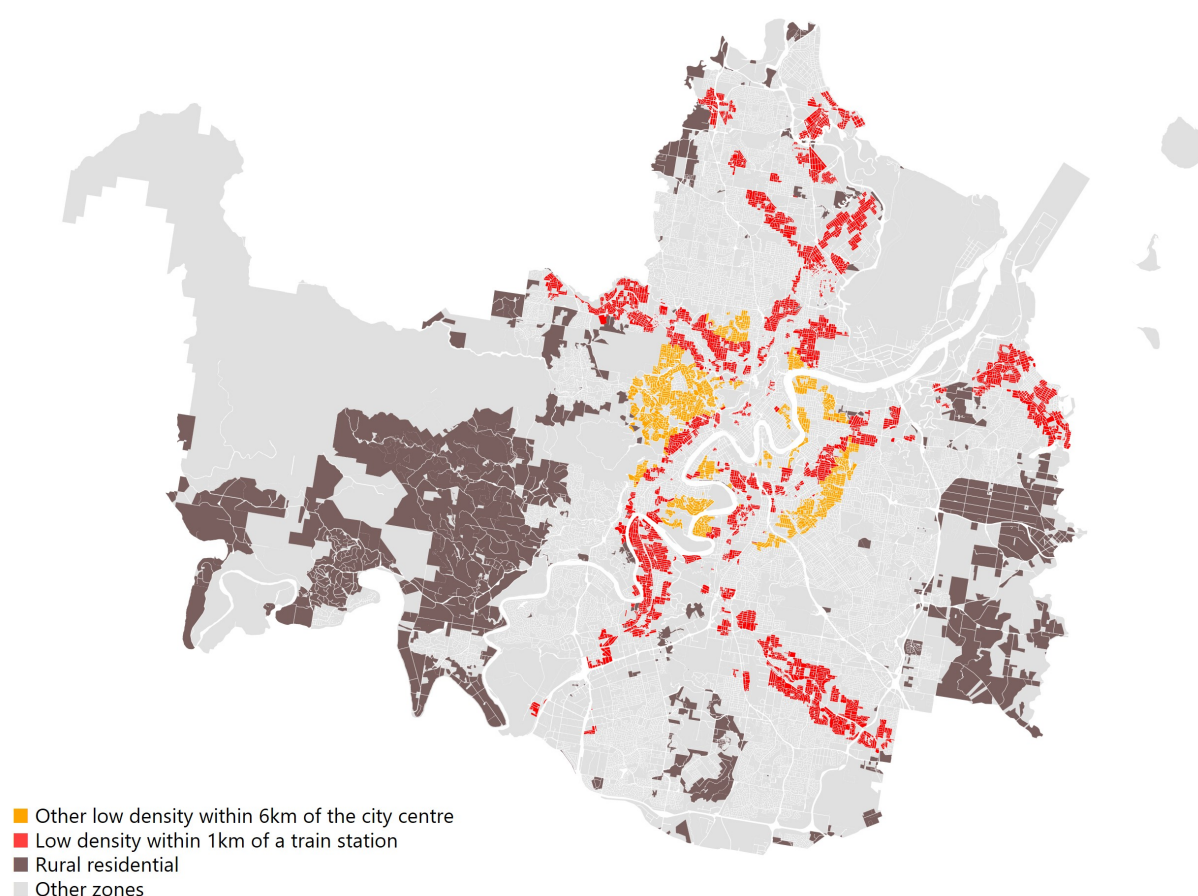
- Tulip and Lanigan (2021, p. 1) studied the effects of high-rise development on neighbourhood character in Sydney and Melbourne and found that, while neighbourhood character did change, the impact was not a deterioration overall (based on prices most local households are willing to pay).
- Haarhoff et al. (2016, p. 13) emphasised the connection between density and liveability, finding that the quality of the local environment significantly influences urban residents' housing satisfaction and overall perception of liveability. In the context of transit-oriented development, higher density, multi-unit housing, and walkable access to local centres are key interdependent factors contributing to the experience of liveability.
- Research suggests increased density is associated with positive amenity for local residents, including greater variety of cuisines and lower prices (Ahlfeldt & Pietrostefani 2019) and a more active lifestyle with better health outcomes (Zapata-Diomedes et al. 2019).
- In Brisbane, over 90 per cent of inner urban and suburban dwellings are located within 500 metres of urban greenspace, compared to just over 50 per cent in fringe suburbs (Hsu et al. 2022, p. 13).
- Gallagher et al. (2020a, 2020b and 2023) found planning restrictions with the stated objective of protecting Brisbane's character, have not prevented a loss of greenspace or preserved heritage buildings but have encouraged urban sprawl.

Supply and density are limited in many places

Across the state, many locations close to jobs and infrastructure have restrictive zoning limiting density. The South East Queensland regional plan targets an increase in gentle or medium density.

As can be seen in the map below, even in the Brisbane City Council area, the opportunities for density are limited by zoning. Most of the areas that are most suitable for increased densities — areas surrounding the high-capacity commuter rail network and the inner city — are protected from medium and above density. This is largely the result of restrictive zoning, including the low-density residential and character zoning that exists across much of inner and middle Brisbane.

Figure 10.1 Zoning in Brisbane City Council



Note: Character 1 and 2 which allows low density housing is included with low density. In the character 'infill' zone has a maximum yield of 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.

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

Zoning data in South East Queensland show that:

- Medium or higher density development is permitted on only a small proportion of land — Brisbane and Gold Coast, with the highest proportions of medium or higher density zoned land, have only 10 and 23 per cent of residential land zoned as medium density or higher, respectively.
- In most areas near activity centres and surrounding high-capacity train stations, zoning rules restrict development to separate houses, often on large lots, preventing development of apartments and townhouses. Of residential land in Brisbane within 1,000 metres of a train station, 69 per cent is zoned low density or has character protections preventing density.³⁸
- Outside of Brisbane, much of the land surrounding train stations is only permitted to be used for rural and rural residential purposes. For example, almost 80 per cent and almost 50 per cent of land within 1,000 metres of the train stations for Noosa and Sunshine Coast, respectively, is zoned as rural or rural residential.
- At least a third (and up to three-quarters) of residential areas in each local government area (except for Moreton Bay) is preserved through rural residential zoning for extremely low-density residential development.

While some zones technically allow for greater density, conditions in the planning scheme (such as minimum lot sizes) can, in practice, make development highly unlikely. For example, Brisbane's character infill zone requires retention of a house built before 1946 and that new development is located behind this house, has a maximum height of two storeys and is consistent with the scale of old separate houses. Additionally, applications for denser forms of housing in this zone tend to be impact assessable, adding cost and uncertainty (BCC 2025b).

The Brisbane City Council (sub. IR26, p. 8) suggested the map (Figure 10.1) does not account for the Queensland Government Urban Footprint (which identifies where urban development is planned to occur) and that rural residential zoned areas may not be developable due to issues such as bushfire and flooding. It is not readily apparent that these areas are all inappropriate for development. For example, the area in the east of the map lies directly adjacent to the Capalaba principal activity centre and, according to mapping overlays, is no more prone to natural hazard risks than residential areas inside the urban footprint, whether within Brisbane or Redlands Local Government Areas (LGAs).

The adequacy of development opportunities varies across the state

Stakeholder views on the extent to which the planning system provided sufficient development rights varied considerably.

Some stakeholders argued the supply of development opportunities in Queensland are adequate and that these are not being taken up by the market. For example, the LGAQ (sub. IR53, p. 2) argues that:

Queensland councils have already zoned enough broadhectare land for ~580,000 new homes according to the QGSO. In addition, based on a review of publicly available, State Government endorsed Local Government Infrastructure Plan extrinsic materials from 35 councils, the LGAQ has found that councils have also zoned for more than 1,000,000 new infill homes.

The PIA (sub. IR29, p. 4) notes that it is difficult to assess whether a lack of planned supply or other market factors are behind the shortfall in housing supply:

the planning system can zone and approve homes, but many will not proceed to construction due to factors outside the control of planning – yet this data is not being measured or understood. This lack of data means it is difficult to identify where planning has failed to zone and approve sufficient housing supply, or where the market has failed to deliver.

³⁸ This includes rural residential.

The UDIA (sub IR96, p. 20) argues that the planned supply estimates used to inform local and state government planning overstate the feasible supply of development rights:

In short, the industry's concerns relating to current land supply and growth monitoring include:

- *The reliability of the data used in these models, which quite often does not reflect the complexity of overlays, land fragmentation, infrastructure requirements, or development/market realities*
- *The models tend to 'bake in' or assume net residential densities which are rarely achievable or confuses net and gross densities*
- *The models offer little opportunity to absorb developer intelligence, which can provide an additional layer beyond what any spatial dataset is able to capture, providing real time feedback about the developability of individual sites and yield. (UDIA, sub. IR96, p. 20)*

HIA (sub. 32, pp. 4-5) argue that, while land may be available in aggregate, it is not always provided in ways that facilitate development.

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.

Furthermore, low density residential zoning greatly limits the ability for subdivision in established areas. A minimum lot size between 400sqm to 600sqm or greater is applied to low density residential zoning which based on existing property sizes (600sqm to 750sqm) does not permit an additional lot for new housing.

This seems to be particularly evident in South East Queensland. For example, Brisbane Residents United and Spring Hill Community Group (sub. IR100, p. 5) argued that Brisbane City Council relies on high-density zoning in only a small proportion of the city to provide development opportunities, while medium-density opportunities are more limited.

... small scale development opportunities are also being completely sidelined by housing plans that focus only on High Density High Rise development. Brisbane City Council has almost destroyed small scale development as evidenced by its very slow and yet actioned recognition that its approach to Small and Medium Density Zoning has been failing small scale developers as well as home seekers.

While there is insufficient data to assess the adequacy of land supply outside of South East Queensland, there is some evidence that planned land supply is likely to be insufficient to meet future demand in several LGAs. For example, as is shown in Box 10.2, it is evident that there is insufficient planned supply in the Brisbane, Sunshine Coast, Morton Bay, and Gold Coast LGAs to meet future demand.

While there may be sufficient supply of development rights at an aggregate level, these are often not in locations where people want to live or where there is existing infrastructure to service growing populations. Given market realities, the state should aim to have significantly more development rights than are needed. This will allow development to proceed where it is most feasible. That is, where people want to live, and where it is more efficient to build.

While the Commission has not made any assessment of non-residential land supply, concerns were also raised about the supply of other development rights.

Whilst media has focused on the increasing cost (50%+) of housing over the last 5 years, The costs of industrial land has increased over 500% in the same period. ... The government must urgently release significant, competitive industrial property, or risk killing its manufacturing industry. (Salt Air Modular, sub. IR69, p. 2-3)

Box 10.2 Land supply in South East Queensland

The Land Supply and Development Monitoring (LSDM) report provides supply and demand benchmarks for South East Queensland. The LSDM provides a measure of planned dwelling supply capacity, which provides an estimate of the number of dwellings that would be developed if current zoning is fully developed. These are compared with demand benchmarks to provide an estimate of the adequacy of supply.

There is some evidence to suggest that the LSDM understates the implied gap between supply and demand.

On the supply side, not all planned capacity will be developed. Constraints such as landowners not wanting to make way for new development, difficulties aggregating disparate pieces of land to enable higher density, minimum lots sizes that make development impractical, a lack of suitable infrastructure and local opposition to development all reduce the feasible supply relative to planned supply.

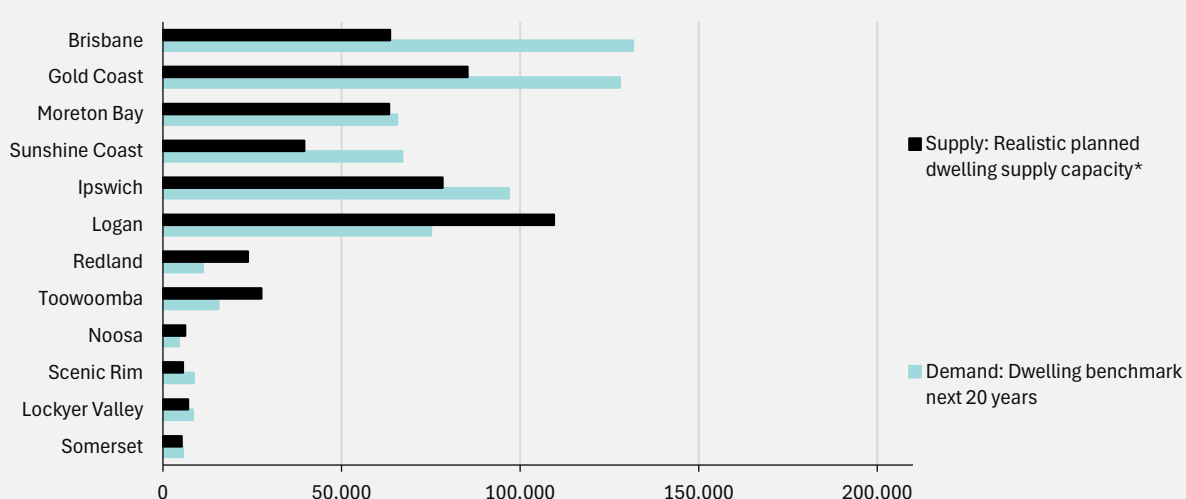
The LSDM accounts for this to some extent and estimates a 'realistic' planned dwelling supply capacity. This lower estimate provides a more realistic assessment of capacity based on feasibility.

Figure 10.2, below, compares estimates of land supply and demand based on LSDM calculations. It shows that by 2041:

- If population growth is according to population projections, there will be insufficient planned supply in Sunshine Coast, Moreton Bay, Gold Coast and Brisbane
- There is sufficient planned supply in Ipswich and Logan, however, these are on the urban fringe and likely to require costly infrastructure and impose long commute times on new residents.

On the demand side, the LSDM assumes population growth is distributed differently from the previous 20 years. A projection of historical trends suggests population growth (and household formation) in some places, such as Brisbane, would be higher and the gaps between supply and demand would be greater than shown below.

Figure 10.2 Zoned supply capacity and demand benchmarks, 20 years to 2041



Note: Realistic planned dwelling supply capacity is sourced from the LSDM, which considers constraints to development, including some financial feasibility modelling. While total population is projected based on demographic models, projections of the geographic distribution of the population are less certain. Population projections utilise planning inputs in spatially allocating population. The Commission also projected population statistics based on historical trends for comparison purposes. These suggest a different spatial mix of population.

Source: DSDILGP 2022; ABS 2022; QPC analysis

Planning schemes need to reflect market realities

Housing supply will only occur where it is commercially viable.

Developers are generally price-taking market participants, meaning they will not supply if the full cost of producing housing (including acquiring land, site preparation, design, materials, construction costs, taxes and charges and regulatory costs) exceeds what consumers are willing to pay for a specific type of housing in a location. As KPMG (KPMG 2025, p. 10) explains:

Ultimately, understanding the delicate balance between market demand, development costs, and land valuation is crucial for developers aiming to undertake successful housing projects.

Industry stakeholders told us that, often, where land is zoned for greater density it is in locations where there is little demand for that type of housing.

Most council planning schemes continue to assume apartments will be built in locations not desirable to the market. Some examples include land adjacent to Capalaba Shopping Centre (Redland City Council) and land adjacent to the Park Ridge Shopping Centre and Mount Lindesay Highway (Logan City Council)

Planning schemes for regional parts of Queensland (Cairns, Townsville and Gympie) also zone properties for apartment construction despite apartments never being built at a considerable scale in these locations. (HIA, sub. 32, p. 6)

Planning schemes may not just prescribe maximum densities; minimum densities may also be prescribed. Minimum lot sizes and the fragmentation of land ownership may impede land that is zoned to a greater density from being developed. The prescriptiveness of setting both minimums and maximums is akin to a 'goldilocks approach', requiring planners to be able to accurately predict the economic feasibility of developments in each location and be attentive to changes in it. For example, there may be sufficient demand for townhouses, but the minimum zoning only allows for apartments, resulting in no new development (HIA, sub. 32, p. 6).

Planning schemes may also nominally contribute to aggregate zoned supply, but if the conditions are excessively onerous projects may not be feasible, undermining any potential for new supply.

The initial Woolloongabba PDA Development Scheme in 2024 was of significant concern to industry, mandating extensive public streetscaping and minimum component of social or affordable housing in each project. A review of the development scheme and proposed infrastructure plan this year (currently undergoing public consultation) created a much more efficient scheme with the coat cut according to the cloth. The viability or likelihood of new housing occurring in the location is now much increased. (UDIA, sub IR96, p. 18)

Planning schemes need to reflect market realities. Newly released land or land upzoned for higher densities needs to be construction ready if it is to be developed. That is, land needs to be in locations where people want to live, allow for forms of housing people want to live in and can afford, and have infrastructure already connected or have a feasible pathway for connecting to new infrastructure. The more tightly controlled land releases and other development rights (such as for higher density) are, the more that consideration needs to be given to market sounding.³⁹

Rezoning land to a higher density, even if it is feasible, does not necessarily convert the use of the land into higher density development. People often choose not to exercise development rights because they enjoy the current use of the land, such as for living in their existing home. Ownership of land is often fragmented, and smaller parcels may not be developable, either due to other regulatory provisions such as a minimum lots sizes or project economics.

³⁹ Broader changes often do not require market sounding because they provide enough development rights to allow choice. For example, Auckland reforms, which involved broad-scale upzoning, simply allowed the market (and consumers) to determine where development should occur.

For these reasons, the supply of development rights is likely to be a binding constraint in well-located areas but may not act as a constraint in other areas, such as the peri-urban fringe of a city. As such, the Commission has focused its recommendations on increasing supply in well-located areas (rather than focusing on liberalising zoning everywhere).

10.2 Reform is likely to deliver large benefits

Given the benefits of higher density, current restrictions on the use of land in South East Queensland are likely to impose significant costs on the community.

To demonstrate the potential benefits of planning reforms, the Commission developed a stylised cost–benefit analysis (CBA). The CBA considers the effect of increasing development rights in South East Queensland. The analysis does not consider other supply constraints and assumes increased development rights translate into more housing supply and greater density in higher demand locations. This analysis draws on evidence from the outcomes of planning reforms undertaken in other jurisdictions.

As such, the modelling is not intended to provide a forecast or projection of future dwelling supply. Rather it provides an estimate of the *potential* benefits that could be achieved through planning reforms that increase development rights.

The results suggest that reforms which result in greater housing supply and densities in desirable locations have the potential to deliver very large benefits to the Queensland community:

- **Targeted zoning reforms** in well-located areas, including around transport networks in South East Queensland, is projected to deliver up to 330,000 additional dwellings, reduce dwelling price growth by up to 64 per cent (relative to the base case) and deliver net benefits up to \$48 billion.
- **Dispersed zoning reforms** to provide more development opportunities both in infill areas and on the urban fringe, are projected to deliver more dwellings (up to 330,000), reduce dwelling price growth by up to 56 per cent (relative to the base case) and net benefits of up to \$18 billion.

The analysis also demonstrates that regulations that restrict development rights and prevent housing construction primarily benefit existing property owners at the expense of new home buyers and renters (typically younger and less wealthy cohorts). The modelling shows that adjusting planning constraints that prevent housing is likely to result in transfers of more than \$200 billion from existing property owners to new home buyers. This is the case for both scenarios when compared with the base case.

The costs and benefits of the two reform options are presented in Table 10.1 below. It shows that planning reforms that result in higher density (the targeted zoning reforms) are likely to have larger benefits. This is mainly due to more efficient use of infrastructure and lower transport costs (including commute times).

The modelling allows for some loss of amenity, due to overshadowing, but does not consider many other effects (including benefits) from higher density, such as improved access to services and social networks.

Table 10.1 Costs and benefits of reform options in South East Queensland compared to base case (\$million)

	Targeted zoning reforms in well-located areas	Dispersed zoning reforms
Consumer surplus	13,960	11,715
Infrastructure	27,246	6,393
Productivity	1,057	267
Environment	36	2
Transport	5,846	505
Health	1,312	118
Loss of amenity	-1,364	-691
Implementation costs	-8	-8
Total (net present value)	48,086	18,303

Source: QPC.

More detail on this analysis is provided in Appendix D.

10.3 Reforms to facilitate greater supply of development rights

To improve housing affordability and construction productivity, the planning system needs to increase the supply of development rights by increasing land availability and zoned densities in established areas. Given the limits on the availability of undeveloped land with infrastructure connections, increasing densities will be key for increasing the supply of development rights in South East Queensland.

Zoning reforms are also needed to align planned growth to stated targets. For example, *ShapingSEQ*, which outlines the Queensland Government's long-term plan for urban growth, envisages upwards of 60 per cent of all new housing to be consolidated in existing urban areas, requiring more apartments, units and townhouses (Queensland Government 2023b). However, over the last five years only 35 per cent of new approved dwellings were attached dwellings (apartments, units and townhouses) (ABS 2025c).

There are significant impediments in Queensland to increasing the supply of development rights, particularly where this involves increased density. Local governments are delegated control of most of the levers that influence both the nature of development and where it occurs. However, because the costs of development are likely to be concentrated locally (with impacts on existing residents, networks and infrastructure) and the benefits are dispersed (improved affordability, reduced general infrastructure costs and improved productivity), local governments, generally, do not have strong incentives to increase development opportunities.

Increasing the supply of development rights through state involvement

Successful international and domestic reform efforts have involved national or state governments taking greater responsibility for land use regulation, particularly plan making and development assessment.

For example, after years of declining affordability, the New Zealand Government undertook a series of reforms to increase housing supply to improve affordability (Box 10.3). This included setting regulations constraining how local governments can use zoning and improving the institutions involved in plan making. These reforms significantly increased the zoned capacity of Auckland and led to an increase in housing construction.

Other Australian state governments are also becoming more involved in planning decisions.

Recent movements by the Victorian and NSW Governments — and especially the very recent announcement by the ACT Government — of broad-based upzoning makes the entire market more tractable, accessible and open. (Greater Brisbane, sub. 11, p. 1)

The Victorian, South Australian and Western Australian governments have, or are proposing to, become more involved in development assessment. In March 2024, the Western Australian Government implemented reforms to allow housing projects of over \$2 million and all social housing projects to opt in to being assessed by the State's Development Assessment Panels (WA Planning Commission 2024, 2025). South Australia introduced a single planning system, replacing local governments in plan making and development assessment (SA Department for Trade and Investment 2024, p. 4).

Box 10.3 Case study 1 – Reform in New Zealand

In response to their own housing crisis, the New Zealand Government implemented a series of planning reforms that appear to have been successful in improving both construction productivity and housing affordability.

Housing affordability pressures in New Zealand encouraged bipartisan consensus on the need for more housing. In 2012, the New Zealand Productivity Commission completed a housing affordability inquiry, laying the groundwork for reform.

In the wake of the Christchurch earthquakes, which destroyed housing and left large areas that could not be rebuilt due to land liquefaction, the New Zealand Government used its emergency powers to require local government to rezone surrounding farmland and upzone existing urban areas to allow greater density.

With it having been demonstrated that increasing supply assists affordability, the New Zealand Government and Auckland Council introduced policy changes in New Zealand's largest city through *Special Housing Areas Act 2013* and the Auckland Housing Accord. Further reforms were also undertaken which included a system of transparent, independent expert panels, which helped both build the case for reform and provided specific plan recommendations.

This culminated in the Auckland Unitary Plan (AUP) which increased allowable densities for around 75 per cent of Auckland's residential land in 2016, effectively tripling the city's dwelling capacity. Prior to this change, the zoned capacity of Auckland was well above the population, but much of that capacity was in low demand areas that were not profitable to build in.

Housing reform then extended nationwide following the election of a new government in 2017. In 2020, the New Zealand Government introduced the National Policy Statement on Urban Development, which requires density of at least six storeys in all major cities within a walkable catchment of rapid transit stops and removed most minimum car parking rates across the country.

The Medium Density Residential Standards followed in 2021, requiring major cities to permit at least three storeys in all low, medium and high-density residential zones, and medium density development standards allowing prescribed development without a resource consent.

These reforms have been associated with significant increases in housing supply and improved affordability:

- The Christchurch response had the immediate effect of creating 30 years of additional dwelling capacity. The city went from experiencing higher housing price growth than all of New Zealand prior to the earthquake, to lower housing price growth after the reforms.
- Following the reforms in Auckland, the number of attached dwellings consented per year in upzoned areas increased from under 1,000 in 2016 to nearly 10,000 by 2021. It is estimated that housing supply increased by 27,000 dwellings relative to the counterfactual trend, equivalent to over 5 per cent of the housing stock over five years. Six years after the reforms were fully implemented, researchers estimate the reforms reduced rents in Auckland for three-bedroom dwellings by between 22 and 35 per cent.

There is also some evidence that the New Zealand reforms have been associated with increased productivity growth:

- Following years of stagnant productivity growth, construction productivity began to rise after the reforms — this occurred across all productivity metrics, including labour, multifactor and capital productivity.
- Unlike Australia, productivity gains primarily occurred in the building and construction services sectors.

Sources: New Zealand PC 2012; West & Garlick 2023; Greenaway-McGrevy & Phillips 2022, p. 6; Greenaway-McGrevy 2023b, 2023a; Greenaway-McGrevy & Jones 2023; Maltman 2024; Coates 2025; New Zealand Government 2022a.

The Queensland Government delegates significant planning powers to local governments. However, the state retains significant powers to control the planning system and could play a greater role if it chose.

Given the inherent impediments to reform facing local governments, the Commission believes there is a case to try to unlock some development rights quickly in the most constrained markets while, in the longer term, working to improve plan making and increasing development opportunities in well-located areas.

Like New Zealand, the Queensland Government should, prior to implementing change, ensure the community is fully engaged by clearly communicating the need for change and consulting with local government and affected communities to minimise any negative impacts.

Some stakeholders supported reforms to enable more density and housing supply (Q Shelter & Building 4.0 CRC, sub. IR42, p.5; Australian Institute of Architects, sub. IR21, p. 12; PCA, sub. IR97, p. 9; Greater Brisbane sub. 11, p. 2; REIQ, sub. 67, p. 4).

ASBEC strongly supports Preliminary Recommendation 9, recognising that easing restrictive zoning and increasing density in well-located areas is one of the most effective ways to boost housing supply and construction productivity. It also saves on embodied carbon in the form of new infrastructure; as per the carbon reduction hierarchy, the best way to reduce carbon emissions is to avoid building a new asset in the first place. (ASBEC, sub IR37, p. 1)

Some council stakeholders, though, were not supportive. Bundaberg Regional Council (sub. IR70, p. 2) opposed easing zoning restrictions 'in a manner that overrides or circumvents Council's authority to make or amend local planning instruments aligned with community needs and expectations.'

Other councils observed that, in their region, increasing density may not have a strong rationale and increasing development rights may not create new commercially viable opportunities (Gladstone Regional Council, sub. IR54, p. 2). Reforms are discussed in more detail in the following sections on:

- upzoning in well-located areas
- reforming plan-making.

Upzoning in well-located areas

This report has emphasised the need to act quickly to meet the demands of a growing construction pipeline, with an expanded supply of housing amongst the priorities.

Stakeholders noted that some of the housing-related reforms outlined in the Commission's Interim Report would take time to deliver benefits, but there is a need for change through urgent reform.

While building community support for housing development is important, there are more immediate and direct actions the QPC and government can prioritise to rapidly unlock housing supply. (PCA, sub. IR97, p. 10)

The earlier discussion noted the success of international and domestic reform efforts that involved national or state governments taking greater responsibility for land use regulation, particularly plan making and development assessment.

The Queensland Government can and does directly involve itself in making local plans. For example, Priority Development Areas (PDAs) facilitate more development in well-located areas.

Increasing zoning around transport hubs has been a common focus of planning policies in many jurisdictions attempting to encourage more supply, including:

- The NSW Government, introduced reforms that 'upzone' land close to transport hubs to allow higher densities and provide additional planning capacity for 138,000 new homes (NSW Government 2023b, p. 2, 2024c).
- New Zealand's National Policy Statement on Urban Developments, requires density of at least 6 storeys in all major cities within a walkable catchment of rapid transit stops (and removed most minimum car parking rates across the country) (New Zealand Government 2022a, pp. 11–12).

Stakeholders recommended similar approaches in Queensland.

Zoning reforms should be targeted within an 800m radius around existing mass transit stops and stations. This will leverage the investment in mass transit, reduce congestion and ensure housing is well-located with access to infrastructure and services. (Roads Australia, sub. IR77, p. 6)

What types of housing will be commercially viable in which locations in the future is uncertain.

With sufficiently broad zoning and plentiful development rights, the operation of the market can determine what development is commercially feasible. In the current market, CIE analysis (CIE 2025) shows that high-density apartments are expensive to bring to market and are viable only in limited well-located areas due to market factors.

Planning needs to be cognisant of commercial viability and allow broad forms of density. To achieve targets, more land may need to be rezoned and developed, allowing for more townhouses and small apartment blocks. In the future this dynamic may change again, reinforcing the importance of abundant development rights to flexibly respond to changes in market demand and commercial viability.

As an initial step, the Queensland Government could identify well-located areas near activity centres and surrounding transport hubs in South East Queensland where housing densities should be increased. To achieve change, the Queensland Government could increase the allowable densities in these areas by creating or expanding PDAs, working with local governments to quickly amend local planning schemes or setting rules for locations that local governments must implement in their planning schemes. Consideration could be given to approaches such as the NSW Transport Orientated Development which provided financial incentives for investments in community infrastructure for identified precincts.

Initially, the Queensland Government should aim to:

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

It is important that such changes to zoning allow broad forms of density. That is, they do not attempt to restrict new development to apartments of higher densities.

Reforming plan making

The previous section suggested a way to quickly deliver more development rights, but by using relatively centralised mechanisms that overrule local decision-making. In the longer term, the delivery of optimal planning outcomes will likely require improvements in the overall process of developing planning schemes.

In Queensland, regional plans set general goals and targets about how a region is expected to grow. Achieving these is generally assigned to local governments, who set most of the specific local plans including the location of enabling infrastructure.

Sections 8.2 and 10.1 outline some of the current issues between Queensland Government planning intentions (to increase density, housing supply and, in particular, 'gentle density') and what some local planning schemes actually allow. For example, as noted by some stakeholders, there is misalignment between some regional plans and their associated local government plans.

These changes also illustrate the disconnect apparent between the regional plan's stated outcomes and local planning schemes. The changes, approved by the State Government, are also contradictory to the requirements including in ShapingSEQ in relating to a requirement for net residential densities of 20-30 dwellings/ha. (UDIA, sub. IR96, p. 25)

Gentle density, sometimes called the 'missing middle' — townhouses, duplexes, secondary dwellings, row houses and small apartment blocks — are identified as important in regional plans and other planning policies to contribute to both the number and diversity of dwellings. However, local plans do not always enable this.

Underlying this are challenges associated with planning decisions in existing communities. Currently, planning processes can be influenced by the differing interests of the local community and the broader community⁴⁰, and the challenges in reconciling and integrating them in the development of regional and local planning schemes. Some incumbent residents perceive additional housing as imposing costs and wish to prevent new development or change in their neighbourhood, and/or do not associate new development with benefits to themselves or new residents. This can contrast with those outside the local community who can have different interests, such as a desire for more affordable housing in good locations. Compounding this is that the views of the community are not always heard in a representative manner.

Independent Hearings Panels

Planning process reforms to combine planning expertise, comprehensive public consultation, transparency in decision-making and reconciliation of state and local government priorities may improve outcomes.

The development of such reforms can be guided by inter-jurisdictional experience such as that of New Zealand. The New Zealand Government and local councils have developed their plan making processes to utilise Independent Hearings Panels to make plan recommendations. This improved plan making by enabling experts, informed by consultation and evidence, to provide independent advice on plans through a transparent process.

The Auckland Independent Hearings Panel undertook over two years of detailed work to recommend a new plan for Auckland that formed the basis of the 2016 Auckland Unity Plan, which increased zoning rights across the city (refer Box 10.3). Subsequent analysis has shown the impacts of this plan were an increase in housing construction productivity and housing supply, and improved housing affordability (for example, Greenaway-McGrevy & Phillips 2022; Maltman 2025b).

Under the Independent Hearings Panels approach, stakeholders, including local governments, submit evidence to the panel. Once the panel makes its recommendations, local governments along with the national government decide whether or not to implement the panel's recommendations.⁴¹

To align regional and local plan making, independent panels should review planning in an entire region and recommend a regional planning scheme. Local governments and the Queensland Government would then respond to these recommendations and either implement them into local planning schemes or not. But where they do not, reasons would need to be published.

For panels to be effective they need strong, diverse expertise and to be seen to be independent and rigorous. The New Zealand Productivity Commission (New Zealand PC 2017, p. 238), in recommending extending the use of independent hearings panels, stated that it was important that it is led by a person with 'extensive experience and mana' to ensure confidence. Relevant experts in New Zealand have included planners, legal experts, development experts, economists, architects, geographers and scientists.

New Zealand also introduced policies which made planning intentions much clearer and consistent, including the Medium Density Residential Standards which required major cities to permit at least three storeys in all low, medium and high-density residential zones and medium density development standards that, where met, will not require a development application. Other reforms to improve consistency of the planning system across the state, identified above, should help enable a panel of experts to make specific region-wide planning recommendations.

⁴⁰ This issue is discussed in more detail in the next chapter.

⁴¹ The recommendations of Independent Hearings Panel are not always accepted. For example, Wellington City Council (Wellington City Council 2025) and the New Zealand Government rejected some of the Wellington Panel's recommendations on the basis they were not consistent with planning policies, and then went on to adopt a more ambitious plan.

Enabling evidence-based planning

Creating a more independent, rigorous and transparent plan-making process that elevates evidence-based planning and consultation is likely to help address the issue of appropriate community representation in planning decision-making. To be effective, planning panels would need to consult openly and extensively with state government departments, councils, infrastructure providers, industry and residents in the local and broader community.

Based on available evidence, there is a sound case for introducing independent expert planning panels into Queensland plan making, building on best practice in New Zealand. Good policy processes inform the public and improve confidence of the public in the policy changes. In 2017, the New Zealand Productivity Commission strongly supported the operation of Independent Hearing Panels, describing their reviews as ‘a crucial part of the Commission’s proposals for a future planning system’ (New Zealand PC 2017, p. 427).

Panels would ideally be prioritised towards regions with the fastest growth and most pressing supply constraints, while regions with low demand for new development could maintain existing processes. South East Queensland should be prioritised given its current supply constraints.

Making local governments more accountable for achieving housing targets

In some areas it may not be appropriate or necessary for the Queensland Government to override or amend local planning schemes to achieve improved outcomes. In these cases, a complementary approach would be to design better local land and housing supply targets and hold local governments publicly accountable for delivering on those targets.

The NSW Productivity Commission (2021) recommended that housing targets be:

- transparent and evidence-based
- sufficiently forward-looking to ensure timely services provision and allow for community engagement
- flexible enough to evolve with the economy and societal trends
- supported by strong governance that monitors progress and mitigates risks and uncertainties as they arise.

The NSW Government designed and set new housing targets for local governments, requiring councils to allow more new housing developments, including in well-located areas. They released 5-year LGA housing completion targets for 43 LGAs, and one target for regional NSW (NSW Government 2025d). Reforms have also addressed barriers to the timely issuance of development approvals, including financial incentives for councils to help achieve housing completion targets and improve planning performance.

Given Queensland urban councils are geographically large, targets set at the local government level in regional plans may not be specific enough to achieve optimal outcomes. For example, LGA level targets may not achieve efficient use of infrastructure or deliver the right mix of density to maximise community benefits. Stakeholders also criticised targets for not aligning with infrastructure (Australian Institute of Architects, sub. IR21, p. 12).

It is not clear that setting targets alone would create sufficient incentives for local governments to increase land supply for development.

In Queensland, more strategic direction from the State Government is needed to support Local Government implementation - particularly through detailed planning guidelines and practical tools, not just numerical supply targets. (Real Estate Institute of Queensland, sub. 67, p. 11)

A similar approach has been adopted under the National Housing Accord, with a \$3 billion New Home Bonus program providing performance-based funding to incentivise states and territories to achieve more than their share of the one million well-located homes target (Australian Government n.d.). The NSW Government will provide incentives to local governments to meet housing targets and improve performance through their Faster Assessments program. The program includes \$200 million of financial incentives for councils to help achieve housing targets and improve planning performance. Guidelines have yet to be released (NSW Government 2025c).

Many stakeholders support better targets and accountability (ASBEC, sub. IR37, p. 2; Q Shelter, sub. IR42, p. 1; Ain Kuru, sub. IR16, p. 15; PCA, sub. IR97, p. 10; UDIA, sub. IR96, p. 7). ASBEC (sub. IR37 p. 2) suggests:

Requiring local governments to set, monitor and report on housing delivery outcomes will reduce delays, provide visibility on performance, and build a stronger evidence base for reform. Targets linked to housing type, density, and delivery outcomes will provide greater certainty for industry, reduce delays, and build confidence in the market.

However, some local governments voiced concerns about the necessity for new targets, increased reporting obligations and financial incentives.

Queensland councils do not need incentives or disincentives to appropriately zone for and approve new housing supplies. Council zoning and approvals are significantly outpacing industry's capacity to deliver. (LGAQ, sub. IR53, p. 7)

To ensure that local governments have sufficient incentives to deliver new housing supply in well-located areas, the Queensland Government should set more granular 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.

Local governments should be required to report on their success in meeting targets in their annual reports and to explain performance if it does not meet targets. The growth monitoring entity recommended in recommendation 33 should be tasked with monitoring targets and publishing performance.

Recommendation 29 proposes a new independent approach to making plans. This may seem incongruent with a recommendation to adopt better targeting and providing incentives. However, given plans are updated periodically, not all plans would be reviewed by the independent panels and recommendations to local governments may not be acted upon. As such, targets, accountability and incentives are important institutional supports, regardless of whether Recommendation 29 is adopted or not.

To encourage local governments to meet targets and assist with the burdens of supporting more housing, the government should consider providing incentives or rewards to local governments to incentivise them to meet targets. This approach would result in desired outcomes being clearly articulated while allowing local governments and communities to determine how best to achieve them.

10.4 A review of infrastructure planning, funding and provision

New housing construction requires the development of accompanying urban infrastructure, including water, sewerage, electricity, and transport.

Stakeholders highlighted that a lack of infrastructure was a key constraint often holding back the development of new housing, which increased construction costs.

Enabling infrastructure was also ranking as a major to critical concern for respondents. This includes enabling infrastructure to connect communications (38.07%), energy (34.92%), and water (29.86%). Subject to similar cost pressures and workforce demand as broader building projects, these sentiments demonstrate broader concerns about impacts beyond the construction industry hindering business growth. (Business Chamber Queensland, sub. 75, p. 3)

A major challenge for industry in advancing development projects is the timely provision of infrastructure, particularly within greenfield sites. The initial funding of the significant infrastructure needed that also serves multiple developments is often too expensive for one developer to cover entirely, especially at the start of their project. (EDQ, sub. IR105, p.5)

'More homes' cannot be built without 'more infrastructure' and therefore, in any conversation about increasing housing supply, infrastructure must be a central consideration. Any measures to increase planned supply, such as urban footprint expansions or zoning uplifts, must be coupled with a transparent and committed investment pipeline to support necessary enabling infrastructure by all levels of government. (LGAQ, sub. IR53, att. 1, p. 1)

The effectiveness of infrastructure planning, coordination, funding and delivery has a direct impact on housing supply and construction productivity. Delays, funding shortfalls, and uncertainty in infrastructure contributions increase holding costs, reduce private sector confidence, and slow the delivery of new homes. (PIA, sub. 13, p. 4)

However, while stakeholders agreed more infrastructure was often needed, there was not necessarily a consistent view on what government should do.

The Commission's Interim Report made a preliminary recommendation for an infrastructure charging review. Stakeholders hold mixed views on the underlying nature of the problem and, consequently, what reforms would be required.

Infrastructure charging

In 2004, the PC (2004, p. 177) articulated best practice for ensuring infrastructure charges are efficient and equitable. This can be extended to the management, provision and funding of infrastructure more generally:

- The need for services provided by infrastructure should be clearly demonstrated.
- Infrastructure should be justified on a whole-of-life cost basis and consistent with maintaining financial disciplines on service providers by precluding over-recovery of costs.
- There should be clear nexus between benefits stemming from the infrastructure and the costs of providing.

The manner in which infrastructure is funded is an essential component of achieving these objectives. In principle, aligning the costs and benefits of both new and existing infrastructure provides price signals and encourages efficient use. However, the assignment of costs in this manner is only possible where the benefits are sufficiently identifiable, and infrastructure with diffused benefits may be better funded by community-wide revenue (see, for example, PC 2004, pp. 174–177).

Poorly targeted infrastructure charges can impose a range of unintended distortions on housing markets. For example, the Henry Tax Review found that 'simple flat prices that do not well approximate actual avoidable costs can reduce housing supply', and that 'where charges are levied at a flat rate per dwelling, high-density developments are likely to face higher prices for the infrastructure they require, compared to lower density developments' (Henry et al. 2010, p. 426).

Local government stakeholders generally contend that the central issue concerned the funding of infrastructure — that current caps on developer contributions were too low or a review of infrastructure funding was necessary (Bundaberg Regional Council, sub. IR70, p. 1; Brisbane City Council, sub. IR26, app. A, p. 5; Ipswich City Council, sub. IR23, p. 6; LGAQ, sub. IR53, att. 1, p. 1). For example:

A review of the infrastructure charging framework is supported. ... Although the development industry is concerned with the current costs of charges, the current cap is significantly impacting on local government and the broader community based on the widening gap between infrastructure costs and the capped charges.

The current charging cap (under prescribed charges) has no nexus with the actual costs to deliver infrastructure, and ongoing pressure is being placed to reduce this burden on developers, despite the level of subsidy already provided by the cap.

Retaining the cap, or any further reduction to the cap, simply shifts this burden to local government and local communities. Ultimately, it will lead to local government being unable to deliver necessary infrastructure to support growth. (Ipswich City Council, sub. IR23, p. 6)

PIA similarly supported a review, noting the importance of the infrastructure charging regime to the financial stability of developers, local government, and the Queensland Government (sub. 13, p. 3). A review of infrastructure charging was also supported by the Queensland Small Business Commission (sub. IR87, p. 10) and Roads Australia (sub. IR77, p. 5).

Industry contends that infrastructure charges add to construction costs and make housing less affordable (HIA, sub. 32, p. 10). HIA (sub. IR85, p. 8) also questioned whether infrastructure contributions had an appropriate nexus between new home buyers and the infrastructure being provided:

Any further review should focus on further restricting which infrastructure projects can be funded through developer contributions by ensuring a clear nexus to new homebuyers in the relevant suburb. ... For instance, Brisbane's Local Government Infrastructure Plan identifies an embellishment cost of \$132.3 million for the Kangaroo Point Green Bridge, despite the possibility that new homebuyers in suburbs such as Pallara may never use this infrastructure.

Industry stakeholders generally opposed a review of the charging regime (PCA, sub. IR97, p. 7; UDIA, sub. IR96, p. 5; Master Builders Queensland, sub. IR73, p. 15). For example, the PCA (sub. IR97, pp. 7–8) argued that:

While the Property Council acknowledges the current infrastructure funding process has limitations, we do not support a full independent review of infrastructure charges given the risk it will result in increases to the current caps which would significantly undermine the confidence of the sector to undertake new development.

The Property Council has long been firm in its position that any recommendation to lift infrastructure charging caps is fundamentally flawed and counterproductive. As it stands most developers already pay well above the capped rates due to negotiated infrastructure agreements or additional levies imposed by councils. Raising the caps further would not improve infrastructure delivery it would simply increase the cost of development, which is ultimately passed on to buyers and renters or worse, renders development unviable.

In addition, Master Builders Queensland (sub. IR73, p. 14) noted that a review of infrastructure charges may risk introducing uncertainty and delaying projects, and HIA (sub. IR85, pp. 8–9) argued that the principles established by the 2011 Infrastructure Charges Taskforce remain applicable and relevant without the need for further review.

A broader review of infrastructure is required

Ensuring that infrastructure is provided and funded in an efficient and equitable manner is critical to supporting outcomes for Queensland's community and for meeting its housing needs.

While some industry stakeholders were opposed to a review of infrastructure charging specifically, they did acknowledge that some form of review of how housing-related infrastructure is funded and delivered is needed.

Instead [of a review of the infrastructure charging regime], the Institute supports a comprehensive reconsideration of how housing-related infrastructure is funded and supported at both a state and national level, with a specific focus on how entirely new approaches, such as the Crisafulli's Residential Activation Fund, could be expanded, made permanent, and supported by companion programs funded by the Federal government. (UDIA, sub. IR96, p. 10)

To assist with the timely delivery of infrastructure we would also recommend the current scope of government infrastructure funds be increased and expanded to support other property including industrial, commercial and social infrastructure. (PCA, sub. IR97, p. 7)

In addition to supporting a review of the infrastructure regime, PIA similarly argued for a broadening of the scope to examine:

- infrastructure funding from all levels of government and their interplay
- the efficacy of infrastructure agreements in delivering infrastructure
- the current provisions and practice regarding offsets, refunds and extra payment conditions (PIA, sub. IR29, p. 18).

The Queensland Government has recently implemented a Residential Activation Fund designed to accelerate infrastructure provision for new housing. Several stakeholders argued in favour of increasing the scale of the fund, making it available to non-residential projects (PCA, sub. IR97, p. 7), or making such funding permanent (UDIA, sub. IR96, p. 10). While such a consideration would be appropriately countenanced within a broader review, the benefits of such an approach should be considered alongside the importance of assigning costs of infrastructure to their beneficiaries where possible.

It should be noted that as per Chapter 2 and Part B, the construction industry is constrained, large increases in the amount of infrastructure may not always be possible, regardless of who directly funds it. As such, planning and coordinating infrastructure efficiently to the right locations is key to providing housing enabling infrastructure.

While this inquiry does not make recommendations in relation to specific reform options relating the provision of new infrastructure required to support housing development, the available evidence does suggest there are opportunities for improvements to the current regime, and that the issues are more complex than the appropriate level of a cap on developer contributions.

To facilitate this, the Queensland Government should commission an independent review to assess 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.

Given the complex and contentious nature of these issues, the review should consult extensively with local government, industry and community. As new homebuyers bear a relatively greater economic incidence of infrastructure charges, the review should seek and consider their views.

A key risk in commissioning such a review, as noted above, is the introduction of uncertainty which may disincentivise new housing development. This is of particular concern in the current supply-challenged housing market. This risk is well documented, having been noted in the Henry Tax Review in 2010:

... infrastructure charges are increased after a developer has bought land from its original owner, they cannot be factored into the price previously paid for the raw land. In this case, the charge would lower the expected return from the development. In addition, general uncertainty about charging is likely to discourage development activity, which could reduce the overall supply of housing and increase the price of housing. (Henry et al. 2010, pp. 426–427)

In commissioning the review, the Queensland Government should consider including 'safeguards' to offset uncertainty concerning any potential regime changes. These could include grandfathering provisions or a commitment to only introduce changes after a certain period of time has elapsed following the review's publication.

Where land use restrictions prevent development in a manner that most efficiently utilises any existing or new infrastructure, it both restricts housing supply and imposes a higher-than-necessary infrastructure cost on purchasers of new housing supply and the broader community. This may lead to inefficient and inequitable outcomes. As such, the land use and zoning reforms identified earlier in the chapter would also help to improve the efficiency and equity of infrastructure provision and funding.

10.5 Recommendations

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.



11.0 **Incentivising change**

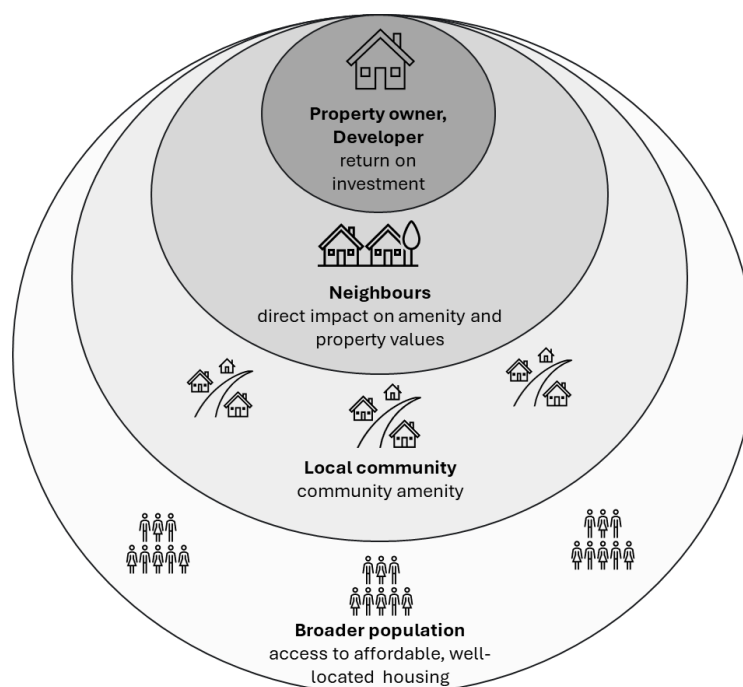
11.1 Community support is important for policy reform

Key challenges

The successful implementation of reforms to increase the supply of developable land, particularly those that involve increases in density in desirable locations, will depend, in part, on whether the community accepts and supports them. Building that support can be difficult, and successful reform efforts are usually preceded by significant engagement effort.

A key issue making reform challenging is that the benefits tend to be dispersed across the broader community while the costs are often concentrated locally. This means different parties have different incentives when it comes to supporting or opposing individual developments (Figure 11.1). For example, immediate neighbours of a proposed development are likely to have stronger incentives to oppose development since they face real or perceived costs, including disruption during construction and possibly higher local congestion (Duranton & Puga 2020). However, members of the broader community may individually have weaker incentives, as the benefits of a proposed development (such as increased housing access and affordability, reduced overall city congestion, and greater access to shops and eateries) are more dispersed.

Figure 11.1 Members of the community have varying incentives to support new housing developments



Source: QPC.

Exacerbating these issues is a tendency for existing residents to overestimate the costs of higher density and underestimate the benefits. Despite these perceptions and concerns, studies show increasing density tends to be associated with increased amenity (Ahlfeldt & Pietrostefani 2019) and high-rise developments tend not to impact dwelling values nearby (Tulip & Lanigan 2021).

Stakeholders highlighted there are challenges to establishing community support for more housing and greater density. For example:

Community acceptance of higher-density housing is closely tied to the quality of outcomes. Where housing is poorly designed, residents resist development, slowing delivery and reducing trust in planning processes. Genuine, design-led engagement is critical to build understanding and support for necessary up zoning. (Australian Institute of Architects, sub IR21, p. 13)

PIA has been strongly advocating for a broad and ongoing state-led community awareness campaign on infill and housing diversity. The need for a greater community understanding of planning is a persistent and complex challenge that continues to impact the delivery of critical housing and infrastructure. The prevalence of community resistance significantly impacts the ability of local governments to progress infill development and hinders the timely delivery of approvals. (PIA, sub. IR29, p. 21)

Build the case for reform and improve public information

The evidence suggests opposition to increased density largely stems from public perceptions around two phenomena — belief that new supply will reduce incumbent residents' amenity and/or house values, and scepticism that increased supply would help to improve affordability (Garvin 2023; Nall et al. 2022; Susan McKinnon Foundation 2023).

These perceptions can lead to strong opposition to new housing, which, in turn, can increase pressure on policy makers to implement more restrictive zoning regulation, additional character and heritage preservation and other impediments to increases in density (such as more complex and costly development assessment criteria).

Political scientists and legal scholars have recently found that economic illiteracy is also a contributing factor in why people oppose new housing (Nall et al. 2022, p. 4):

Using data from two nationally representative surveys of urban and suburban residents, we posit a further cause of the housing shortage: public misunderstanding of housing markets. Through vignettes describing a 10% shock to regional housing supply, we find that only about 30–40% of respondents believe that additional supply would reduce prices and rents. ... It also appears to be specific to housing: respondents generally gave correct answers to questions about supply shocks in other markets.

The findings have been duplicated in Australia, with one third of surveyed Australians believing that more housing would result in higher, rather than lower, prices (Garvin 2023). Similarly, only 27 per cent of Australians polled thought building more homes would decrease housing prices (Susan McKinnon Foundation 2023). Often described as 'supply scepticism', this can contribute to people opposing new supply, particularly apartments.

Ensuring that a case for reform is developed and properly communicated will help ensure community discussion is based on rigorous analysis and contributes to better policy making and planning decision-making.

Planning involves trade-offs between competing objectives. However, often the public is presented with a single policy option for consultation. Sophisticated modelling exists to analyse how a region may grow under different land use assumptions and how this may impact a range of variables, such as commute times and housing affordability.

Providing the public with information on planning processes and alternative planning options and possible outcomes would enable people to understand the trade-offs involved and constructively engage in consultation processes. This could potentially increase public confidence in the planning option eventually implemented.

At a local level, processes where residents are clearly informed of proposed developments and concerns are seen to be taken seriously are more likely to be successful because they can avoid the intensification of opposition (Davidson et al. 2013, p. 153). Providing more information earlier to clarify the benefits and costs of a proposed development can help reduce the development and entrenchment of community opposition arising from initial uncertainty.

Case building was an essential step to the reforms in New Zealand. This involved several New Zealand Productivity Commission inquiries (2012, 2015, 2017), Independent Hearings Panels that made a strong case for more supply and consulted intensely with the public, requiring councils to do housing and business assessments, and regular monitoring of outcomes (West 2024).

In New Zealand a broad coalition of groups came to support the reforms, including younger cohorts and community groups, environmentalists, social housing providers, developers, builders and urbanists. The use of independent, rigorous analysis and broad, open consultation helped to depoliticise reforms and build community and bipartisan political support (West 2024).

The New South Wales (NSW) Productivity Commission also assisted in building the case for reforms in Sydney, increasing public awareness and debate. Public inquiries presented the community and decision makers with a broad range of evidence and ensured the benefits such as improved local amenity, lower environmental costs and commuting times were acknowledged, not only the costs (NSW PC 2024, pp. 22–32).

Stakeholders also spoke of a need to build a case for reform and improve public information and awareness.

There is no evidence provided to the community for the "robust evidence base" claimed by the SEQ Regional Plan, hindering the development of a reliable forecasting system for housing needs. BRU considers withholding this information "inappropriate from a planning perspective and unethical". (Brisbane Residents United & Spring Hill Community Group, sub. IR100, p. 10)

To support the shift to a more consolidated urban form by introducing gentle density to local areas and investing in enabling transport infrastructure to support higher density in key areas, PIA contends community understanding of growth and change is critical, to understand the need for change and the outcomes of a more sustainable growth model. ... Transparency surrounding the projected or possible rate of change in neighbourhoods would help to communicate this better. (PIA, sub. IR29, p. 22)

For a fast-growing region like South East Queensland, a broadscale education and engagement campaign is needed to support the communities' understanding of the benefits, and trade-offs, of increased density for their neighbourhoods and their city. There is a need for a local government moderation of local community views on housing and density in the face of community hesitation to accept change associated with increased density and changes to built form outcomes. (Brisbane City Council, sub. IR26, p. 10)

Support for housing density and diversity through positive and intentional community engagement and education is of critical importance for the current and future housing supply. It should be proactively fostered. There should be proactive community engagement and education through campaigns to reduce 'Not In My Backyard' (NIMBY) attitudes towards new housing developments. These should set out to share both the consequences of restricting new housing development and the opportunities in it proceeding. (Master Builders Queensland, sub. IR73, p. 19)

In a Queensland context, open consultation on how and where greater supply and density should occur is required.

To build support for greater densities and reforms, the Queensland Government should:

- build the case for more housing where people want to live and better planning, through transparent rigorous analysis of policy alternatives
- provide public information and engage with the public on the trade-offs involved from alternative land uses.

Ensure community views and preferences are properly represented

Community engagement is an important part of the decision-making process. As such, it needs to be conducted carefully to ensure that it is representative of community views.

Traditional consultation processes often suffer from a self-selection bias in which local opponents of development are given voice at the expense of beneficiaries, who may be more numerous but less motivated to engage.

As most traditional consultation processes rely on an 'opt in' style of submissions and community meetings, they allow some incumbent, home-owning residents to have a disproportionate say in the consultation process, often at the expense of other residents, renters and those currently residing outside the area who would like to live there.

There is evidence to suggest that, in Australia, attitudes to increased density in a person's local area are strongly correlated with age, with the youngest demographics most favourable and older least. According to the Susan McKinnon Foundation (2023, p. 135), renters and people under 55 are more likely to think providing more housing is more important than preserving local character.

Stakeholders also suggested that consultation is also not always sufficiently representative.

Any community education or consultation process should prioritise engaging the broader, often underrepresented majority, rather than amplifying hyper-localised voices driven by individual interests. (PCA, sub. IR97, p. 10)

Some stakeholders suggested there is room to better engage with the community.

BRU highlights the critical need to "invest in mechanisms to embrace more openly and actively with the community and use contemporary data methods and technologies to provide transparency of information", stating that a smart, sustainable region requires smart, engaged people. (Brisbane Residents United & Spring Hill Community Group, sub. IR100, p. 12)

Foster genuine community participation in the planning process, moving beyond abstract policy discussions to tangible, place-based design conversations. (Australian Institute of Architect, sub. IR21, p. 13)

Other stakeholders suggested existing consultation opportunities existed but were often ignored by the public.

The Institute believes that the current system offers sufficient opportunities for community engagement and local involvement, however these opportunities are usually missed or misunderstood by the broader community. (UDIA, sub. IR96 p. 28)

There are options to better engage the community and ensure the views heard are more representative.

Citizen panels are one form of consultation that has been adopted in many international jurisdictions to ensure that community consultation is representative (see Box 11.1).

They involve selection of members of the public to ensure consultation is demographically representative of the entire community.

Box 11.1 Citizen panels in Lower Hutt, New Zealand

From 2016 to 2023, Lower Hutt, a regional council within the greater Wellington area, implemented a reformed planning system which delivered medium and high-density housing in residential areas of the city. This was achieved by enabling medium densities, mixed use, a wider range of housing styles and sizes and reducing parking requirements.

Prior to reform, the region had low projected population growth, poor economic outcomes, a struggling retail sector and poverty on the outskirts of the city. However, there had been a modest uptick in population growth as undersupply of housing in Wellington City led to out-migration. This placed pressure on rental affordability and drove higher house prices in Lower Hutt. These issues were complicated by Lower Hutt's topology. Situated within a valley and constrained by steep hills, mountains and the sea, outward development was constrained, leaving increased density as the only realistic option to increase housing supply.

A unique feature of this reform process in Lower Hutt was the engagement of a 'citizens panel', a representative body designed to complement the voluntary submissions made to the local government. This mechanism helped provide decision makers with a more representative view of the population's perceptions about increasing the density of housing. The panel showed that 69 per cent of the community supported rezoning for medium-density housing, compared to only 44 per cent using the traditional submission process. This allowed decision makers to be confident that the decisions they made to increase density were supported by the community.

Source: Maltman & Greenaway-McGrevy 2024.

The Commission recommends improving consultation approaches to more fully represent the community.

To better support reform effort and ensure more informed consultation, existing guidance (DSDILGP 2017) could be reviewed, updated and provided to state and local government planning regulators on best practice consultation. Similar guides from other jurisdictions (for example, WA Government 2024b) could be drawn upon.

Monitor land supply and planning performance

There are a broad range of land use and planning outcomes identified above. To evaluate whether planning policies, and reforms to those policies, are achieving their objectives, it is necessary to measure outcomes. Doing so could also increase community support for planning reform.

Reporting performance is useful to industry, as it provides it with better information on market dynamics and expected times and costs for approval processes, in turn reducing risk and improving project viability. Indeed, the Urban Development Institute of Australia tracks some Development Approval data to assist its members.

Current monitoring of performance in South East Queensland occurs through the Growth Monitoring Program. The most recent published report estimates that some councils are not meeting land supply and planning approvals targets (DSDILGP 2022). However, some of the measures may not be providing useful measures of supply relative to demand and the data is not provided in a timely manner to the public.⁴²

Performance measurement is limited. Housing is a key outcome of planning, but it is not the only planning policy priority or objective of the planning system. Objectives in the State Planning Policy are often unmeasured.

⁴² For example, the years of approved supply benchmarks shift over time relative to historical approvals, rather than a measure of demand. The years of approved supply measure is calculated by dividing the total number of uncompleted dwelling approvals for the LGA (as at the reporting period) by the average dwelling building approvals of the previous four years. Noosa, for example, has experienced tightening planning approval supply and worsening housing affordability but improving performance against benchmarks.

Planning should adopt measurable indicators for strategic goals such as dwelling supply targets, commute times, access to public open space within walking distance, rental affordability, infrastructure access and provision, and hectares of vegetated or agricultural land. (Anonymous, sub. IR64, p. 7)

While the Queensland Government gathers data on land supply targets through the Land Supply and Development Monitoring (LSDM) program, stakeholders have expressed concerns about the suitability of this reporting as a true accountability measure, as there are a range of data gaps around the supply of land and zoning, and a lack of granularity to the data.

At the same time, there is no process for holistically monitoring or reporting development approval or assessment timeframes and outcomes in Queensland. The absence of performance information on planning and development approvals is likely to reduce accountability and weaken incentives for improvement, particularly for local governments.

There was broad dissatisfaction with the process for released development information by industry, councils and community groups, with submissions generally supporting better reporting (Brisbane Residents United & Spring Hill Community Group, sub. IR100, pp. 9–10, 12; UDIA, sub. IR96, p. 7).

The industry does support best practice land supply monitoring and reporting and believes that it is a very important tool which, once developed appropriate standard, could be used to assess land supply impacts of government policy and changes. (UDIA, sub. IR96, p. 20)

Public reporting of performance can be an important accountability mechanism and can help to incentivise improved outcomes. For example, in NSW a Council League Table is publicly available with monthly details on several key planning performance metrics for each local government council. Metrics are also compared against benchmarks detailed in a Statement of Expectations Order issued each year (NSW Government 2025b).

Improving the public availability of local government data on planning performance appears meritorious, given the potential benefits and the present lack of such data. However, data collection, compilation and dissemination come at a cost and needs to be compared with the benefits.

Local government stakeholders warned that councils face resourcing constraints and there should be consideration of how additional burdens may impact councils.

The QPC should recognise that local government resources are already critically strained, and if not properly considered and supported, new reporting may further strain capacity and work against the objectives of the QPC. (LGAQ, sub. IR53 p. 8)

For this reason, the Planning Institute of Australia (sub IR29, pp. 24–25) suggested:

A more strategic and coordinated approach where the State Government:

Takes the lead in scoping and developing a real-time, statewide monitoring dashboard using digital planning technologies.

Establishes a suite of universal and consistent data sets that can be applied across all jurisdictions.

Recommendation 27 to establish a planning portal would assist in this regard by improving data quality and consistency, reducing reporting burdens and making performance reporting more timely.

In addition, the government should consider establishing a growth monitoring entity. This entity would:

- have responsibility for the Land Supply and Development Monitoring reporting
- 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
- analyse and contextualise data, including identifying gaps or bottlenecks
- make data sets available to facilitate research and evaluation.

The Commission notes that, although the Queensland Government has established a growth monitoring unit to monitor and analyse data on land supply and development activity, their LSDM report has not been released since 2021.

Stakeholders also called for an independent body, such as a Growth Monitoring Authority, to better report on housing supply targets (Planning Institute of Australia, sub. 13, p. 5; UDIA sub. IR96 pp. 23–24, 28).

BRU argues that the function of bringing governance and assurance material together for the regional plan should not reside within the department setting town planning targets, due to the potential for "distorted reporting" where the "poacher" and "gamekeeper" are the same. They advocate for independent data providers and expert consolidation of data. (Brisbane Residents United & Spring Hill Community Group, sub. IR100, p. 12)

There may be merit in having an independent body charged with this role. An independent body may be better placed to analyse the data, identify bottlenecks and problems within the development system and release reports in a timely manner.

In the interim, the Department of State Development, Infrastructure and Planning should fulfill its current role and release the LSDM reports for 2022, 2023 and 2024 as soon as possible. There is no compelling public interest reason for withholding existing data and reports that would inform the community and assist industry.

Explore mechanisms to allow residents to choose zoning

Another potential reform direction is to provide flexibility for existing residents to determine local zoning at a small geographic level. This may help alleviate residents' concerns about change by allowing residents to agree to development that best matches their preferences.

Under traditional arrangements, resident groups who seek to avoid negative impacts from development are left with few options but to lobby against development. This often leads to broad prohibitions against some types of development, particularly those of greater density, even in areas where residents are not necessarily opposed and would benefit from it.

There are examples from overseas jurisdictions where existing residents are allowed to determine development densities. For example:

- Israel allows residents to bypass normal planning restrictions on building size where outcomes can be negotiated between developers and existing residents (Box 11.2).
- Houston, in the United States, has a zoning system that allows residents to opt-in or opt-out of zoning restrictions on a small areas basis (Box 11.3).

These approaches are materially different from the current approach to development approvals in Queensland, by allowing residents to determine the housing density of their immediate neighbourhood. This opens communities to support increased housing densities by enabling negotiations between residents and developers to achieve mutually beneficial outcomes.

Box 11.2 Case study 2 – Israel’s negotiation-based zoning option

Israel has a more centralised planning system than most developed countries, with local governments issuing building permits in line with state regulations and plans (known as TAMAs).

Faced with rapid population growth, limited space, a housing stock needing renewal and a very slow planning process, Israel implemented a series of reforms that allowed residents to directly negotiate with developers.

TAMA 38 was introduced in 2005, allowing owners of existing apartments to negotiate with developers to increase building size without going through normal zoning and planning processes.

Under TAMA 38, developers are offered by-right development for buildings constructed before 1980, providing they can get the agreement of two thirds of existing owners. For existing owners, the developer provides compensation, either in the form of a cash payment or an upgraded new dwelling. Municipalities maintain some control over allowable building heights, but these controls are limited.

While the priority of the scheme is to replace dangerous older dwelling stock, the scheme now delivers a third of new Israeli homes — accounting for 37 per cent of Israel’s housing construction and half of Tel Aviv’s new construction.

Source: Alster 2024.

Box 11.3 Case study 3 – Local control in Houston

Rather than a system of zoning regulation, the US city of Houston has a code of ordinances that set a range of minimum features such as lot size, setbacks and minimum car-parking requirements. This is combined with private deed restrictions that restrict how land may be used, including effective density limits.

Historically, Houston has remained affordable, since low regulatory barriers have made building houses relatively easy. However, the density limits enacted through the city ordinances, combined with a permissive attitude to building outwards, led to a rapid urban sprawl.

In recognition of the costs associated with this sprawl, in 1998 Houston City Council implemented reforms giving landowners automatic permission (subject to certain conditions) to build on smaller lots, allowing subdivision and townhouses.

This was implemented alongside mechanisms for residents to opt out of allowing this type of development in their area. The mechanism to opt out is relatively simple, requiring a petition with a simple majority of property owners or no dissents in an area.

This system allows small groups within the community to opt out of densification where most residents are strongly opposed and to opt in where owners foresee benefits. The net result of a relatively permissive land use system and the ability of residents to opt in and out of restrictions has led to most of the city becoming open for denser development.

Some of Houston’s neighbourhoods have been totally transformed and the city is now mid-ranked among American cities on the Foot Traffic Ahead walkability ranking. In the 1990s, it was the only major city in the US without a rail system but now has three light rail lines operating and plans for two more.

Sources: Burn-Murdoch 2024; Fulton 2020; Martin 2023.

Allowing opportunities for developers to negotiate with affected members of the community to change local plans, or agree to specific conditions, may promote mutually beneficial agreements and reduce the negative impacts of development.

The data suggests that the NIMBY/YIMBY debate is not really about economic or cultural ideology, race, or class – it is about veto players and incentives. If incentives are closely tied to the decision about whether to upzone, and homeowners can make the choice for themselves, then developers can offer strong-enough incentives for new development to make homeowners the most powerful political engine in support of densification. (Alster 2024, pp. 16–17)

The achievement of mutually beneficial outcomes would support construction productivity by allowing developers an opportunity to build to a more efficient scale, design or method, while simultaneously benefiting the affected community.

Designing a reform for Queensland circumstances would require a significant amount of policy work and initial piloting to determine if it is workable. For example, determining the appropriately sized geographic areas for local decision-making and the level of resident support required for opting out of the zoning system would be a challenging issue. A method for determining majority consent, such as petitioning, would also need to be established.

Clear limits on negotiable conditions would need to be developed, to ensure negotiated outcomes do not produce adverse outcomes (such as rainwater run-off that creates problems for those who are not immediate neighbours), and so that costly or protracted negotiations can be easily avoided.

There is room for further exploration of opportunities to trial local community-led zoning decision-making, as adopted in some overseas jurisdictions. This could involve, for example, allowing homeowners in a small area to request changes to local plans to enable greater density in their neighbourhood.

11.2 Recommendations

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.



PART D: Regulation of building activities

Key points

- Where regulations have a strong rationale and are well designed and administered to address an underlying problem, then the benefits of regulation should outweigh any costs that arise. However, evidence suggests there are regulations affecting the construction industry that are not effective or efficient, and are likely to be unnecessarily reducing productivity.
- Building regulations are becoming more complex, with increased risk they are impeding productivity. Reduced levels of attention are being paid to the costs of new regulation, with regulatory best practice not being followed or undermined.
- National approaches, such as the National Construction Code (NCC), represent efficient responses to regulation where they provide consistent requirements that maximise community benefits. However, in recent years, these outcomes have not been realised due to:
 - changes being introduced that don't deliver a net benefit
 - varied implementation across the states and territories.
- Some financial regulations, including the requirement for project trust accounts, have been implemented in Queensland despite not undergoing an impact assessment and consultation process with stakeholders as required under best practice regulatory processes. As a result, they seem to be imposing significant administrative and financial burdens, without clear evidence they are the right solution to address the problem of insolvencies and non-payment of contractors in the industry.
- More attention should be given to the way building regulations are affecting innovation, as regional differences and building inspection and approval processes can be ill-suited to the adoption of modern methods of construction (MMC).
- Workplace health and safety (WHS) regulations appear to have become more burdensome, but there is limited evidence they have increased safety outcomes.
- There are opportunities to improve construction productivity in Queensland, through:
 - 'opting-out' of any changes to the NCC if they have not been through a full regulatory assessment demonstrating they would provide benefits larger than their costs. If governments are seeking to achieve objectives where regulation is not effective or efficient, rather than imposing costs on all home buyers, they should consider non-regulatory alternatives such as information provision or, where efficient, budget funding
 - removing outstanding reporting obligations under the minimum financial requirements regime
 - undertaking a review of project trust account requirements to assess whether the framework is delivering a net benefit to Queensland
 - progressing, through the Revitalising National Competition Policy process, initiatives to remove regulatory barriers to innovation, including MMC
 - reviewing of the WHS Compliance Monitoring and Enforcement Policy and Queensland WHS codes of practice.

Context

This part covers matters relating to the regulation of building activity, and considers four main issues:

- **Regulation of building design** — regulations designed to influence the design and quality of buildings. These include the use of building and plumbing codes to set desired standards of construction as well as provisions for the certification of buildings against these standards.
- **Financial regulation** — regulations administered by the Queensland Building and Construction Commission (QBCC) intended to ensure the financial integrity of the building and construction industry in Queensland, protect consumers, and reduce the risk of insolvencies and disputes. These include financial reporting requirements and the need for certain contractors to establish project trust accounts.
- **Matters affecting modern methods of construction (MMC)** — current regulatory settings may impact on new and innovative construction methods and products.
- **Workplace health and safety regulation** — regulations designed to minimise the risk of accidents and injuries. These include both rules around safe work practices, hazard identification and training, as well as associated administrative and reporting requirements.

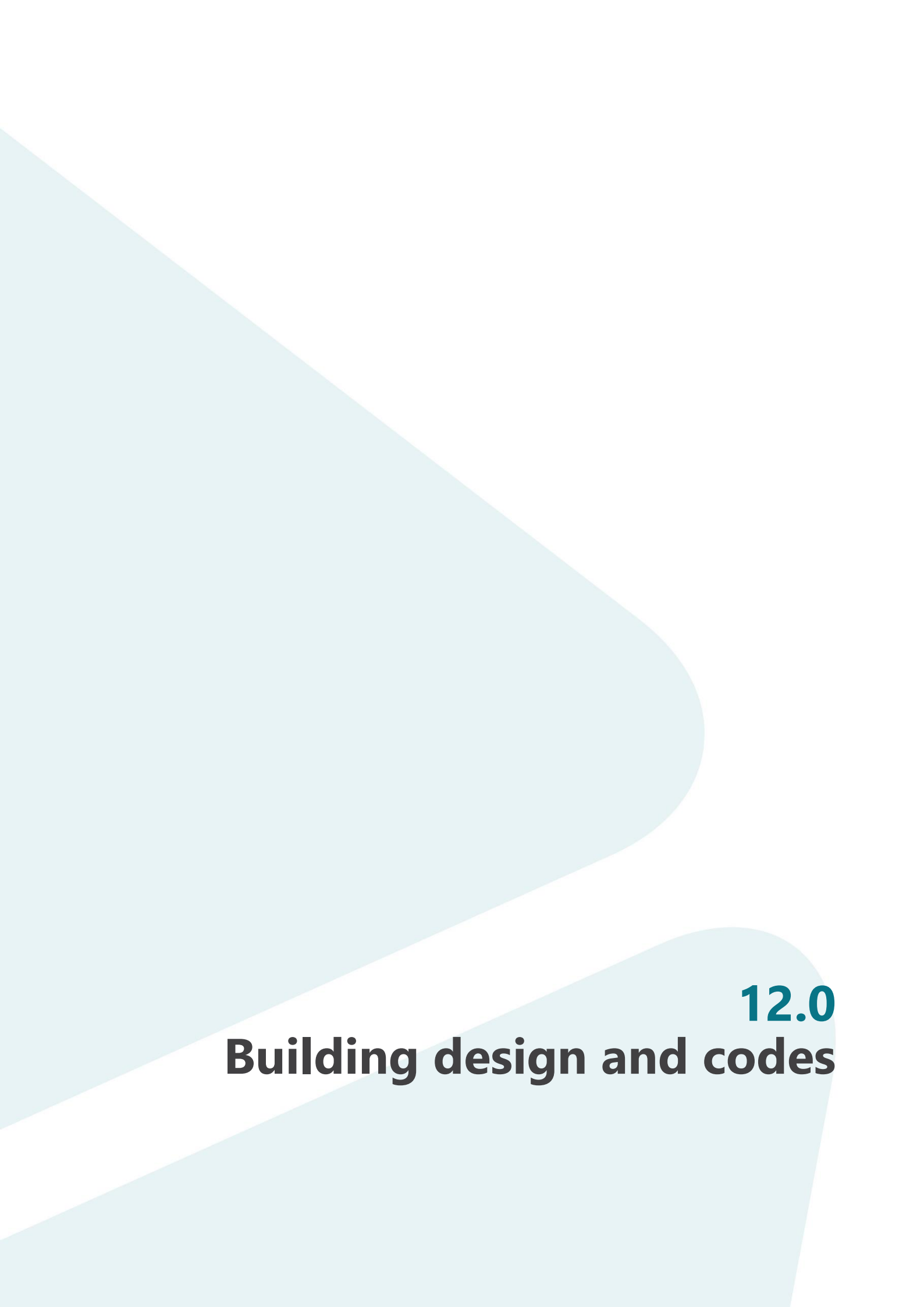
Regulations affecting land use (including planning policies and restrictions) and the labour market (such as occupational licensing) are canvassed in other parts of this report.

Consistent with the terms of reference, this part primarily focuses on regulation within the control of the Queensland Government. However, where there are identified critical issues that fall within the scope of local government or Australian Government policy, the inquiry has sought to provide options to inform engagement on these matters.

Much of the material covered in this part is highly technical in nature. For example, the National Construction Code is Australia's primary set of technical design and construction provisions for buildings and forms the basis for Queensland's building code. The NCC is over 2,000 pages and includes hundreds of technical requirements for residential and commercial buildings (PC 2025b). The Commission has not commented on the technical elements of these regulatory requirements.

Nevertheless, the Commission has identified opportunities to improve the operation of regulation where there:

- is a strong case for removing regulation, and it is unlikely to compromise quality and safety outcomes
- seems to be opportunities to improve the way regulations are implemented and enforced, or
- is a compelling case that needs to be investigated in more detail.



12.0

Building design and codes

12.1 Regulation of building design

Poorly designed or constructed buildings can pose significant risks including structural failures, fire hazards, and health issues. Structural failures, such as the one seen in the Opal Tower in Sydney in 2018, and fire hazards, like the 2014 Lacrosse Tower fire in Melbourne, highlight the serious consequences of these risks.

The potential impacts associated with unsafe and poorly designed buildings include physical harm to occupants, financial losses for owners and insurers, and likely broader impacts on the community in the event of a major incident. Given the extensive number of buildings in Australia, their high economic value, and the substantial costs of repair or reconstruction, even a small percentage of buildings being unsafe or poorly designed would represent a significant problem.

In an ideal world, all stakeholders would have complete and accurate information about building safety, and the full costs and benefits of construction decisions would be borne by the relevant parties. This would incentivise the construction of safe buildings, as consumers would likely demand high safety standards and builders would bear the full costs of any safety failures.

However, there are two key issues that mean markets may not always deliver buildings to the standards expected by the community without some form of regulation:

- **Information asymmetries** — purchasers of construction services, especially in the housing sector, often lack the necessary information to accurately assess the safety and quality of work (particularly for more complex structural features). This can either lead to poor decision-making or require consumers to conduct expensive and time-consuming searches.
- **Externalities** — the costs of building failures, such as injuries, deaths, or property damage, are often borne by individuals other than the purchaser and so may not be factored into the decision-making process. Typical externalities include environmental pollution, the use of hazardous materials (for example, asbestos) and negative safety outcomes.

Building codes and standards are a key regulatory response to these market failures. Modern building codes, which date back to the *Metropolitan Buildings Act 1944* (UK), have been used to 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. Effective enforcement of these standards can:

- reduce information asymmetry by setting 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.

12.2 The regulatory framework in Queensland

As shown in Figure 12.1 there is a range of Queensland legislation that establishes the standards and processes for building and construction activities, with responsibilities shared between the state government (which determines relevant requirements in legislation) and local government (which has responsibility for local standards and development assessment). This includes:

- the *Building Act 1975* (the Building Act) and *Plumbing and Drainage Act 2018* (the Plumbing Act) and their subordinate instruments, which regulate building and plumbing standards. These legislative instruments also give legal effect to:
 - the National Construction Code (NCC), which establishes minimum standards for the design, construction, and maintenance of buildings, in areas such as structural safety, fire safety, health and sanitation, and light and ventilation. Since 2011, the NCC has provided a largely uniform set of technical provisions for new building work and new plumbing and drainage installations across Australia

- both the Queensland Development Code (QDC) and the Queensland Plumbing and Wastewater Code (QPWC) cover Queensland specific matters that are outside the scope or vary elements of the NCC. If there is an inconsistency between the NCC and these codes, the requirements in these codes prevail
- the *Queensland Building and Construction Commission Act 1991* (the QBCC Act) establishes the Queensland Building and Construction Commission (QBCC) as the regulatory body for the Queensland building industry
- the *Planning Act 2016*, and associated Regulation and policies, set out the process for development assessments, which are primarily undertaken by local government (see Part C: Land use regulation for more information)
- Queensland legislative instruments and the NCC also reference other documents such as Australian⁴³ and international standards that must be complied with.

Figure 12.1 Queensland's building regulatory framework

Building and Plumbing regulations		Regulator	Assessment
Building Act 1975 Regulates building standards building certification, building products and some licensing functions (such as building certifiers and pool safety inspectors). Building Regulation 2021 Defines categories of building work, assessment criteria of development applications and building certification processes. Building Fire Safety Regulation 2008 Provides framework for maintenance of fire safety installations and equipment.	Plumbing and Drainage Act 2018 Plumbing and Drainage Regulation 2019 Regulates standards for plumbing and drainage work and onsite sewerage. Provides for licensing, certification and compliance and enforcement.	Queensland Building and Construction Commission Act 1991 Provides for the QBCC to oversee: • the licensing of contractors and many constructing trades, • resolve building service disputes • provide insurance to protect consumers • the carrying out of investigations into defective building work and breaches of the legislation.	Planning Act 2016 and associated Regulation and policies Assessment of development applications against the relevant planning scheme and state planning policies to ensure that development is appropriate for its location and consistent with the desired future character of the area.
National Construction Code (Volumes 1 and 2)	National Construction Code (Volume 3)		
Queensland Development Code	Queensland Plumbing and Wastewater Code		
Australian and International standards			

Source: QPC.

Building certifiers manage the building approval and inspection process and help ensure that all aspects of the building work meet relevant codes and standards. Failure to comply with building and plumbing codes can result in penalties, fines and orders to rectify non-compliant work.

⁴³ Standards Australia n.d. notes that standards are 'documents that set out specifications, procedures and guidelines that aim to ensure products, services, and systems are safe, consistent, and reliable.'

12.3 Building codes have become more complex and costly

While it is generally accepted that building codes have improved the quality and safety of houses and other buildings, including in the areas of health and sanitation, fire safety and disaster mitigation (Henderson & Ginger 2008; Nwadike & Wilkinson 2021; Vaughan & Turner 2013), determining the specific impact of building codes, such as the NCC, on the safety and quality of Australian structures is challenging. This is because any observed improvements in safety and quality may also be due to advancements in construction techniques, materials, technology, commercial reputation as well as heightened public awareness, and demand for safer buildings (CIE 2012).

Despite the existence of stringent building codes, there is still the potential for defects and casualties from unsafe buildings if codes become excessively complex (making compliance difficult and leading to unintentional violations) or there is ineffective compliance (for example, because builders or consumers lose confidence in the standards) and enforcement.

The Australian Productivity Commission (2025b) has noted the NCC is 'sound in principle' and that when it is 'implemented consistently across all jurisdictions, [it] encourages scale, efficiency and transferability'. The introduction of Australia's single national, performance-based building and plumbing code has been estimated to have delivered significant economic benefits (\$1.1 billion annually) through nationally consistent requirements, improved productivity, increased flexibility and the ability to use new and innovative materials (CIE 2012).

However, the Australian Productivity Commission as well as many industry stakeholders have expressed concerns about an increase in complexity and cost associated with the NCC, including that NCC 2022 has caused a 'significant burden' to builders (Liu 2025).

Box 12.1 How changes are made to the NCC

The Australian Building and Construction Board (ABCB) is the standards writing body responsible for the development of the NCC and is a joint initiative of the Australian, state and territory governments, together with the building and plumbing industries. The NCC is currently updated every three years.⁴⁴

Under clause 6.1(b) of the ABCB's Intergovernmental Agreement, the ABCB's objectives are, amongst other things, to ensure that in determining any change to the NCC and the level of the requirements:

- the proposals are effective and proportional to the issues being addressed such that the NCC will generate benefits to society greater than the costs (that is, they generate a net benefit)
- there is no regulatory or non-regulatory alternative that would generate higher net benefits (that is, net benefits are maximised).

Source: ABCB 2020.

⁴⁴ The duration between NCC changes increased from one year to three years commencing in NCC 2016 to give builders more continuity for project specific requirements (Dolezal 2023).

Building codes have moved beyond 'minimum' standards

The goal of the NCC, since its first edition in 2011, has been to:

enable the achievement of nationally consistent, minimum necessary standards of relevant health, safety (including structural safety and safety from fire), amenity and sustainability objectives efficiently. (ABCB 2011)

However, building codes appear to have moved beyond providing *minimum* safety and quality standards to also, in the view of industry, driving 'market best practice' and other societal goals (Master Builders Queensland, sub. 43, p. 17; Housing Industry Association, sub. 32, pp. 18–21). In addition, many changes to the NCC have been adopted despite them not being the option estimated to have the highest net benefit — and in some cases have been adopted despite analysis showing they would result in significant net costs to the community (ABCB 2018; Bicknell 2019).

Recent changes have likely increased construction costs, but the scale of the impact is contested

The evidence suggests that recent changes to building codes, including additions to NCC 2022 related to 'liveable housing' and energy efficiency requirements, have increased construction costs, which are likely to be passed on to consumers in the form of higher prices (Queensland Small Business Commissioner, sub. IR87, p. 14; Lia 2022). While these changes also provide benefits, such as improved accessibility and energy performance, the regulatory impact analysis undertaken before their introduction concluded that these benefits to the community were unlikely to outweigh the costs they impose.

Box 12.2 Case study: NCC 2022 Regulatory Impact Statements

As part of the NCC 2022 development process, the ABCB completed Regulatory Impact Statements (RISs) on the impacts of two key proposals.

Liveable Housing

NCC 2022 introduced minimum accessibility standards for housing. This included design features intended to provide step free access (where possible), more space in bathrooms and wider hallways and doorways.

The RIS prepared to investigate the inclusion of minimum accessibility housing standards in the NCC concluded that all regulatory options tested would impose costs that outweigh benefits. According to the RIS, the regulatory option similar to that ultimately adopted by the ABCB, would result in:

- additional compliance costs (including increased construction costs and the opportunity cost of loss of space) of \$3,874 per house, \$4,186 per townhouse and \$5,748 per apartment
- a net cost, nationally, of \$4.1 billion.

The analysis contained in the RIS was assessed as 'compliant' with best practice regulatory principles by the (then) Commonwealth Office of Best Practice Regulation.

These provisions of the NCC are now in force, including Queensland-specific variations via QDC MP 4.5.

Energy Efficiency

NCC 2022 introduced new energy efficiency provisions for residential buildings including an increase in the level of thermal comfort required and the introduction of a whole-of-house 'energy use budget.' The RIS found these provisions could have net social costs of \$547 million nationally.

The analysis contained in the RIS was assessed as 'compliant' with best practice regulatory principles by the (then) Commonwealth Office of Best Practice Regulation.

These provisions of the NCC are now in force, including Queensland-specific variations via QDC MP 4.1.

Sources: ACIL Allen 2022; CIE 2021.

Submissions to this inquiry reflected different stakeholder views on these requirements and their impact.

Some industry stakeholders argue the additional costs for new home construction are substantial and that some of the provisions (such as accessibility requirements) were unworkable on smaller lots (Housing Industry Association, sub. 32, pp. 18–21; Master Builders Queensland, sub. 43, pp. 17–21 & sub. IR73, p. 20; UDIA, sub. IR96, pp. 29–30). Further, Master Builders Queensland (sub. IR73, p. 20) argues the actual construction costs to comply with both accessibility and energy efficiency requirements, based on estimates by a quantity surveyor, are substantially larger than originally estimated.⁴⁵ These stakeholders broadly support the analysis of the RISs prepared for NCC 2022 and have the view that implementation of these new standards should be voluntary rather than mandatory.

Conversely, some stakeholders disputed the findings of the RISs undertaken before the introduction of the standards. For example, the Melbourne Disability Institute (sub. IR39) provided an updated appraisal (by Dalton and Carter) of the cost benefit analysis undertaken for the accessibility standards, which it claims shows the requirements could instead lead to a net benefit. In particular, their analysis suggests that the associated RIS significantly understates the benefits that would be delivered by applying the standards. In addition, the Green Building Council of Australia (sub. IR94, p. 4) stated that a cost benefit analysis, commissioned by the former Queensland Department of Energy and Public Works, showed the energy efficiency standards would result in a net benefit of over \$500 million for the Queensland community.

Many submitters supported the retention of both energy efficiency and accessibility standards in Queensland building codes, citing:

- The impact on construction costs is small (an additional 1–2 per cent) and is cheaper and more productive than retrofitting in the future (Council of the Ageing Queensland, sub. IR13; The Summer Foundation, sub. IR17; Queensland Independent Disability Advocacy Network, sub. IR24; Design Matters National, sub. IR25; Australian Sustainable Built Environment Council, sub. IR37; Guide Dogs Queensland Limited, sub. IR67; Energetic Communities Association, sub. IR79).
- The standards enhance resilience (Insulation Council of Australia and New Zealand, sub. IR8; Solar Citizens, sub. IR34).
- Inclusion in the NCC promotes a nationally consistent approach (Affiliated Insulation Industry Coalition, sub. IR5; Australian Glass and Window Association, sub. IR19; Building Products Industry Council, sub. IR9; PeakCare Qld Inc, sub. IR35; Q Shelter, sub. IR42).
- Reversal of requirements would cause industry confusion (as most builders have now adapted to the new standards) and that stronger additional standards are already being contemplated (Building Energy Ratings & Advice Pty Ltd, sub. IR15; Energy Efficiency Council, sub. IR61).
- In the case of accessibility standards, voluntary measures had not worked and resulted in limited access to housing for people with disability (Dr John McPherson, sub. IR7; Queensland Council of Social Services sub. IR71).
- The decision of Building Ministers to include the accessibility standards in the NCC considered not only the findings of the Decision RIS but also significant further information provided via the associated consultative process (Australian Network for Universal Housing Design, sub. IR45).

Stakeholders also suggested there should be further investment in education and guidance materials to improve industry and community understanding of energy efficiency measures (Australian Institute of Architects (Queensland Chapter), sub. IR21).

⁴⁵ Which the Commission notes, if correct, would also alter the original cost–benefit analysis results.

Some stakeholders supported the intent of the provisions, but were concerned with some aspects of the standards. For example, the Australian Institute of Architects (Queensland Chapter) (sub. IR21, p. 14) noted:

...aspects of the energy efficiency standards are not suited to low energy design in subtropical and tropical climates, where shade, ventilation and orientation are often the strongest design measures for humid heat. Double glazing can actually intensify heat in certain circumstances. We therefore support adherence to a nationally consistent approach to regulation, but a locally relevant set of provisions regarding energy efficiency.

Due to the contested nature of the analysis, it is difficult for the Commission to independently verify the various claims made by stakeholders.

There is scope for Queensland to ‘opt out’ of standards that do not have a demonstrated net benefit

While acknowledging the concerns of stakeholders, the independent economic analysis conducted to inform NCC 2022 — indicating that the energy efficiency and accessibility standards would result in a net cost to the community — was subject to public consultation and assessed as compliant with best practice regulatory principles by the (then) Commonwealth Office of Best Practice Regulation.

As noted, the ABCB Intergovernmental Agreement states that any changes to the NCC should generate a net benefit. Making changes to the NCC, without demonstrated community benefit, can undermine the effectiveness of, and confidence in, the NCC and the amendment process. Ultimately, such a result can lead to poorer outcomes for the industry, consumers, and society as a whole.

It is within the purview of the Queensland Government to amend or ‘opt-out’ of any provisions of the NCC via the QDC and QPWC, if they are deemed to not be in the State’s interest. While the ABCB Intergovernmental Agreement commits each jurisdiction to minimise variations to the NCC, it also provides for variations where:

there is a net benefit as evidenced by a Regulatory Impact Assessment conducted in accordance with assessment processes in each jurisdiction. (ABCB 2020, p. 25)

In addition, while there is benefit to national harmonisation of building rules, through the NCC, recent changes have not been uniformly adopted by states and territories which has created difficulties for businesses operating across borders (Queensland Small Business Commissioner, sub. IR87, p. 14). For example, Tasmania has not adopted the energy efficiency standards and New South Wales (NSW) operates their own system. Furthermore, Western Australia and NSW have not adopted the accessibility standards (see Table 12.1 below).

Table 12.1 Jurisdictional comparison of NCC 2022 adoption

	Residential Energy Efficiency	Accessibility standards
Queensland	✓	✓
Australian Capital Territory	✓	✓
New South Wales	✓*	✗
Northern Territory	✗**	✓
South Australia	✓	✓
Tasmania	✗	✓
Victoria	✓	✓
Western Australia	✓	✗

* NSW operates their own energy efficiency system which may differ from NCC requirements.

** Northern Territory has implemented 5-star requirements for Class 1 dwellings and not adopted NCC 2022 energy efficiency requirements for apartments.

Source: ABCB 2023.

There may be better ways to achieve the desired outcomes

The Commission acknowledges the concerns stated in stakeholder submissions on the preliminary recommendation to opt-out of NCC 2022 requirements, particularly in relation to the provision of NCC accessible housing standards.

As noted by CIE (2021), the costs associated with inaccessible housing are a large and growing problem for the community. There are also clear benefits of increased accessibility and energy efficiency in new dwellings. For example, energy efficiency upgrades may reduce utility bills for new homeowners, while accessibility features mostly benefit people with disability and older Australians and their families.

However, the use of mandatory standards to achieve these outcomes imposes costs on all new home buyers (many of whom are likely younger and face tighter financial constraints) regardless of whether the mandatory features are wanted or needed by the consumer. In addition, in the case of accessibility standards, many of these dwellings may never be occupied by people with accessibility needs — either due to the new dwellings still not meeting their needs or being built in areas where people with disability may not want to live (CIE 2021; Longbottom et al. 2025).

By requiring standards in the NCC, governments have essentially made the decision that new home buyers, rather than government or society at large, should pay for broader social objectives. Regulation used in this way is typically both inefficient (poorly targeted) and inequitable (benefits are not gained by those bearing the cost).

As indicated in Box 12.2, changes to the NCC should both produce a net benefit to the community and be the policy option that produces the highest net benefit. Putting aside the issue of whether the 2022 NCC standards produce a net benefit, it has yet to be demonstrated that the 2022 NCC standards represent the best option to deliver the desired policy outcomes.

There are already government policies in place in Queensland that seek to increase the supply of accessible dwellings such as:

- a requirement for Priority Development Areas to have a minimum of 10 per cent (and in some cases 20 per cent) accessible dwellings, spread across different housing types (EDQ 2015)
- accessibility requirements and targets for new social housing, which achieve a higher standard than required under the NCC (DCHDE 2021).

The Queensland and Australian Government also have several policies in place to improve energy efficiency. The Queensland Government has recently announced a \$98 million investment with the Australian Government to improve energy efficiency and tenant wellbeing, including through the provision of ceiling fans to more than 24,000 Queensland social housing properties (O'Connor & Wilson 2025).

There are also alternative regulatory and non-regulatory approaches available that could achieve similar objectives at a lower cost than a mandatory standard in the NCC. For example:

- ensuring 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
- the option of providing subsidies for accessible housing in a more targeted way was found, in the RIS undertaken for the ABCB, to be the least costly option and, on a cost–benefit basis, broadly ‘broke even’.

The Commission remains of the view that there remains a strong case for Queensland to opt out of the recent NCC accessibility and energy efficiency standards. Such a change would not restrict the market, that is, builders or consumers, from adopting the stronger accessibility or energy efficiency standards set out in the current NCC if they believe there are benefits from doing so.

Instead, if government wishes to be more proactive in improving the accessibility and energy efficiency of the housing stock, it should explore other policy options, including non-regulatory options, that may prove to be more effective, efficient and equitable than implementing the 2022 NCC standards.

Queensland should continue to advocate for harmonised codes based on good regulatory practice

Given the benefits of having nationally consistent building requirements, Queensland should advocate for the NCC 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.

Further changes to the NCC are now being contemplated. Since the release of the Interim Report, Building Ministers have agreed to changes for inclusion in 'NCC 2025':

- water management in commercial and apartment buildings to prevent water ingress
- carpark fire safety provisions for commercial and apartment buildings
- commercial energy efficiency reforms including efficiency improvements and mandatory on-site solar photovoltaic systems to support net zero ambitions
- condensation mitigation.

NCC 2025 is due to be published by 1 February 2026 with adoption, from 1 May 2026, a matter for each jurisdiction (Australian Treasury 2025b).⁴⁶

ABCB released a draft of 'NCC 2025' in May 2024 for public comment (ABCB 2024a). Impact analysis (including in some instances a RIS) has been undertaken on the proposals, with some expected to increase costs.

Given the potential impacts on housing affordability, the Queensland Government should ensure that future 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 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.

This is consistent with stakeholder comments that national assessments do not need to be replicated at the state level unless there is a significant Queensland variation proposed (Master Builders Queensland, sub. IR73).

Frequent changes can also result in increased regulatory burdens

Stakeholders have expressed concerns about the cost to purchase Australian Standards, the rate at which building standards and code changes occur and that there is insufficient adjustment time between changes (Housing Industry Association, sub. 32, pp. 18–20; Master Builders Queensland, sub. 43, pp. 19–21). Similarly, stakeholders stated 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. The Housing Industry Association has also previously claimed the NCC amendment process can result in uneven building activity, with a spike in building before a NCC change comes into effect, followed by a sharp decline (Suljanovic 2024).

However, some stakeholders consider that regular updates to the NCC are needed to ensure Australia's building stock remains resilient and that lengthening the time between updates could also increase compliance costs for industry and reduce the benefits of a harmonised NCC (Liu 2025; Perinotto 2024; Sweeney 2025; Australian Glass and Window Association, sub. IR19). Australian Sustainable Built Environment Council (sub. 58, p. 1) stated:

Continued commitment to a regular NCC review cycle is essential to minimise duplication, support compliance, enable economies of scale and provide industry with certainty.

⁴⁶ For example, Tasmania has noted a pause on implementation of NCC 2025 measures (Australian Treasury 2025b).

Increasing the NCC amendment cycle (for example, every five years like that implemented in Tasmania) or imposing a moratorium on future changes for a set number of years would provide more certainty for the industry and allow more time for businesses to adapt to changes. However, this would need to be weighed against the risk of codes becoming outdated, not keeping pace with advances in building technology or other emerging issues.

Providing greater advanced notice of changes to the NCC and allowing more time for implementation are likely to benefit industry through improved compliance rates and allow businesses to plan and adjust their practices and allocate resources effectively (Coglianese 2015). The Queensland Government has already committed to 'provide a clear and consistent approach to implementation timeframes for future NCC updates' (DHPW 2025a).

Since the release of the Interim Report, the Australian Government announced a 'pause' on further residential changes to the NCC until mid-2029.⁴⁷ The pause would:

- follow finalisation of NCC 2025
- exclude 'essential' safety and quality changes
- maintain the residential standards adopted as part of NCC 2022 (O'Neill & Watt 2025).

In October 2025, Commonwealth, State and Territory Building Ministers agreed to the pause on further residential changes to the NCC, following finalisation of NCC 2025, except for 'serious issues and changes' that could not be deferred until the next edition (Australian Treasury 2025b).

12.4 Building certification and planning requirements are causing confusion and inconsistencies

In many cases, residential housing may require assessment against state laws, a local government planning scheme and building assessment requirements (Queensland Law Society, sub. 63, p. 4; Erin Dunn, sub. 64). As noted in Part C on land use regulation, local planning regulations often introduce additional, inconsistent or duplicative requirements to building requirements.

A number of stakeholders noted the interaction between the *Planning Act 2016* and *Building Act 1975* is causing regulatory overlap, inconsistent application and overreach by local government (Master Builders Queensland, sub. 43, pp. 21–22; Project BA, sub. 48, pp. 2–3; Queensland Law Society, sub. 63, p. 5; Erin Dunn, sub. 64). Stakeholders argued this has resulted in a number of regulatory 'grey areas' leading to different legislative interpretation, confusion, and ultimately delayed development outcomes (Housing Industry Association, sub. 32, pp. 7–8; Master Builders Queensland, sub. 43, pp. 21–22; Erin Dunn, sub. 64).

These matters are discussed in more detail in Part C: Land use regulation.

⁴⁷ The announced pause was an outcome of the Australian Government's Economic Reform Roundtable held in August 2025.

12.5 Stakeholders have been critical of the QBCC's performance

Many stakeholders told us they were dissatisfied with the performance of the QBCC and that the regulator has, historically, struggled to effectively and transparently manage its core regulatory functions (Master Builders Queensland, sub. 43, p. 34; Australian Glass and Window Association, sub. IR19, p. 5; Ipswich City Council, sub. IR23, p. 14; Queensland Small Business Commissioner, sub. IR87, pp. 16–17). According to a survey by Business Chamber Queensland (as reported in their Efficient Regulation Report 2023), 58 per cent of respondents in the construction industry considered the QBCC to impose a high regulatory burden.

Stakeholders suggested that the QBCC has inefficient, duplicative and unclear processes and has been too slow to respond to and resolve issues:

Having an inspection by a QBCC inspector is a crucial step in dispute resolution, yet in our resident's cases it took six months for an inspector to attend the property. (Sandy Bolton MP, sub. 9, p. 2)

Small businesses often raise concerns about the QBCC's efficiency, regulatory approach, and how it impacts their ability to operate. For many small business owners in the construction industry, the QBCC's performance is a key factor affecting their success within Queensland's regulatory framework. (Queensland Small Business Commissioner, sub. IR87, p. 16)

Many stakeholders also expressed concern that the QBCC was inconsistent in its advice and enforcement and makes regulatory decisions 'misaligned' with its governing legislation:

Consistent, transparent, and effective enforcement of licensing and technical standards by the QBCC is crucial for maintaining a level playing field and public confidence. However, industry members report challenges in obtaining clear and timely advice and concerns about the consistency of enforcement actions. A more collaborative and educative approach from the QBCC, coupled with robust action against genuinely non-compliant or unlicensed operators, would foster greater industry productivity. (AMCA, NECA & NFIA, sub. 47, p. 6)

... the QBCC has one of the best regulatory toolkits in the country, however it is not using it effectively, with gaps in enforcement a major challenge. (Australian Glass and Window Association, sub. IR19, p. 6)

Stakeholders also indicated the QBCC had a lack of presence and inspection activity in subsectors and regional areas (Australian Glass and Window Association, sub. IR19, p. 6).

The QBCC has noted its commitment to change

The Commission is aware the QBCC has recently commenced a process to improve regulator performance (Box 12.3), including consulting across Queensland to understand stakeholder issues and rebuild relationships. A new leadership group has been appointed. The Queensland Government has outlined its expectations: an improved focus on consumers and a more accountable, risk-based, and outcomes-driven regulatory approach (Queensland Government 2025h).

Box 12.3 Recent QBCC operational activities

The QBCC has recently introduced a number of changes to improve their operations and customer service including:

- streamlining and tailoring correspondence to both licensees and homeowners on the Queensland Home Warranty Scheme
- rolling out a new Home-Owner Hub offering step-by-step guidance to homeowners embarking on building and renovation projects
- hosting its first Consumer Roundtable to better listen to homeowners in shaping building regulation reforms
- publishing educational materials, hosting interactive stakeholder sessions, and making structural improvements to their customer contact centre, such as staff training and smart forms to streamline processes.

In addition, the QBCC has revised its 2023–2027 Strategic Plan for the 2025–26 financial year, with updated goals that seek to:

- address risks and opportunities in the building and construction industry by collaborating with stakeholders to develop regulatory solutions that reduce harm
- engage with regulated entities to ensure financial compliance, mitigate risks, and protect subcontractor payment entitlements
- provide evidence-based analysis and strategic policy advice to support regulatory change
- enhance transparency in decision-making processes
- collaborate with industry and government to drive improvement through education and co-design initiatives.

Source: QBCC 2025a, 2025b, 2025c, 2025d.

Industry has expectations for improved performance in licensing, customer services and reducing compliance burdens (Master Builders Queensland, sub. IR73). In addition, stakeholders consider that the QBCC needs to:

- engage with businesses to help them understand and meet regulatory requirements
- use a mix of proactive support, risk-based interventions, and flexible approaches tailored to each business
- avoid overlapping responsibilities with other regulators (Queensland Small Business Commissioner, sub. IR87).

It is too early to assess whether these changes will address performance issues. But beyond these operational changes, consideration should also be given to whether the regulatory framework QBCC operates under provides the right incentives to effectively and efficiently deliver its activities.

One area of opportunity could be in the organisation's overarching governance, which has been described as the 'crucial ingredient' in good regulatory performance (OECD 2021). There are a number of features of good governance, which should have the end goal of better performance and consumer outcomes, including technical rigour, objectivity and predictability (OECD 2021).⁴⁸

Within this context, the QBCC and Queensland Government should evaluate the outstanding recommendations of the 2022 QBCC governance review and, if they are still considered appropriate, prioritise their implementation.⁴⁹

Further, the Queensland Government should review the QBCC Act and Regulation to ensure they are modernised, reflect contemporary industry standards, and align with best practice governance principles.

⁴⁸ Further discussion on regulator practice is provided in Chapter 3.

⁴⁹ According to the Queensland Government's latest implementation report from December 2024, while the majority of the review's recommendations have been delivered, work is continuing, or yet to commence, on 17 actions.

The QBCC's compliance and enforcement strategy is also next due for revision and approval in late 2026. In developing a draft of the next version of the strategy, the QBCC should ensure that licensees and industry are consulted before it is finalised.

There may be opportunities to improve measures of performance

Clearly articulated objectives and robust outcome-based performance indicators are also important for the governance of regulators.

Unless clear objectives are specified, the regulator may not have sufficient context to establish priorities, processes and boundaries for its work. In addition, clear objectives are needed so others can hold the regulator accountable for its performance. Regulated entities have a particular right to know the reason their activities may be directed or limited. (OECD 2014, p. 31)

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

Stakeholders submitted, in response to the Interim Report, that the QBCC's current performance metrics fail to capture the outcomes relevant to the industry and the public. They also noted a new suite of metrics should be developed that are used to inform future planning and opportunities for change (Master Builders Queensland, sub. IR73; AMCA, MPAQ, NFIA, NECA & Surveyors Australia, sub. IR75).

Stakeholders submitted a number of areas for improved and more transparent performance reporting including:

- measures of QBCC success in reducing contractor insolvency and subcontractor non-payments (AMCA, MPAQ, NFIA, NECA & Surveyors Australia, sub. IR75; Housing Industry Association, sub. IR85)
- enforcement actions against unlicensed and phoenix operators (AMCA, MPAQ, NFIA, NECA & Surveyors Australia, sub. IR75)
- dispute resolution timeliness and stakeholder satisfaction levels (AMCA, MPAQ, NFIA, NECA & Surveyors Australia, sub. IR75)
- breakdown of QBCC complaints and insurance payouts by financial value (Housing Industry Association, sub. IR85)
- the nature, frequency and location of reported building defects (Master Builders Queensland, sub. IR73).

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

Digital initiatives are progressing

Digital innovation has the potential to be transformative for government service delivery — including the delivery of regulatory services — by reducing regulatory burden and better targeting risks (see earlier discussion in Chapter 3). Stakeholders, in response to the Interim Report, submitted there was a need for the QBCC to establish faster and simpler licensing processes (Queensland Small Business Commissioner, sub. IR87).

The 2022 QBCC governance review also had several recommendations and actions aimed at improving responsiveness, information technology systems and digital capability. In response, the QBCC has recently introduced measures such as a customer improvement plan (Queensland Government 2024h), however, it is too early to tell if these measures have been successful.

The Queensland Government has also recently introduced the legislative changes, as part of its Building Reg Reno (Tranche 3), to enable 'user-friendly electronic services' and support digital licensing for QBCC licensees (Queensland Government 2025g).

12.6 Additional regulatory issues

The Interim Report also explored some additional regulatory issues that had been previously identified by stakeholders.

There is a case to increase the insurable works threshold

In Queensland, individuals and companies must hold a QBCC licence to carry out building work that is valued over \$3,300 (including materials, labour and GST). In addition, most residential building work (including renovations and repairs) in Queensland is higher than this value and must have cover under the Queensland Home Warranty Scheme (the Scheme). The Scheme protects Queensland homeowners if a builder fails to complete the work or the building has structural defects. To fund the Scheme, a builder pays premiums to the QBCC on behalf of the customer.

As the threshold value has been fixed at this value since 2000⁵⁰, stakeholders have raised concerns that it has not kept pace with construction costs or inflation. Master Electricians Australia (sub. IR48, p. 24) noted this has resulted in an increase in the administrative burden of collecting and paying insurance on small value jobs, while Master Builders Queensland (sub. IR73, p. 25) claimed that if the original value was annually adjusted for inflation, it would be equivalent to approximately \$13,600 in current dollars.

The current threshold for insurable works is also significantly lower than other states. The threshold in South Australia, the Northern Territory, and the ACT is \$12,000, while in New South Wales and Western Australia it is \$20,000 (HIA 2022a, p. 6).

Anecdotal evidence suggests that insurance claims under \$11,000 occur far less than for higher thresholds (MBQ 2022, p. 3). If the threshold was raised, consumers would still retain protection through the QBCC's dispute resolution services and the Queensland Civil and Administrative Tribunal (QCAT), which manages disputes up to \$25,000 (Housing Industry Association, sub. 32, p. 17).

Housing Industry Association (sub. 32, p. 17) stated that the threshold for insurable works under the Scheme should be raised to a 'minimum' of \$20,000. It has also previously been suggested that the threshold should be indexed annually (MBQ 2022, p. 3). However, Ipswich City Council (sub. IR23, pp. 14–15) suggested the threshold should not be increased, claiming there are still quality issues with work undertaken below the current unlicensed works threshold.

There is a strong case to increase the threshold for insurable works to a value more reflective of the cost of building. This is also in line with the Queensland Government's previous announcement to undertake a review of both licensing and insurance thresholds as part of its Building Reg Reno staged package of reforms (DHPW 2025a).

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) and updated (by an appropriate inflator that accounts for inflation and the cost of building work). Increases at smaller intervals have the potential to increase regulatory burden due to frequent changes in requirements.

Deposit caps should be reviewed

In Queensland, a contract for domestic building work valued above the \$3,300 threshold must comply with the form and content requirements for domestic building contracts set out in Schedule 1B of the QBCC Act. The maximum deposit for a Level 1 contract, up to \$19,999, is 10 per cent (with some exceptions). The maximum deposit for a Level 2 contract (\$20,000 or more) is 5 per cent (QBCC 2021c, pp. 3, 9).⁵¹ The premium for the Scheme also needs to be paid from the deposit by whichever occurs earlier: the commencement of works or ten business days from contract being entered into (QBCC 2021c, p. 6).

⁵⁰ The value was set at \$3,000 in 1980 and increased by 10 per cent in 2000 for the introduction of the Goods and Services Tax.

⁵¹ The QBCC Act also notes that where the value of 'off-site work' is more than 50 per cent of the contract price, the maximum deposit is 20 per cent of the contract price.

These deposit caps have not changed since the inception of the *Domestic Building Contracts Act* in 2000 (Master Builders Queensland, sub. 43, p. 12). Submitters argued the 5 per cent deposit cap has not kept pace with pre-construction costs (such as design assessments for energy efficiency and site safety plans) as well as relevant levies (for example, the training and portable long service leave levy) and approval fees (Master Builders Queensland, sub. 43, p. 12–13 & sub. IR73, p. 27). Stakeholders have also claimed there are significant challenges for small businesses who encounter cash flow issues and financial stress which can lead to project delays and affect security of payment (Master Builders Queensland, sub. 43, pp. 12–13).

Master Builders Queensland has therefore recommended raising the maximum deposit cap for a domestic building contract to 10 per cent, to support contractors' ability to fund up-front costs and manage their cash flow (Master Builders Queensland, sub. 43, p. 14).

Stakeholders have also recommended amendments to what is covered by the deposit cap. For example, Master Electricians Australia (sub. IR48, p. 24) suggests it should exclude the value of items where the homeowner's interest is registered on the Personal Property Securities Register (such as appliances). Housing Industry Association (2022a, p. 12) have also previously argued that warranty scheme premiums could be paid separately to deposits:

This allows the contractor more money to adequately prepare for starting the building works and to use the full amount of the deposit for its intended purpose.

Given the increase in pre-construction costs and potential liquidity challenges for builders, there may be merit in raising the deposit cap for higher value contracts. However, any change needs to be considered against the potential impact on consumer protection. The Commission therefore recommends the Queensland Government undertake further analysis into the impacts of any changes to deposit requirements for domestic building contracts taking 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 MMC.

12.7 Regulatory review

Given the complexity of building regulation and the potential costs of regulatory or policy error, it is not possible for the Commission to conduct an in-depth review of every regulatory standard affecting the building industry. Nevertheless, there have been concerns that the stock of building regulation is affecting the productivity of the industry (for example, see PC 2025b).

As noted in Chapter 3, stock reviews are a useful tool for managing the stock of regulation since they allow for a targeted in-depth review of regulatory areas.

Efforts should be prioritised towards regulations that would, following reform, deliver the biggest gains to the community (PC 2011b; QPC 2021). This includes areas of regulation that impose material and increasing costs or economic distortions on the community and are likely to have been affected by changed circumstances (for example, due to technological or demographic change) since they were introduced or last reviewed — which may indicate they are no longer fit for purpose (QPC 2021).

Stakeholders have suggested that any reviews undertaken should be ongoing, well resourced, risk-based and outcomes-focused, explore digital initiatives, and involve input and consultation with key stakeholders (Queensland Small Business Commissioner, sub. IR87, p. 15; Property Council of Australia, Queensland Division, sub. IR97, p. 11).

Taking into account stakeholder submissions to the Interim Report, there is likely to be large gains to the community from review of:

- the *Building Act 1975* and subordinate legislation, which stakeholders note should be reviewed with 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
- the *Queensland Building and Construction Commission Act 1991* which stakeholders note is outdated and overly prescriptive. A review would consider opportunities to modernise the QBCC's functions, streamline processes and reduce regulatory burden.

As noted earlier, stakeholders have also identified a need to streamline the NCC. The Australian Government recently announced plans, agreed to by Building Ministers, to 'improve and modernise' the NCC, including consideration of how to reduce the regulatory burden on building and construction and improve useability through the use of artificial intelligence. (O'Neill & Watt 2025; Australian Treasury 2025).

12.8 Recommendations

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.



13.0 **Financial regulation**

13.1 Financial requirements

Financial requirement regulation aims to mitigate the impacts of insolvencies, defaults and other adverse financial events throughout the construction supply chain. Whether due to misconduct or as a result of unfavourable market conditions outside a business' control, the consequences of financial distress extend beyond those immediately affected to other industry participants and customers. This could involve:

- other contractors failing to receive payment (and possibly themselves entering financial difficulty)
- impacts on workers and apprentices whose employment may be impacted by financial difficulties of their employer
- end customers not receiving a good or service for which they have already paid.

Accordingly, governments have sought various policy solutions that seek to reduce financial risk in the construction industry. However, most policy instruments impose obligations on a wide range of industry participants, even though only a small fraction of the industry may be responsible for the harm that is being targeted. Consequently, where a problem warranting government intervention is identified, any obligations on industry should be the minimum required to achieve the objective in order to avoid unnecessary costs on businesses and consumers.

This chapter explores two frameworks that distinguish the Queensland construction industry from other jurisdictions, namely minimum financial requirements (MFR) and trust accounts.

Minimum financial requirements

Queensland building and construction contractor licensees are required to provide financial information to the Queensland Building and Construction Commission (QBCC) under the MFR regime. These reporting requirements were reinstated in 2019 following their removal in 2014. Exemptions are in place for some licensees who hold professional indemnity insurance (QBCC 2021e).⁵²

The *Queensland Building and Construction Commission (Minimum Financial Requirements) Regulation 2018* (the MFR Regulation) prescribes financial viability obligations that contractors must meet. Licensees are required to demonstrate their ongoing financial sustainability to the QBCC through annual financial reporting.

The QBCC specifies a contractor's allowable annual turnover (measured by maximum revenue) as:

- a function of working capital (measured by net tangible assets)
- subject to satisfying a current ratio of \$1 in current assets for each \$1 in current liabilities.

These requirements have the potential to impact industry capacity and productivity by limiting the pool of contractors available to complete construction work. Arrangements in other jurisdictions are detailed in Box 13.1.

⁵² The exempt licence classes are building design – low rise, medium rise, and open; builder project management services; hydraulic services design; site classifiers; fire protection – water-based fire system stream—design, and electrical—design—fire alarm systems. Nominee supervisor licensees, site supervisor licensees, occupational licensees, building certifiers and pool safety inspectors do not have to meet any MFR obligations.

Box 13.1 Arrangements in other jurisdictions

In New South Wales (NSW), licensed builders and tradespeople must obtain home building compensation cover for each home building project over \$20,000. Eligibility for cover is subject to providing a profit and loss statement and statement of personal assets and liabilities, but there are no prescribed thresholds that licensees must meet.

Following the passage of the Building Legislation Amendment (Buyer Protections) Bill 2025, builders in Victoria will become subject to minimum financial requirements. The requirements are yet to be prescribed by regulation.

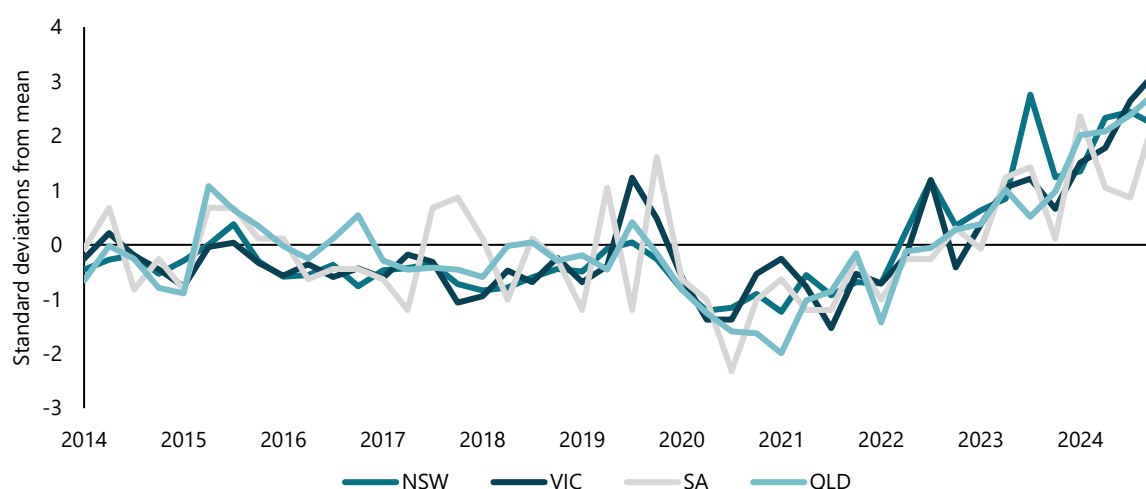
Sources: *Building Commission NSW 2025; Parliament of Victoria 2025.*

What problem do MFRs try to address?

The underlying problem that MFRs target is the rate and consequences of insolvencies on the construction industry and the broader community. It is difficult to establish a robust counterfactual to inform how Queensland insolvencies would have trended in the absence of these requirements. Nevertheless, it is possible to observe the extent to which Queensland insolvencies have diverged from those of interstate jurisdictions without MFRs.

Figure 13.1 displays standardised changes in insolvencies for Queensland, NSW, Victoria and South Australia. Over the last decade, Queensland insolvencies have followed much the same trend as states without comparable MFR obligations. The data indicate there has been no significant change in insolvencies corresponding to the repeal of MFR reporting obligations (in 2014) and their reintroduction (in 2019).

Figure 13.1 Standardised changes in insolvencies by jurisdiction



Note: Standardisation involves subtracting the average from each series and dividing by the standard deviation, allowing for magnitudes of changes to be comparable across jurisdictions. The formula for standardising insolvencies for a given state in a given quarter is $(\text{quarterly insolvency} - \text{average quarterly insolvencies}) / \text{standard deviation of insolvencies}$.

Source: QPC based on ASIC 2024.

The findings are also consistent with a 2022 Ernest Young (EY) report commissioned by Master Builders Queensland, which found that Queensland's building and construction industry insolvencies were broadly comparable to those in other Australian jurisdictions that did not have similarly stringent MFR frameworks in place (EY 2022).

Is MFR regulation effective and efficient?

Available evidence indicates that MFR obligations impose material compliance costs without a clear reduction in insolvencies. For example, the aforementioned 2022 EY report for Master Builders Queensland estimated annual compliance costs of at least \$78 million (EY 2022). These were estimated to be distributed across contractor licensees as follows:

- \$689 per annum for small businesses
- \$3,416 per annum for medium businesses
- \$13,408 per annum for large businesses.

The Queensland Small Business Commissioner (sub. IR87, p. 17) similarly notes stakeholder reported compliance costs for MFRs range between \$2,000 and \$10,000 per annum. This compliance burden may be elevated for licensees in rural and regional areas, where access to legal, accounting and financial advice may be constrained compared to metropolitan areas. Chartered Accountants Australia and New Zealand (sub. IR33, p. 4) reported that compliance with MFR obligations often requires a professional accountant even in cases where the licensee did not previously engage one, with disproportionate costs incurred by smaller licensees.

MFRs may also have the unintended consequence of discouraging business growth (with flow on effects to employment, investment, and efficiency in the industry), as companies remain small to avoid higher reporting costs usually imposed on larger building and construction licensees. Falta and Gallery (2011) analysed data between 2001 and 2006 for small and medium construction licensees. They found that as many as 32 per cent of licensees were categorising themselves into lower licence classes than would be implied by their financial position. While this analysis pertains to a previous regulatory framework, the underlying principles and efficiency applications remain broadly applicable to the current regulatory arrangements, which potentially reduce industry capacity and productivity by limiting the ability of contractors to take on additional construction work. Several stakeholders cited reduced competition as a potential consequence of MFRs (Australian Constructors Association, sub. IR49, p. 18; Queensland Small Business Commissioner, sub. IR87, p. 17; Queensland Major Contractors Association, sub. IR102, p. 16).

Stakeholders noted that because financial requirements are calculated on national revenue, some contractors with national or multijurisdictional operations have needed to establish separate Queensland entities, which has involved additional administration costs (Australian Constructors Association, sub. 39, p. 25). Stakeholders also told us that delayed or unpredictable payments to subcontractors can affect their ability to meet MFR requirements, even if their businesses are otherwise viable (Master Plumbers Association Queensland, sub. 62, p. 5). Other stakeholders noted that some aspects of MFR are inconsistent with Australian Accounting Standards, which further adds to the complexity of complying with the regime (Chartered Accountants, sub. IR33, p. 3; Queensland Major Contractors Association, sub. IR102, p. 16).

Recent changes to MFRs in Queensland

In March 2025, the Queensland Government removed the requirement for individual operators in self-certifying licence categories (with annual revenue below \$800,000)⁵³ to provide annual reports under the MFR regime. These obligations applied to more than 50,000 operators, equivalent to 97 per cent of all individual licensees. These licensees will still need to meet MFR standards and the QBCC will retain its ability to audit licensees to ensure compliance (DHPW 2025b). The removal of these reporting requirements is expected to reduce regulatory burden. It is unclear whether the remaining MFR reporting obligations are well-targeted, considering they now apply predominantly to larger operators.

⁵³ SC1 (annual revenue not exceeding \$200,000) and SC2 (annual revenue not exceeding \$800,000).

Reporting should be removed, and the role for MFRs or an alternative mechanism

Submissions from stakeholders indicate that the reporting requirements associated with MFRs are administratively burdensome without reducing financial risk in the construction industry. Furthermore, with reporting requirements already removed for 97 per cent of licensees, there is no indication that the absence of reporting requirements prevents the QBCC from undertaking risk-based compliance and enforcement activities. Based on the evidence available to the Commission, there appears to be a case for removing all remaining MFR reporting requirements.

However, the effectiveness of reporting requirements is a distinctly separate issue from that of the underlying MFR obligations. Stakeholders (for example, CPA Australia, sub. IR47, p. 2 and Master Builders Queensland, sub. IR73, p. 28) have identified potential costs associated with removing MFRs without having an alternative mechanism in place for verifying financial probity. As outlined in Box 13.1, NSW applies financial requirements via building insurance applications, which has the effect of aligning financial requirements with the scale of the work being undertaken without prescribing MFR thresholds. This could be a potential option for consideration if MFR obligations were relaxed or removed.

Based on the evidence received from stakeholders, the Commission recommends the Queensland Government should remove reporting obligations for all MFRs, investigate whether MFRs themselves should be removed and if so, whether alternative models could achieve similar objectives to those targeted by MFRs at a lower cost to the Queensland community. Until this investigation has been completed the QBCC should continue to conduct its audits.

Trust account requirements

The *Building Industry Fairness (Security of Payment) Act 2017* (the BIF Act) was introduced in Queensland in response to concerns with late payment or non-payment for work done by subcontractors in the building industry. This included the establishment of a framework for trust accounts where money is held in trust for subcontractors. Box 13.2 summarises the arrangements for project trust accounts (PTAs) and retention trust accounts (RTAs) in Queensland.

Box 13.2 Queensland's trust account framework

Project trust accounts (PTAs):

- the project owner or developer pays into the PTA, which is managed by the head contractor
- the head contractor and all subcontractors are paid from the PTA
- the head contractor needs a separate PTA for each eligible contract or project.

Retention trust accounts (RTAs):

- where 'eligible' cash retention amounts are withheld until they are due to be paid
- retention amounts offer protection to the contracting party (for example, correcting defects and faults) and are released upon completion / end of liability period
- the same RTA can be used across multiple projects.

An RTA is required if the contracting party is one of the following:

- a private sector principal (for example, owner or developer) who is withholding cash retentions from the head contractor on a contract that requires a PTA
- a head contractor for a project trust contract who is withholding cash retentions from first-tier subcontractors.

Because PTA eligibility is one of the requirements for an RTA, the scope of PTA coverage effectively limits the application of RTAs.

Source: QBCC 2021d, 2025f.

Phase 1 of the PTA rollout (previously referred to as Project Bank Accounts) commenced on 1 March 2018 and applied to Queensland Government funded projects valued between \$1 million and \$10 million. Further changes were made to the originally legislated framework in 2020, including more streamlined trust account arrangements. Since then, the regulation has been rolled out to other eligible building and construction contracts (including the private sector) in phases, as shown in Figure 13.2.

Figure 13.2 Project Trust Accounts timeline



On 10 February 2025, the Queensland Government introduced the Building Regulation Renovation (Building Reg Reno). The first tranche of the Building Reg Reno paused the further rollout of trust accounts to private projects below \$10 million.

Source: QBCC 2025e.

Further amendments to the BIF Act commenced on 1 July 2024. Key components of the package included:

- Trustees will no longer be required to complete the mandatory retention trust training.
- Trustees will no longer be required to engage an auditor to carry out an account review report for trust accounts opened after 1 July 2024.
- Less prescriptive record keeping requirements aligned to standard accounting practice to fast-track software solutions to support compliance.

The threshold for private sector, local government, statutory authorities' and government-owned corporations' contracts was planned to be lowered to \$3 million or more on 1 March 2025, followed by a further reduction to \$1 million or more on 1 October 2025. However, these amendments have since been paused due to concerns about the financial vulnerability of the construction industry, and to allow time for industry education as well as the completion of this inquiry (Queensland Government 2025j, pp. 1–2).

Stakeholders noted that trust accounts are used in a range of other industries, including motor dealers, real estate, law, debt collectors, and auctioneers (Myna Australia, sub. IR2, p. 1).

What problem do trust accounts aim to address?

When entering into contracts, subcontractors are unlikely to have full visibility of the financial position of vendors or other contractors with whom they transact. This can lead to suboptimal levels of construction activity if parties opt not to enter into contracts because they are unable to ascertain risk. This also constrains productivity if businesses are reluctant to invest due to this uncertainty.

Compounding this, the construction industry is dominated by small businesses with fewer than five people. As a result, the industry is highly fragmented, with projects often divided into discrete tasks undertaken by various small businesses and contractors. This characteristic of the industry can have significant implications for construction productivity if the financial difficulty of one operator causes larger disruptions to a building project.

Slow or non-payment is potentially an underlying driver for insolvency. Analysis of trade receivables data indicates that 5.2 per cent of payments in the construction industry are more than 60 days in arrears, the third-highest proportion of any industry (Pollack 2024). However, this proportion is less than half the 11.9 per cent rate observed for the construction industry in June 2022 (Adams 2022).

Construction industry participants also tend to take a more conservative approach to cash management and can withhold payments or redirect funds to manage reduced profit margins (Australian Government 2025b, p. 5). As a result, subcontractors can be exposed to risks from a head contractor's other projects where they do not hold any interest. There are also inherent timing issues for subcontractors if contract payment milestones are not aligned with the completion of work by subcontractors. Master Plumbers Association Queensland (sub. 62, p. 4) raised concerns about current processes linking subcontractor practical completion to overall project completion and instead proposed legislating decoupled definitions to avoid delayed payments.

Several stakeholders told us that non-payment of subcontractors remains a significant issue within the construction industry (Master Plumbers Association Queensland, sub. 62, pp. 3–4; Master Electricians Australia, sub. 37, p. 10; AMCA, NECA and NFIA, sub. 47, p. 3; Jonathan Sive, sub. IR104, p. 2). Master Electricians Australia (sub. 37, p. 27) conducted an industry survey, which found that over 60 per cent of respondents had been unpaid in the last five years due to contractor insolvency in both the commercial and residential sectors, with 87 per cent owed up to \$100,000. 65 per cent did not receive any of the money owed, and of these, 21 per cent of non-payments were by a residential builder, with most respondents finding the legislative framework difficult to understand.

Is trust account regulation effective and efficient?

Trust accounts aim to improve business confidence by providing processes for securing payment (Building Industry Fairness Reforms Implementation and Evaluation Panel 2019). As stated by Building Trusts (sub. 42, p. 1):

The purpose of trust accounts is to protect subcontractors' funds by ring-fencing payments that are owed to them, ensuring that money intended for subcontractors is not used to prop up other parts of the business.

However, perceptions regarding the efficacy of trust accounts differ. Some industry stakeholders have maintained that insufficient analysis was undertaken on the extension of the regulation to the private sector, and that the changes are having a perverse impact on industry without achieving enhanced security of payment (Housing Industry Association, sub. 32, p. 15; Australian Constructors Association, sub. 39, p. 25 and sub. IR49, p. 17; Master Builders Queensland, sub. 43, pp. 35–36 and sub. IR73, p. 29; Property Council of Australia, sub. IR97, p. 11).

Other stakeholders have expressed concerns about the pause to the trust account rollout and have advocated for stronger payment protections (Master Electricians Australia, sub. 37, p. 11 and sub. IR48, p. 28; AMCA, NECA and NFIA, sub. 47, p. 3; Master Plumbers Association Queensland, sub. 62, p. 4).

Requirements should align with financial management practices

A framework for enhancing security of payment will be more effective if it aligns as closely as possible with efficient financial management practices. Where regulation causes industry participants to depart from such practices without a commensurate reduction in excessive risk-taking behaviour or financial misconduct, the cost of regulation is likely to exceed any realised benefits. Indeed, a potential unintended consequence of trust accounts is that the constraints on cash flow could increase the likelihood of a head contractor being unable to meet a payment obligation, even though the business's operations are otherwise financially sound (Australian Government 2025b, p. 15). This would run contrary to the intent of improving payment outcomes and reducing insolvency risk in the construction industry.

Consequently, there is a need to better understand how businesses and individuals would be likely to operate without trust account requirements (as in other Australian jurisdictions), how trust accounts induce changes in behaviour, and what implications this has for construction productivity.

In essence, the BIF Act has introduced provisions that prohibit head contractors on a building project from using retentions or project funds as part of their cash flow or on other projects (Queensland Small Business Commissioner, sub. IR87, p. 19). The Australian Constructors Association (sub. IR49, p. 17) submitted that trust accounts prevent revenue generated by one activity to support other activities by smoothing cash flows, managing risk and undertaking investment. On the other hand, Master Electricians Australia (sub. IR48, p. 27) argued payments owed to subcontractors are never intended to serve as working capital for head contractors and therefore trust account obligations do not unduly constrain cash flow.

Trust account requirements impose costs on industry with unclear benefits

The trust account framework has the potential to result in cashflow impacts for head contractors as well as impose associated financing and compliance costs and other requirements such as auditing and training. Contractors are likely to incur material administrative, legal and accounting costs to understand and comply with trust account requirements, and bear holding costs of having large amounts of working capital sitting in trust accounts and not otherwise available to their business. The Australian Constructors Association (sub. IR49, p. 18) submitted a case study where two full-time roles were required to comply with MFR and trust account obligations. The Australian Constructors Association (sub. IR49, p. 18) also submitted that, while the trust account framework permits head contractors to earn interest on funds deposited in trust accounts, none of the accounts eligible for use pay interest due to a lack of competition.

QBCC data indicates there were 1,319 active PTAs as at 31 March 2025, with a total building contract value of \$35.2 billion. Of these, 634 PTAs were for private sector contracts with a total contract value of \$24.5 billion (implying an average project value of \$38.7 million). As at 31 March 2025, 516 RTAs had also been opened. For head contractors, the main compliance tasks associated with managing trust accounts include:

- opening and closing trust accounts with approved financial institutions
- notifying the QBCC, contracting party and subcontractor beneficiaries when certain events occur (for example, changes to the name and/or financial institution of the account)
- managing deposits into and withdrawals from trust accounts
- record keeping and accounting (including ledgers, monthly reconciliation statements and other documentation)
- training and legal advice to meet regulatory requirements.

Software platforms have been developed to facilitate some of these procedures, but challenges with implementation have constrained their effectiveness in offsetting regulatory burden for the industry (Box 13.3).

Box 13.3 Technological constraints have increased compliance costs

Stakeholders continue to report a lack of compatible software available for meeting reporting requirements (Chartered Accountants, sub. IR33, p. 5; Master Builders Queensland, sub. IR73, p. 32). Notwithstanding the financial implications of establishing trust accounts, these added technological limitations imposed additional costs on contractors that diminish the intended benefits of the framework.

To address these constraints, the Department of Housing and Public Works (DHPW) has liaised with more than 30 digital software providers to support the development of software tools to meet record keeping requirements (QBCC 2024c). It was expected software would progressively become available in the market from September 2024, with the majority of common software platforms having solutions by early 2025. However, DHPW cited ongoing software availability issues as one of the reasons for pausing the expansion of trust accounts to projects below \$10 million (Queensland Government 2025j, p. 2).

Several trust account software providers submitted that these pressures are easing with the increasing availability of technology offerings (Myna Australia, sub. 8, p. 1; Building Trusts, sub. 42, p. 3; integratedPRIVATE, sub. 52, p. 4). The lack of compatible software for complying with trust account obligations has clearly been a barrier to implementing the regulation in a cost-effective way.

Prior to the more recent stages of the phased rollout, industry had previously estimated that:

- trust accounting requirements alone could cost \$178,000 per \$3 million project (6 per cent of project costs) (HIA 2019, p. 14)
- construction costs could rise up to 3 per cent for smaller builders (compared to 1.5 per cent for larger builders), due to a lack of economies of scale and administrative resources (MBQ 2017a, p. 19).

Deloitte Access Economics (2016) estimated the introduction of trust accounts would deliver an overall net benefit to the community, even though there would be a significant cost to head contractors of \$1.5 billion over 20 years. However, the net benefit relied on the assumption that subcontractors would reduce their pricing to reflect a reduced risk of delayed or non-payment. If no (or lower than modelled) savings eventuate, then the regulation could result in a net cost to the community. At this stage, it is unclear to what extent such savings have been realised. Contract pricing will be determined by a range of market factors, so it may be difficult to attribute a change in pricing to perceptions of reduced risk. Stakeholders have not identified reductions in contract pricing resulting from the framework (Australian Constructors Association, sub. IR49, p. 17; Master Builders Queensland, sub. IR73, p. 30; AMCA, MPAQ, NFIA, NECA and Surveyors Australia, sub. IR75, p. 6).

Although not specific to Queensland's legislation, analysis commissioned by the Australian Small Business and Family Enterprise Ombudsman (2018, p. 4) estimated that the cost of running a trust account was 0.1 per cent of annual revenue for businesses with 20 employees, but this increased to 2 per cent of annual revenue for businesses with between 2 and 10 employees, and 3.5 to 4 per cent of annual revenue for sole traders.

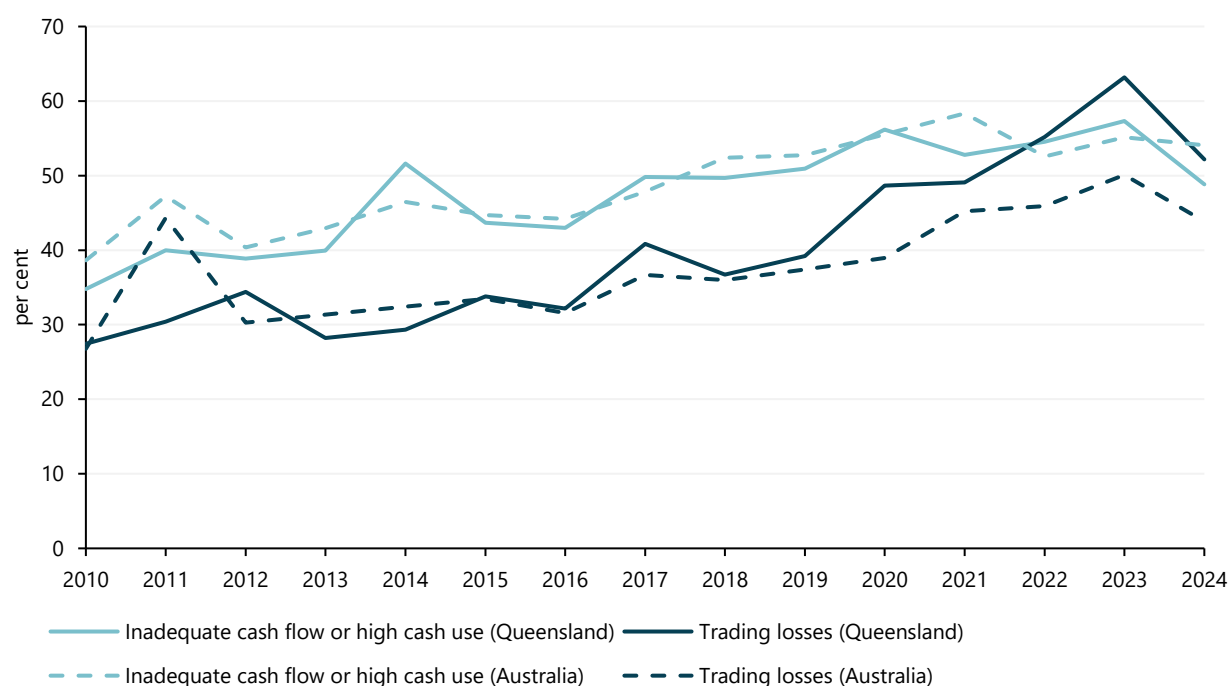
Master Builders Queensland commissioned a report by EY to review the performance and efficacy of Queensland's trust account arrangements based on consultation with stakeholders. The report found that whilst the framework has increased industry fiscal discipline, there have been increased compliance costs without evidence of increased payment security (EY 2025, pp. 2–3).

EY's report estimates the industry has incurred compliance costs of \$165 million between 2021 and 2024, an average of \$40,000 per business. If the current scope of the regulation were to be maintained, the compliance costs to industry are estimated to be \$185 million between 2025 and 2030 (approximately \$37 million per annum). However, if the framework were to be expanded to private contracts above \$1 million as has been proposed, the total compliance costs to industry could increase to \$383 million over five years (approximately \$77 million per annum). The review found that RTAs have been more effective than PTAs by streamlining the management of retention funds into a single consolidated account.

While recent amendments are likely to have reduced the level of administrative burden for builders and subcontractors, there remains concern regarding their potential extension to private sector projects — especially the burden faced by builders for smaller projects valued between \$1 million and \$10 million, who may have limited administrative resources to comply with legislation (Housing Industry Association, sub. 32, p. 15 and sub. IR85, pp. 15–16). This may act as a barrier to smaller builders working on larger projects (such as small apartment buildings and townhouses), which would have ramifications for housing supply and affordability.

It is unclear to what extent the compliance costs associated with trust accounts have been offset by benefits in the form of reduced insolvencies attributable to cash flow constraints. Queensland University of Technology (sub. IR46, p. 12) highlighted the ineffectiveness of trust accounts during recent insolvency events, with unclear fund distribution provisions leading to delays in the distribution of funds to creditors.

While there are various factors driving insolvencies, available data suggest that insolvencies from non-payments may be increasing over time. Figure 13.3 illustrates how nominated causes of insolvency in the Queensland (solid lines) and Australian (dashed lines) construction industry have changed since 2010.

Figure 13.3 Nominated causes of construction industry insolvencies, Queensland and Australia

Note: Figures sum to more than 100 per cent because administrators can nominate more than one cause of insolvency.

Source: QPC based on ASIC 2024.

There has been a consistent increase in the proportion of insolvencies where inadequate cash flow or trading losses are cited as a cause of insolvency at both the state and national level. In 2010, 'inadequate cash flow or high cash use' was cited in 35 per cent of Queensland insolvencies; by 2024 this was cited 49 per cent of the time. Similarly, insolvencies attributed to trading losses have increased from 27 per cent to 52 per cent since 2010 in Queensland. The proportion of Queensland insolvencies in this category was similar to the Australian average between 2010 and 2018, but has steadily exceeded nationwide levels from 2019 onwards.

Although it is not possible to establish any causal relationship between causes of insolvency and the implementation of trust account requirements, the evidence available to the Commission does not suggest that trust accounts have reduced the incidence of insolvencies due to cash flow constraints or trading losses.

Existing alternatives to trust accounts may offer similar protections

It is important to note that trust accounts are not the only tool available for ensuring security of payment. The BIF Act provides a range of other mechanisms for resolving payment disputes that complement, and in some situations substitute for, the trust account framework (QBCC 2021b). These include:

- adjudication – parties in dispute about an amount owned can seek a decision from the Adjudication Registrar (QBCC 2018)
- payment withholding requests – head contractors and subcontractors who have not been paid an adjudicated amount can request payment from a higher party in the contractual chain
- charge over property – a form of security interest that prevents a registered owner from selling or dealing with a property where an outstanding amount is owed and allows the head contractor to sell the property
- subcontractors' charges – secures outstanding money from higher up the contractual chain
- monies owed complaints – notifies the QBCC that a licensee has not paid money that they are liable and due to pay
- Queensland Civil and Administrative Tribunal (QCAT) – a party can commence QCAT proceedings relating to payment disputes even while a monies owed complaint is underway.

These measures are, however, not without cost. Master Electricians Australia (sub. IR48, p. 27) noted it can be costly for smaller operators to initiate such proceedings, which can be taken advantage of by head contractors when contesting lower-value claims. Stakeholders also told us that resolving disputes through QCAT can take multiple years to conclude, with difficulties sourcing independent expert advice and enforcing QCAT orders (Housing Industry Association, sub. 32, p. 16; Master Plumbers Association Queensland, sub. 62, p. 5).

To address these barriers, Queensland University of Technology (sub. IR46, p. 8) recommended expanding access to low-cost independent dispute resolution services tailored to construction contracts. The Housing Industry Association (sub. 32, p. 16) proposed that Queensland should allow for arbitration clauses in domestic building contracts, citing South Australia as a jurisdiction where this approach has improved timeliness of case resolutions.

These alternative mechanisms may only indirectly increase the likelihood that sufficient funds are on hand to meet obligations to subcontractors (for example, through the ability to liquidate assets). However, they may achieve similar objectives in terms of securing payment to subcontractors without the need for trust accounts. Furthermore, whereas trust accounts requirements apply to all eligible operators, the above mechanisms may create sufficient incentives for parties to efficiently manage risk without placing further regulatory burden on all industry participants (Australian Constructors Association 2023b, p. 8).

Master Builders Queensland (sub. 43, p. 32) suggested that improved education could help parties manage the risk of non-payment by increasing awareness of rights, responsibilities, and protections available under the security of payment framework.

The trust account framework should be reviewed

All Australian states and territories apply security of payment regulations to the building and construction industry in some form, but Queensland is the only jurisdiction that applies project trust accounts to private sector projects.⁵⁴ Despite this, the trust account framework has undergone limited regulatory impact analysis over the last decade, which amplifies the potential for unintended consequences to affect industry confidence and deter investment in Queensland.

Stakeholders have emphasised to us that security of payment problems persist in Queensland. Based on the evidence currently available to the Commission, it remains untested whether trust accounts generate benefits that exceed the additional administrative costs for licensees and contractors, or whether there are alternatives that could potentially deliver a greater net benefit to the Queensland community.

While some stakeholders have argued that trust accounts should be removed, other stakeholders have proposed alternative options for ensuring security of payment, each with varying costs and benefits. Master Electricians Australia (sub. 37, p. 11 and sub. IR48, pp. 29–30) and Master Plumbers Association Queensland (sub. 62, p. 4) recommended the holding of retention money by a central authority, similar to the scheme for rental bonds held by the Residential Tenancies Authority. Queensland University of Technology (sub. IR46, p. 13) recommended allowing third-party administrators to manage trust accounts on behalf of builders and head contractors, either on an opt-in basis, or based on the size and risk profile of a specific project.

Peter Woods (sub. IR31, p. 4) proposed joint security accounts, whereby the project owner would control all funds and use the joint security account to make payments directly to all parties, including the head contractor, subcontractors, and other suppliers. Project Legal (sub. IR84, p. 5) also suggested there were opportunities for subcontractors to be paid by project owners directly.

⁵⁴ Trust accounts have been used on government projects in Western Australia, New South Wales and the Northern Territory. In Western Australia, trust requirements for retention monies now apply to construction contracts where the value of works exceeds \$20,000, but there are no equivalent requirements for private sector project trust accounts. In 2020, New South Wales introduced retention trust account requirements for all projects valued over \$20 million, but project trust accounts are not in use. Internationally, Canada, New Zealand, the United States and United Kingdom have security of payment legislation that requires some monies to be held in trust.

Submissions from stakeholders and analysis of insolvency data do not suggest that project trust accounts have been effective in reducing the issue of non-payment in the construction industry. Therefore, the Commission recommends the Queensland Government should formally 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.

In evaluating the framework, the Queensland Government should assess the impacts, effectiveness and continued relevance of the regulation in its current form, while also considering 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. The review should also explore the efficiency and effectiveness of alternative options to address the issue of non-payment in the construction industry.

Interactions between the trust account and MFR frameworks

Stakeholders have identified instances where the impacts of the trust account and MFR frameworks interact and potentially coincide to increase regulatory burden. The EY report on trust accounts commissioned by Master Builders Queensland found there are conflicting interpretations regarding how PTA assets are treated under MFR calculations (EY 2025, pp. 19–20). Whereas Queensland Government guidance excludes PTA assets from allowable assets for MFR purposes, the QBCC has indicated that PTA assets can be included in MFR calculations. Whether PTA assets can be counted towards MFRs can materially impact the financial burden of MFR obligations. For example, a member of the Australian Constructors Association (sub. IR49, p. 18) reported that cash must be reallocated from related entities to a Queensland licensed entity in order to comply with MFRs because cash held in a Queensland PTA is not considered an allowable asset for Queensland MFR purposes.

Any review of MFRs or trust accounts should consider relevant interactions between the two frameworks. However, subject to resolving the issues that have been raised by stakeholders, there is no indication of major dependencies between the MFR and trust account frameworks, such that reforms to one framework would materially limit the effectiveness or efficiency of the other framework.

13.2 Recommendations

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.



14.0 **Modern methods of construction**

14.1 Modern methods of construction

Productivity can be improved through new methods of construction

Modern methods of construction (MMC) refer to several construction techniques — including offsite fabrication, modular assembly, and prefabrication (prefab). Currently, the prefabricated construction sector in Australia is valued at approximately \$16.8 billion (the national construction industry is valued at around \$560 billion). While this is modest, it is growing rapidly and it could reach \$21.4 billion by the end of the decade (ABCB 2025, p. 4).

MMC takes multiple forms

The scope of MMC ranges from simple components to fully complete volumetric systems. Components are fabricated off-site in factory-controlled settings, enabling them to be standardised and manufactured concurrently with land preparation. MMC also incorporates new technologies (such as digital tools, 3D printing, robotics, and artificial intelligence) into the design and construction process (PC 2024a, p. 81).

Broadly speaking, prefabricated and modular construction ranges from:

- 1D prefab — simple linear components that involve some form of prefabrication to ease on-site erection. For example, beams or columns needing to be bolted together
- 2D prefab — pre-sized, pre-cut and pre-shaped components that are assembled on site. This can include structural panels for walls, floors or internal/external cladding systems. 2D prefab is easier to transport and lends itself to customisation
- 3D prefab — pre-assembled modular components that can comprise a small building or pods (for example, bathrooms or kitchens). 3D prefab typically comes fully finished, only needing to be joined together on site (HIA 2022b, p. 4)
- Hybrid systems — containing elements of more than one system (Built Offsite 2016, p. 23).

Currently, the Australian Building Codes Board (ABCB) is in the process of developing a formal national framework of MMC definitions, which is intended to be comprehensive and reflect the broader spectrum of prefabricated systems, including the degree of systematisation and mass of additive elements (ABCB 2025, pp. 24–29).

MMC is mostly used in the provision of health, education and commercial facilities and other infrastructure. Its use for housing in Australia has been limited (prefabAUS n.d., p. 23), with significantly higher use internationally (see Box 14.1).

Box 14.1 Successful international examples of MMC

Internationally, MMC have achieved some success. For example:

- Japan has long been a pioneer in modular housing, with companies like Sekisui Heim leading the market and a government supported system of third-party quality certifications ensuring product excellence.
- Sweden's adoption of MMC is backed by a skilled workforce and robust quality assurance measures covered by existing building standards. It has enabled the delivery of affordable, high-quality multi-unit housing.
- In Canada, factory-built homes now account for 8 to 16 per cent of the total single family housing market. The Canadian Standards Association developed three standards specifically related to modular and prefabricated building.

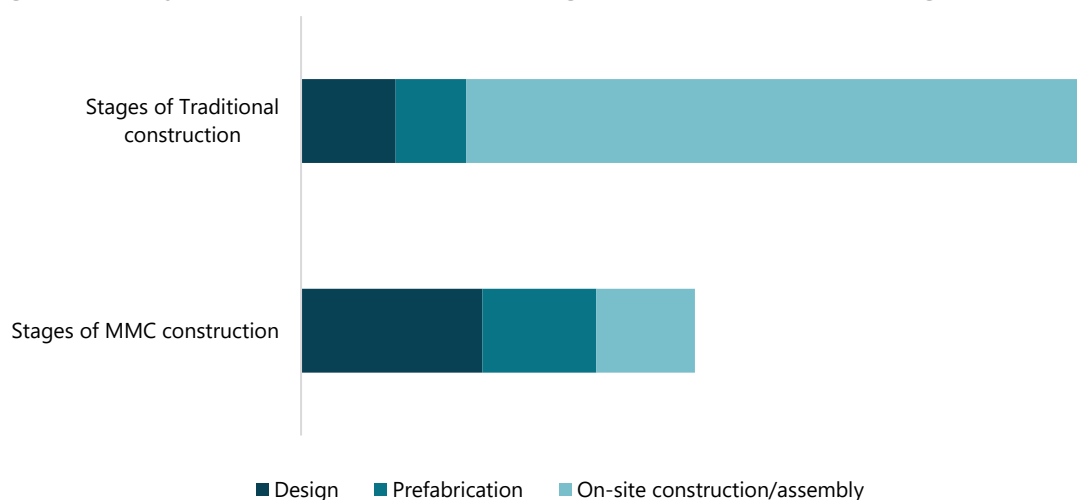
Source: HIA 2022bb.

Stakeholders suggested MMC has the potential to unlock productivity benefits

Core to the productivity benefit of MMC is the reorientation of the construction process, placing greater emphasises on design and manufacturing, allowing for more optimisation and standardisation.

Prefab and modular production take place in controlled factory settings. A controlled factory setting means components are manufactured at one place, off-site, through repetitive processes with the assistance of automation. While traditional construction includes prefabrication (such as trusses, frames, fittings), a large majority of work is carried out on-site (Figure 14.1).

Figure 14.1 Stylised impacts of MMC on building timeframes and how building is performed



Note: Figure is indicative of construction stages and based on 50 per cent reduction of construction timeframes as per Bertram et al. 2019. Figure represents greater emphasis on design and manufacture. However, stages and timeframes will vary among projects and building classes.

Source: QPC based on ABCB 2025, p. 19.

This enables MMC to optimise components and processes through an approach known as 'Design for Manufacture and Assembly' (DfMA). DfMA, 'aligns workflows and embeds constructability from the earliest design stages,' and encompasses the 'broader value chain, including designers, engineers, manufacturers, and suppliers' (BuildSkills Australia, sub. 24, p. 14).

Using digital models that are accurate to a few millimetres can aid manufacturers in optimising these processes, exploring the best materials, better understanding specifications and tolerances, and minimising components (Evans-Greenwood et al. 2019, pp. 3–4).

The incorporation of quality controls can minimise defects (Thurairajah et al. 2023, p. 4). Defects reduce productivity through rework and lead to assets running sub-optimally, potentially causing problems in the future (Lambers et al. 2024; Johnston & Reid 2019, p. 58).

Manufacturing processes and designs can be standardised, repeated and shared throughout multiple projects, feeding into further improvements (Australian Constructors Association, sub. IR49, p. 18).

It has been estimated that prefab and modular construction techniques could allow projects to be completed 20 to 50 per cent faster and reduce construction costs by as much as 20 per cent (Bertram et al. 2019). While upfront costs can be higher than conventional methods (Thurairajah et al. 2023, p. 5), savings can come through reduced waste and greater efficiency such as better alignment with building schedules, and control of delays associated with weather conditions, specialist trades availability and supplies delivery.⁵⁵

⁵⁵ For example, multiple buildings being produced in one location saves specialist trades contractors travelling to different sites, and MMC suppliers can manage inhouse inventories requisite to planned/projected production.

A relevant example is the La Trobe building in Melbourne, one of Australia's tallest prefabricated buildings. This tower was completed in 30 per cent less time than a neighbouring tower of similar size that used conventional methods (Evans-Greenwood et al. 2019, p. 6).

The Australian Productivity Commission (2024a) undertook stylised modelling to assess the impact of removing barriers to MMC, assuming a 10 to 20 per cent uptake and an increase in residential construction output by 2 per cent. This modelling estimated real gross domestic product (GDP) in Australia would increase by 0.15 per cent (or \$4.1 billion) due to increased residential construction output and by 0.06 per cent (or \$1.7 billion) due to higher non-residential construction output. The modelling also estimated a decrease in the consumer price index (CPI) by 0.08 per cent and 0.04 per cent respectively.⁵⁶

MMC also offers other potential benefits, including:

- worker safety; between 2021 and 2023, 17.5 per cent of workplace fatalities in Queensland were in the construction industry, while 9.8 per cent were in manufacturing (Safe Work Australia 2025c)
- sustainability through minimal material wastage, use of low-carbon materials and environmentally conscious designs (prefabAUS n.d., pp. 26–28)
- imposing fewer disruptions on neighbourhoods in infill locations by being on-site for significantly less time and producing less noise, even allowing for night work (Evans-Greenwood et al. 2019, p. 8).

Adoption of MMC faces several challenges

MMC faces challenges common to emerging technologies and techniques

One of the challenges routinely raised by industry stakeholders is the difficulty for home buyers in obtaining finance for MMC construction. Financial institutions have often been cautious about funding MMC projects, stemming from unfamiliarity with the processes, perceived higher risks compared to conventional builds, and payment schedules that differ from on-site construction. For conventional construction, lenders usually provide progress payments at key stages such as excavation, frame, truss or roof installation. For prefab and modular construction, finance is typically required upfront. Few companies can take on the associated financial risks, such as short-term cash flow constraints or insurance coverage costs (Housing Industry Association, sub. 32, p. 14). While these financial hurdles may create barriers for MMC, these do not constitute an obvious market failure and may simply represent the higher risk faced by financiers.

MMC also encounters several market challenges. For MMC techniques to offer cost savings to consumers, prefabricated and modular manufacturing firms need sufficient volume to reach economies of scale (Bertram et al. 2019, p. 23). This volume is mainly driven by consumer demand, which is still low.

If volume is achieved, efficient value chain management will be crucial to ensure the arrival of components align with construction schedules. Supply chains for MMC components and systems are often less developed than those for conventional materials (Zhang et al. 2024, p. 2).

Transportation of components can face size and weight restrictions, particularly for larger volumetric modules in inner-city locations. In remote locations, where MMC has the potential to rapidly deliver housing despite skilled worker shortages or after major weather events, difficult terrain and a lack of appropriate infrastructure can make delivery of components too complicated and costly to be feasible (Australian Constructors Association, sub. 49, p. 72).

Another challenge is that the construction industry can sometimes struggle with innovation. There is a favouring of conservative approaches ('do things the way they have always been done') due to a lack of cross-project knowledge sharing and little perceived gain from innovation on a single project. (QMCA, sub. 66, p. 37). Resistance also arises from a perception that new techniques might replace demand for the services of the existing workforce (PC 2025b, p. 30).

⁵⁶ The PC notes that benefits will not be strictly additive as the residential and non-residential sectors compete for labour and resources.

While these market challenges inhibit the uptake of MMC, it is difficult to ascertain the degree to which the reluctance and caution to adopting MMC is a rational market response to a new technology that, in many situations, is still considered unproven.

Regulation can be an inhibitor to innovation, including MMC

Regulatory settings can have a substantial influence on whether firms in an industry adopt innovative methods, by, for example, raising the costs of adoption, preventing its use or raising the risks of manufacturing at scale. Regulators and industry alike have experienced challenges in recognising and facilitating emerging methods under existing regulatory frameworks.

Differences in planning approvals, building codes, and procurement practices across jurisdictions often mean MMC projects are assessed through a traditional lens, disadvantaging innovation. (Modscape & Modbotics, sub. 4, p. 2)

Regulation from all levels of government dictate how a house can be built, where it can be built, and what it should look like. These regulatory requirements lead to a significant focus on ensuring work is compliant while also ensuring it is finalised on time and within budget. The risk of trying innovative techniques while trying to balance these priorities can be too high for many builders (PC 2025b, pp. 31–32).

The National Construction Code (NCC) and the standards it references are typically tailored towards conventional construction methods and lack a clear, standard definition for what constitutes MMC. Agreed national definitions are a prerequisite for a national regulatory approach. They provide industry and regulators certainty, allow for interoperability between jurisdictions and support innovation (ABCB 2025, p. 24).

While the NCC provides some flexibility for how requirements are met — providing a range of ‘deemed to satisfy’ provisions and performance-based solutions — stakeholders have indicated that neither provide clear direction for innovative construction methods. Prescriptive provisions are designed with traditional construction in mind and performance requirements use qualitative language, which can be difficult to apply. This can create inconsistency in approaches and uncertainty in approvals (HIA 2022b, pp. 40–41, 50).

The Commission was told that MMC is disadvantaged by the mandatory increase to 7-star energy ratings and accessibility standards introduced in the NCC 2022 (Saltair Modular, sub. IR69, p. 3).

However, other stakeholders dispute that the NCC is a significant barrier to MMC:

The NCC is not a barrier to MMC. The current performance based approach it offers in respect of technical infrastructure is eminently flexible and adaptive and is ideal internationally with respect to facilitation of MMC. (Australian Institute of Building Surveyors, sub. IR52, p. 29)

However, we disagree that the NCC’s focus on traditional construction is a disadvantage for MMC; to the contrary, we find that the focus on the requirements of the final built product provides a clear set of standards for MMC. (Saltair Modular, sub. IR69, p. 4)

IAQ [Infrastructure Association of Queensland] members have on-the-ground insight that cost, not regulatory barriers, is the primary constraint. (IAQ, sub. IR99, p. 5)

The rate at which building regulations change can be a barrier. Changing regulatory requirements creates uncertainty and fear that new approaches will be rapidly out of step with new requirements (QMCA, sub. 66, p. 37 & PC 2025b, p. 5). In their submission, the Green Building Council of Australia (sub. 65, p. 5) stated that:

Each departure from an agreed compliance trajectory undermines prior investments, slows the uptake of innovative systems developed to meet new standards, and erodes investor and workforce confidence.

Staged inspection and approval processes also create a barrier. Regulatory models are often set up to regulate at the point of installation, not manufacture (PICAC, sub. IR80, p. 9). For instance, inspections are required on-site at certain steps during the construction process, such as completion of the framing work (Building 4.0 CRC 2025, p. 51).

For complex building products, approval is given after the product has been built, risking issues with compliance approval (HIA 2022b, p. 25). High-risk elements associated with the structure, such as fire protection, plumbing and electrical components, are often hidden and difficult to assess. This makes rectification more costly and time consuming (Westbuilt Homes, sub. IR22, p. 4).

The NCC and Australian Standards generally require individual elements to be tested against specific tests. This means volumetric modular/prefabricated components will often need multiple tests. While the framework could apply to the performance of a complete system, there are shortcomings. For example, when certifying MMC building components through the non-mandatory CodeMark Australia Scheme, there are difficulties in determining what performance requirements need to be assessed and how qualitative conformance requirements can be demonstrated. This is complicated further by assessment bodies having insufficient technical expertise and testing facilities (HIA 2022b, p. 42).

However, while the inspection and approval process might be more complicated and MMC products should be treated fairly, high standards should be maintained (Standards Australia, sub. IR36, p. 4). In consultation, stakeholders told the Commission that failure of high-risk elements such as wet areas or fire protection (which can typically fail silently) can result in significant costs and expose consumers to significant risk of harm.

The current local planning and approval processes do not always provide a good fit for off-site construction. Like the NCC, local planning regulations are developed with on-site construction in mind and are overseen by local governments, which often have significantly different regulations and design rules. This can include requirements that prevent the use of building materials or construction methods that are suited to off-site construction and transport (HIA 2022b, pp. 31–34). This lack of harmonisation across jurisdictions can inhibit the ability of modular builders to achieve scale (Amplify, sub. 40, p. 2; MBQ, sub. IR73, p.33) or standardise components:

The fragmented and inconsistent regulatory environment creates delays, increases costs, and undermines innovation, preventing innovative solutions like modular and offsite construction techniques from being widely adopted. This also restricts scale, making it difficult for firms to grow and achieve economies of scale... (Brisbane Residents United & Spring Hill Community Group, sub. IR100, p. 5)

Government should focus on a level playing field for all suppliers

To promote MMC, some stakeholders have argued for direct government intervention:

- invest in MMC through manufacturing hubs, funding and incentives (for example, streamlined approvals) (prefabAUS, sub. IR38, p. 3; Q Shelter & Building 4.0 CRC, sub. IR28, p. 3)
- support skills development and address labour shortages (Q Shelter & Building 4.0 CRC, sub. IR28, p. 3; MSQ, sub. IR57, p. 4)
- embed MMC into its procurement pipeline (Property Council of Australia, sub. IR97, pp. 12–13; prefabAUS, sub. IR38, p. 2; Q Shelter & Building 4.0 CRC, sub. IR28, p. 3)
- work with lenders to improve lending options (HIA, sub. 48, p. 14; Australian Institute of Architects, sub. IR21, p. 6).

The Property Council Australia qualifies its advocacy for greater inclusion of MMC in Queensland Government procurement, stating that this should be targeted at sectors where there is enough scale for the efficiencies of MMC to be realised. This includes the development of correctional facilities, health infrastructure, educational facilities and social housing (Property Council of Australia, sub. IR97, p. 12).

While the challenges facing MMC may be significant and could be slowing more widespread uptake, it is important to understand the underlying causes of each barrier in order to assess if there is a role for government intervention.

Typically, government should only intervene in the market where:

- there is a clear market failure, and it is likely intervention would generate net benefits for the community, or

- there are regulatory or policy barriers that have created market distortions that prevent the uptake of new technology, such as MMC.

While there are many issues facing MMC that may be critical to its success, they do not appear to be the result of obvious market failures. As such, there does not appear to be a strong rationale for direct government intervention. Rather, many of the challenges associated with MMC are typical of nascent products or technologies that are attempting to disrupt entrenched players in existing markets.

Market-based responses are occurring without intervention

There are already indications that the market is increasingly embracing MMC. The Commonwealth Bank of Australia (CBA) recently partnered with prefabAUS to simplify the process of buying prefabricated housing and alleviate some of the financial barriers. They will enable customers to access progress payments of up to 60 per cent (or 80 per cent for an accredited CBA prefab manufacturer) of the contract price prior to the building being affixed on the land. Previously, customers had to fund up to 90 per cent of the upfront costs (CBA 2025). In November 2024, banks, superannuation funds and other institutional investors agreed to work together to address financial barriers to MMC (Husic 2024).

Supply chain integration is also beginning to occur through vertical integration. For example, material suppliers starting or acquiring prefab and modular businesses (PC 2025b, p. 27).

Government should avoid direct interventions, unless there is a strong rationale for doing so

MMC, or any other construction method, will not necessarily be preferable in every construction situation. As stakeholders said:

It's important to recognise from the onset that modular construction isn't suitable for every building due to costly site constraints, such as accessibility for crane positioning. Many people / clients assume that modular construction will result in significant cost savings; however, this isn't always true. In certain situations, traditional construction might actually be more affordable. (Kerdic, pers. comm.)

The geographic dispersion of economic activity stimulated by transport-related infrastructure in Australia is a persistent challenge for industry players due to the marginal costs of transportation and logistics. Geographic barriers limit the accessibility of MMC products Haulage over longer distances can add significant time and costs, reducing or negating any productivity benefits. It may also negate the sustainability benefits due to the emissions generated. Such geographic barriers are found to be dividing the supply capacity even within states and between metropolitan and regional areas. (Australian Constructors Association, sub. IR49, p. 72)

Government is usually not best placed to determine what construction method is most suitable in a particular situation. As the market continues to develop, the government's focus should be on creating a level playing field to allow the most efficient construction method to succeed. Government should not, and does not need to, preference MMC over other forms of construction.

The Queensland Government, through QBuild and by prioritising MMC in its construction pipeline, is already taking steps to support MMC (see Box 14.2). Where these initiatives provide explicit or implicit subsidies to the industry, they require a strong rationale and should be evaluated before government considers expanding or supplementing them.

Box 14.2 Government action to support MMC

The Queensland Government has undertaken several initiatives to support prefab and modular construction. These include:

- QBuild providing support for research, development, and training using MMC techniques, and developing standardised designs as reference models aligned with the NCC 2022 and Modern Home Standards
- committing to 50 per cent of the infrastructure pipeline to incorporate elements of modular construction by 2030 (DSDIP 2024a)
- an additional 600 modular social homes by December 2025 (PC 2025b).

At the national level, the Australian, state and territory governments, under the revitalisation of the National Competition Policy (NCP), committed to removing barriers to MMC. The following measures have been incorporated into the NCP reform agenda:

- legislating consistent national definitions of MMC
- a national voluntary manufacturer certification scheme
- providing 'regulatory neutrality' between MMC and conventional construction methods in both government planning schemes and consumer protection legislation (Australian Treasury 2024).

To support these reforms, the Australian Government has offered state and territory governments a share in \$120 million to incentivise the removal of barriers (Australian Government 2025a).

In 2019, the Australian Government provided \$2 million to the Advanced Manufacturing Growth Centre to establish the Prefab Innovation Hub. The Hub supports the manufacturing sector's adoption of new innovations and increased industry and researcher collaboration (AMGC 2020).

The Australian Building Codes Board (ABCB) has considered how MMC's compliance with the NCC could work better under the Building Product Registration Scheme. It suggested jurisdictions work with their conformance assessment bodies to identify applicable reference products to compare with prefabricated and modular components to aid assessment, reducing regulatory uncertainty (ABCB 2024b).

In October 2024, the ABCB published a *Prefabricated, modular and offsite construction Handbook* to act as a guide in applying the NCC to prefab and modular buildings.

Government should focus on removing unnecessary regulatory and policy barriers

Generally preferable than direct government support for MMC, is a focus on removing unnecessary barriers that unduly impede MMC over conventional construction methods, with the aim of creating a level playing field through technology-neutral regulatory and policy approaches.

Regulations should be production neutral

Some stakeholder suggested the removal of regulatory barriers, particularly where they favour on-site construction as a result of their design or execution.

Given the potential for MMC to drive productivity growth in construction, there is a strong *prima facie* case for reviewing regulatory settings to identify and remove unnecessary barriers to more widespread adoption of MMC.

As noted in Box 14.2, the revitalised NCP reform agenda includes measures that seek to lower regulatory barriers to MMC. The Queensland Government should maintain its commitments under the revitalised NCP.⁵⁷

Providing clear, consistent definitions of MMC within the framework of the NCC could allow regulators, builders, and financiers to align their expectations, and reduce uncertainty (HIA 2022b). It is likely that greater harmonisation across jurisdictions would enable suppliers to drive scale into their pipeline by creating a single large market (MBQ, sub. IR73, p. 33).

Standards Australia Technical Committee BD-111 began developing standards for modular and prefabricated building in 2024, with a focus on developing a glossary of definitions (Standards Australia, sub. IR36, p. 4). More recently, the ABCB has begun a process to develop a national framework for MMC definitions for inclusion in the NCC. It is understood the definitions are to be ready for adoption in state and territory legislation by mid-2027 (ABCB 2025, p. 15).

While prescriptive guidance in the NCC and standards may be useful where necessary, it is critical to maintain production-neutral performance measures (MBQ, sub. IR73, p. 34; ASBEC sub. IR37, p.2). This enables MMC suppliers to design innovative solutions to meet quality standards.

Some stakeholders have suggested a moratorium on regulatory changes is needed to enable innovative techniques, including MMC, to adapt to regulatory settings and build scale.

Government procurement should also be production neutral

Government procurement should also be technology neutral, and outcomes focused — encouraging one technology over another can work against innovation and increase costs. As discussed in Part B of this report, there are likely to be benefits from reframing procurement policies to remove structural or procedural barriers to innovation, including MMC.

Several issues were raised by stakeholders about Queensland's procurement models:

- Queensland has some of the tightest technical specifications in the country (QMCA, sub. IR102, p. 28)
- designs and assumptions are often based on in-situ construction (MBQ, sub. 73, p. 34)
- tendering processes typically separate design and construction, which are inherently integrated in MMC (QMCA, sub. IR102, p. 28)
- procurement announcements are short term and at the project level, reducing the scale of investment opportunity for industry (Australian Constructors Association, sub. IR49, app. 1, p. 46)
- payment terms in government contracts disadvantage MMC by being tied to on-site work completion milestones.

There are opportunities for Government to consider their procurement approaches to make them more suitable to MMC. For example, earlier contractor engagement will provide longer lead times, improving collaboration, design choices, sequencing, and logistics planning. Collaborative approaches like the Program Alliance used by the Victorian Government for their Level Crossing Removal Projects can enable broader program complexity to be understood and strategically addressed. They also allow for more standardisation and innovation, and for learning to be shared across multiple projects and entities (Office of the Victorian Government Architect 2023).

However, when considering procurement policies best aligned with MMC, it must be emphasised that some requirements, while potentially disadvantaging MMC, might have a strong rationale. What is essential is that agencies' procurement offices possess the necessary skills to assess which approach is best suited for a program or project.

⁵⁷ While Queensland is a signatory to the Intergovernmental Agreement on National Competition Policy, state and territory governments are given discretion on how or if these reform proposals are adopted.

Government can support innovative approaches through procurement by:

- avoiding contracting terms or policies that unnecessarily favour traditional in-situ designs
- ensuring payment structures don't unnecessarily disadvantage innovative approaches
- utilising performance-based specifications in procurement to enable innovative approaches and solutions.

MMC should be appropriately represented in relevant VET courses

It is generally accepted that government should support education and upskilling to improve productivity, and the Queensland Government provides significant support for skilling in trades. However, skills shortages are not unique to the construction industry or in prefab and modular production. Therefore, incentivising workers into the industry may come at the cost of other segments of the economy.

Notwithstanding this, for MMC to compete with traditional construction methods on an equal footing, MMC should be appropriately represented. For example, prefabAUS has recommended expanding training in MMC digital design and advanced manufacturing (sub. IR38, p. 2). Meanwhile, Arcadis (pers. comms) said DfMA curriculum should be included for site installers, supervisors and certifiers. Manufacturing Skills Qld also suggested that curriculum should focus on areas with high integration between manufacturing, digital and construction (sub. IR57, p. 3).

TAFE Queensland should review relevant VET courses to ensure MMC is appropriately represented.

Queensland should support a national voluntary certification scheme

The ABCB has begun developing a national voluntary certification scheme. The certification scheme will be administered by the Australian Government and establish a clear pathway to compliance with the NCC. It is anticipated that the certification scheme is to be incorporated into the NCC, as an evidence-of-suitability provision under Part A5, incorporating international standards to facilitate export markets.

In place of inspections, manufacturers will integrate risk management verification and assurance mechanisms into the production processes. To ensure integrity, the certification scheme will include mechanisms for auditing and compliance. A certificate of conformity will remove the need for reinspection of certified elements, components, or modules, but inspection processes onsite will remain defined by states and territories (ABCB 2025, p. 17).

The Queensland Government should engage in the development of the certification scheme, emphasising the need for national harmonisation, which will help establish a national market, enhancing competition and scale.

To support the adoption of the certification scheme, states and territories will be required to remove any barriers to the certification scheme in their state and territory legislations. For example, while the *Building Regulation 2021* does not explicitly state that inspections must occur on the construction site for class 1a and 10 buildings, section 44 does prescribe several stages of inspection for completed works in line with in-situ construction. Furthermore, subsection 52(4) allows for an inspector to rely on a QBCC licensee or an aspect inspection certificate, but this cannot be relied on for all aspects at the final stage. This is particularly problematic for enclosed prefabricated systems.

Any certification scheme will need to appropriately address risks. Some stakeholders have stressed that MMC are building works and 'requires all of the same inspections and certifications as traditional construction' (Saltair Modular, sub. IR69, p. 1). High-risk elements such as plumbing, electrical and fire safety may themselves be certified, but this doesn't ensure they are fit for purpose within a system (HIA 2022b, p. 35). In many cases, individual element and whole-of-system certification may be required. Stakeholders have also stressed works should be completed by, or under the supervision of, a licenced trades person (PICAC, sub. IR80, p. 9; MEA, sub. IR48, p. 31).

Prefabricated components are typically designed, manufactured, transported, and installed by different parties. Uncertainty around liability in supply chains can lead to insurers being reluctant to cover MMC projects (ABCB 2025, p. 35). The third-party accreditation scheme in the United Kingdom was developed with input from the insurance and finance industries (Gerard de Valence, sub. IR20, p. 15). The Queensland Government should advocate for similar input in the ABCB project to offer those industries certainty about the products and associated risks (Arcadis, pers. comms).

Queensland should adopt a suitable pattern book to fast-track approvals

While the certification scheme will address issues associated with building regulation and certification, it will not resolve barriers arising from planning schemes and local government procedures (HIA, sub. IR85, p. 16).

Regulatory neutrality in planning schemes' legislation will allow MMC to compete with other construction methods on a level footing. This means including consistent definitions, removing or providing alternatives to rules that impose unnecessary barriers and acknowledging MMC as a building technique (Saltair Modular, sub. IR69, p. 1; HIA 2022b, p. 49).

A pattern-book with NCC compliant standard plans and typologies suitable for MMC could fast-track approval pathways. These pattern books should not present specifically prefab designs but be production neutral. By creating known planning pathways and repeatable conditions, MMC producers can develop and standardise designs for rapid delivery of housing (Arcadis, pers. comms.; Built Offsite 2025).

However, failing to obtain local government agreement to adopt fast-track approval pathways for the plans would undermine the benefit. Uncertainty around approvals would remain, potentially discouraging supplier investment in developing MMC designs for pattern typologies.

Other inquiry recommendations supporting MMC

Other recommendations in this report are also likely to benefit MMC either directly or indirectly including:

- improving procurement policies and government contracting which may better support and encourage innovation (Recommendations 10, 12, 15, 17, 18)
- improving planning and zoning frameworks, including clear and consistent standards, which may provide MMC with greater certainty in approvals and regulatory compliance (Recommendations 21–24)
- opting out of the energy efficiency and accessibility standards of NCC 2022 and advocating for a nationally consistent NCC focusing on minimum requirements that have a demonstrated net benefit (Recommendations 35, 36)
- undertaking an analysis of changes to deposit requirements for domestic building contracts, including their impact on MMC (Recommendation 41).

14.2 Recommendations

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.



15.0

Regulation of workplace health and safety

15.1 Workplace health and safety regulation

Regulations governing workplace health and safety (WHS) practices seek to address the potential harms to workers and the community from workplace practices and hazards.

However, the extent to which WHS regulations are effective and efficient depends on:

- the extent to which regulations and their implementation are seen as reasonable by workers and employers
- how regulations affect incentives on worksites, including the extent to which they ensure responses to WHS incidents are proportionate to the risk they create
- the actions and behaviour of the regulator.

Issues related to industrial relations matters arising under the WHS regime are discussed in Part A: Industry Reset.

The regulatory framework

In 2011, a single voluntary set of national Model WHS laws were introduced and have since been implemented by all Australian jurisdictions except Victoria (Safe Work Australia 2025a). Each jurisdiction is responsible for the enforcement of WHS laws — in Queensland these are primarily implemented through the *Work Health and Safety Act 2011* (WHS Act).

Box 15.1 Summary of WHS regulatory obligations

Under the *Work Health and Safety Act 2011* (the WHS Act), the primary responsibility for the health and safety of workers is placed on the business owner or employer. A person conducting a business or undertaking (PCBU) has a duty to ensure the health and safety of workers at the business or undertaking. This duty requires the PCBU to:

- eliminate risks to health and safety, so far as reasonably practicable
- if it is not reasonably practicable to eliminate risks to health and safety, to minimise these risks so far as is reasonably practicable.

The Work Health and Safety Regulation 2011 (the Regulation) requires that, where it is not reasonably practicable to eliminate risks to health and safety, risks must be minimised using a 'hierarchy of controls', which requires an assessment of the likelihood of (and degree of harm that might result from) the hazard or risk, and the availability, suitability and cost of eliminating or minimising the risk.

Together, the WHS Act and Regulation essentially create a 'risk-based' legislative framework. Moreover, the WHS Act also provides that a 'code of practice' can be made where PCBUs may require more prescriptive guidance to manage health and safety risks.

WHS matters are regulated primarily by Workplace Health and Safety Queensland (WHSQ) and the Electrical Safety Office.

Source: WHSQ 2022.

The economic rationale for regulation

There is a strong rationale for regulatory intervention in the market to ensure risks to workers and the community from work activities and hazards are minimised (Electrical Trades Union, sub IR68, p. 7).

WHS regulations are intended to ensure appropriate incentives for employers to maintain safe workplaces. For example, in the absence of a WHS duty, an employer may require certain work practices or deadlines that result in riskier behaviour or ignore certain hazards, as the employer may not bear the full cost of those decisions. Employers often have a greater ability than employees to minimise such risks.

There are also costs imposed on the broader community from workplace death and injury in the form of costs to the health care system, impact on families and lost productivity (Industry Commission 1995). WSHQ notes that the economic costs to Queensland from work-related fatalities, injuries and illnesses is estimated to be over \$4.5 billion annually (WHSQ 2024).

This rationale has particular application to the building and construction industry given it is inherently less safe than many other industries (Box 15.2).

Box 15.2 Construction safety statistics

The construction industry in Queensland had the highest number of fatalities and the second highest number of serious injuries in 2022–23. Activities typically occur on sites with a high degree of variability making them hard to control perfectly. According to Safe Work Australia, in Queensland between 2018–19 and 2022–23 there were, on average:

- 2.4 fatalities per 100,000 construction workers, higher than the all-industry average of 1.7 fatalities
- 10.0 serious worker compensation claims per 1 million working hours in the construction industry, higher than the all-industry average of 8.2.

Note: All rates are as at 14 October 2025.

Source: *Safe Work Australia n.d.*; *Safe Work Australia 2025c*; *Safe Work Australia 2025b*

Notwithstanding the above, there is some alignment of the incentives for employers and workers to minimise health and safety risk. For example, while workers have an obvious incentive to avoid injury, employers also have strong incentive to avoid workers being injured since injuries involve significant costs to the firm, including lost productivity, the risk of litigation and the risk of industrial action.

Box 15.3 WHS and productivity

Industries that are the most dangerous, such as construction, have the most to gain by better managing WHS risks. WHS regimes can impact productivity in two ways:

- where they improve WHS outcomes, productivity will be improved through less worker downtime due to poor health or injury. A Deloitte report (2022) commissioned by Safe Work Australia estimated that, were work-related injuries and illnesses removed, the productivity gains would allow wages to rise by 1.3 per cent per year on average. Deloitte also estimated that in the absence of any new work-related injuries or illnesses over 2008 to 2018, on average, Australia's economy would have been \$28.6 billion larger each year and \$4.58 billion larger each year in Queensland
- where they are unnecessarily restrictive, duplicative or create perverse incentives because they poorly allocate risk, regulations can impose excess burdens on construction firms, which will reduce productivity.

What does good practice look like?

The Australian Productivity Commission notes that it is 'essential' to have regulatory settings that create the right balance between protecting workers' safety and maintaining the ability of employers 'to make decisions about the way they manage their business' (PC 2017a, p. 84). This means designing and implementing policies that reduce workplace risks and injuries (that is, are effective) while minimising unnecessary costs to businesses and society.

WHS frameworks are more likely to operate effectively and efficiently when regulatory provisions:

- are demonstrated to be necessary to reduce health and safety risks
- are evidence based, including using data and feedback to evaluate and refine policies and improve effectiveness over time
- are proportional to the health and safety risks the regulation seeks to address, considering the costs involved

- are clear and easy to follow for businesses to comply with
- provide flexibility to duty holders to adopt approaches suited to their circumstances, by focussing more on desired outcomes rather than prescriptive methods of compliance
- provide for joint management of safety by managers and workers, with aligned incentives (COAG 2007; Industry Commission 1995; Safe Work Australia 2014).

Further, the actions and behaviour of the regulator is also an important determinant of good practice. Key issues include whether the regulator is:

- appropriately resourced to carry out its activities
- incentivised to respond proportionately to workplace incidents or risks
- sufficiently experienced or competent to carry out its duties effectively.

Regulatory burdens seem to be growing

Compliance burdens seem to be growing

WHS regulations impose costs on businesses through administrative and compliance burdens related to information returns, hazard identification, risk management plans and other record keeping obligations. WHS regulations also require businesses to invest in systems and equipment, and devise processes, to manage risks in their workplace. There are also costs in engaging with regulators through their compliance and enforcement activities.

According to the Business Chamber Queensland (formerly CCIQ), Queensland businesses are reporting an increased compliance burden. A 2017 survey conducted by CCIQ reported that 'dealing with WHS regulation and regulators' was the second biggest 'red tape imposition' for respondents — with 27 per cent indicating a 'high' level of burden (CCIQ 2017, p. 14). By 2023, the proportion of respondents reporting a 'high' level of burden had risen to 38 per cent (BCQ 2023, p. 19).

While information on specific examples of regulatory burden is limited, stakeholders across a range of sectors have expressed concern with the costs incurred in complying with WHS. Small businesses, which make up a large proportion of the construction industry, are often significantly affected as a result of their limited resources and expertise (Seyfarth Shaw 2018).

Stakeholder comments made to the 2018 Boland Review of the Model WHS Laws also raised concerns about the complexity and cost of complying with WHS regulatory regimes. This feedback indicated that the length and structure of the Model WHS Laws made it difficult for some businesses to determine what applied and how it needed to be carried out. Concerns were also raised about how the number of Codes of Practice causes confusion among businesses, with the Australian Federation of Employers and Industries stating that 'when the guidance material is more complex to follow than the Act and regulations, there is a problem' (2018, p. 22).

An issue raised periodically is the administrative cost of record keeping and reporting requirements, which is considered by some to serve little safety benefit. For example, Master Builders Queensland has previously stated that some administrative processes (for example, related to safety management plans) appear to be more focused on 'ticking a box' and that 'often more time is spent writing these documents than actually taking time to properly understand the risks on site and control them in the most effective way' (MBQ 2017c, p. 11). However, few specific opportunities for reform were identified by stakeholders in response to the Interim Report.

Stakeholders have also noted there are regulatory requirements that result in duplicate reporting of workplace safety incidents to both the Queensland Building and Construction Commission (QBCC) and WHSQ (National Electrical and Communication Association, sub. 41, p. 5; Master Builders Queensland, sub. 43, p. 34). The Queensland Government has committed to remove this duplication through the recently introduced *Queensland Building and Construction Commission and Other Legislation Amendment Bill 2025* (Queensland Government 2025g).

Stakeholders, in response to the Interim Report, were supportive of recommendations that supported more efficient incident reporting and streamlined licence applications for high-risk trades, including through a single, central digital-reporting portal or platform (Queensland Small Business Commissioner, sub. IR87, p. 20; Australian Industry Group, sub. IR90, p. 3).

Regulations are subject to frequent change

Since the development of the Model WHS Laws and the commencement of the WHS Act, there have been numerous changes made to WHS regulations in Queensland. While some of these changes are due to national reviews of the Model WHS Laws, many have also been progressed unilaterally — resulting in a number of Queensland-specific WHS provisions (Boland 2018).

These Queensland-specific changes are contrary to the aims of the original Model Laws. That is, a consistent national approach to reduce compliance and administration costs for businesses operating in multiple jurisdictions (quantified in 2011 at \$31 million for Queensland businesses) and governments in reducing duplication of effort in reviewing legislation and guidance materials (Queensland Parliament 2011; Safe Work Australia 2014; Seyfarth Shaw 2018).

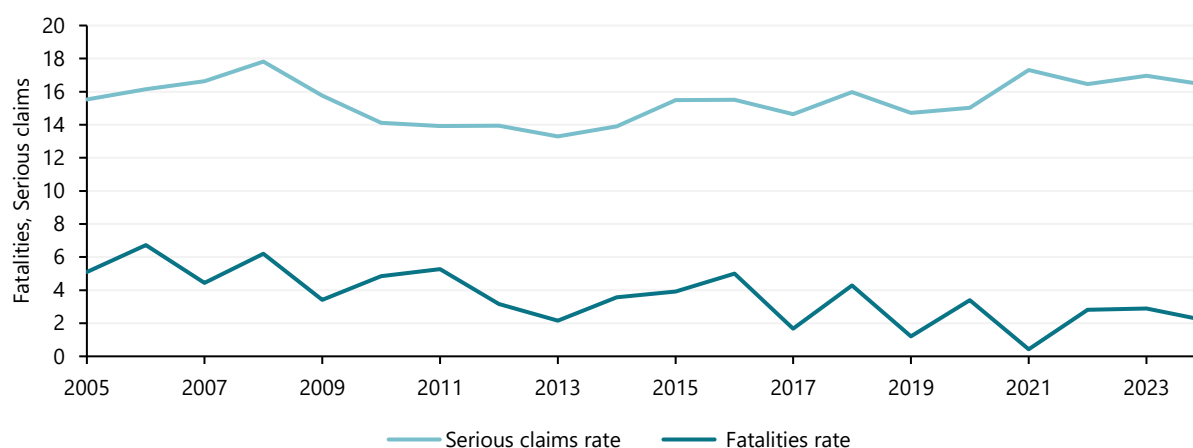
Many of the recent regulatory changes seem to have resulted in a more stringent WHS regulatory environment. This includes the 2017 amendments to the WHS Act that introduced the requirement (via new section 26A) to comply with, where relevant, the safety measures in a prescribed code of practice. Compliance with a code of practice is mandatory unless another method, such as a technical or an industry standard, provides an equivalent or higher standard of WHS to the standard required in the code. Stakeholders have claimed that this change has created the opportunity for misuse in the ‘furtherance of industrial goals rather than managing safety risks’ (National Electrical and Communications Association, sub. IR59, p. 5). In addition, these codes of practice, while originally being nationally agreed ‘model’ codes, have also been unilaterally introduced or amended over time. As noted by the National Electrical and Communications Association (sub. IR59, p. 5):

Queensland has also been very active in creating numerous codes of practice for specific industries or hazards outside of the national model codes, further complicating the ability to have systems that are compliant across jurisdictions with the model WHS legislation and driving up expenses.

Some industry stakeholders support a return to the Model WHS laws, including removing the provision that adherence to codes of practice is mandatory (National Electrical and Communications Association, sub. IR59, p. 5; Master Builders Queensland, sub. IR73, p. 36).

Safety outcomes have not improved

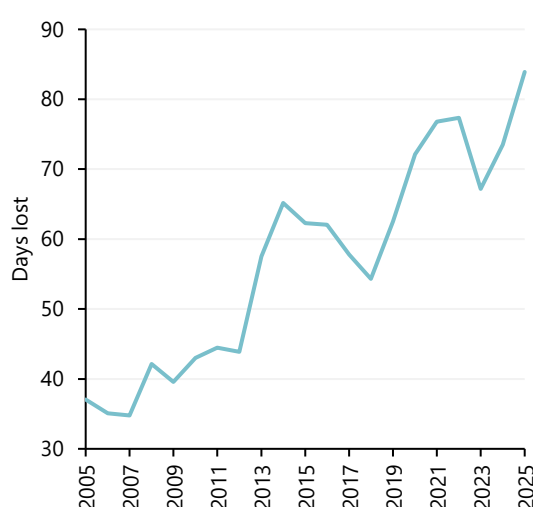
Despite the apparent increased regulatory burden, there does not appear to have been a significant improvement in outcomes over recent years. As Figure 15.1 shows, while there has been a moderate reduction in fatalities (and no change since 2019), serious injury rates in the construction industry over the last two decades have been largely static.

Figure 15.1 Workplace health and safety outcomes on Queensland construction sites

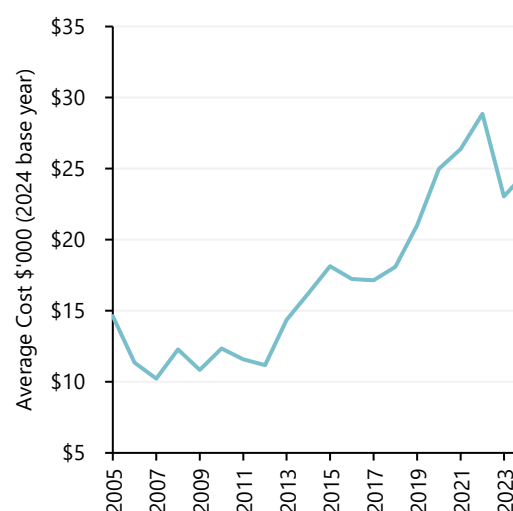
Note: Fatality rate is work related fatalities per 100,000 construction workers. Serious claims are accepted claims per 1,000 construction workers that resulted in five days or more off work (not including fatalities).

Source: QPC based on data provided by the Office of Industrial Relations; ABS 2025k.

In addition, despite the apparent increased regulatory burden, the average cost and disruption associated with each adverse WHS outcome (that is, workdays lost and statutory costs per injury), also appear to be rising for the Queensland construction industry.⁵⁸

Figure 15.2 Rising average workdays lost from injuries, Queensland

Source: QPC based on data provided by the Office of Industrial Relations.

Figure 15.3 Rising average statutory costs from injuries, Queensland

Note: Deflated by the national Average Weekly Earnings series for the construction industry released by ABS.

Source: QPC based on data provided by the Office of Industrial Relations, ABS 2025a.

⁵⁸ The Office of Industrial Relations notes this trend is also being observed across the workers' compensation scheme as a whole.

A review of the Compliance Monitoring and Enforcement Policy is overdue

The Office of Industrial Relations (OIR) provides a Compliance Monitoring and Enforcement Policy for use by inspectors employed by WHSQ and the Electrical Safety Office (ESO). The policy explains the regulators' intended use of compliance monitoring and enforcement instruments, including responses to breaches of WHS duties. OIR notes the actions of the regulators are guided by seven 'nationally agreed principles', including proportionality and responsiveness (OIR 2018; WHSQ & ESO 2024, pp. 3–4).

The Commission's assessment of the policy, in-light of stakeholder feedback, is that it could better address the principles of proportionality and responsiveness by incorporating clearer guidance and mechanisms to support inspectors in their decision making. This includes guidance on whether responses adequately balance the risk of adverse safety impacts with the flexibility of duty holders to adopt approaches suited to their circumstances.

The current policy, last updated in December 2018 and required to be reviewed every five years, is almost two years overdue for review. A review therefore provides an opportunity to ensure the policy provides sufficient guidance to inspectors on their roles and obligations and that regulatory responses remain proportionate and responsive to emerging issues.

15.2 Recommendations

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.



PART E: Labour markets

Key points

- Labour market policy settings can have a significant influence on the construction industry and can materially affect construction productivity.
- The apprenticeship and vocational education and training systems, as well as universities, have important roles in training the construction workforce.
- Stakeholders have identified three key areas for attention:
 - information barriers facing prospective apprentices and workers
 - limitations in training system capacity, especially for some trades and in some regional areas
 - financial barriers facing employers, apprentices and students that restrict their ability to participate in the training system.
- Addressing these complex issues will require collaboration between the construction industry and relevant government organisations and agencies.
- If additional support for the attraction and retention of apprenticeships is necessary, it would be best delivered through improved 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.
- Occupational licensing is intended to ensure that work is completed with care and skill, but it can also impose costs. In Australia, occupational entry regulation has been linked to lower rates of business entry and exit, slower flows of workers from low to high productivity firms, and skill shortages.
- A review of occupational licences in the Queensland construction industry, in accordance with best practice regulation principles, could deliver significant benefits. Occupations that should be considered for a first tranche of reviews include painting and decorating, plastering, glazing, plumbing, and fire protection.
- Where occupational licensing is justified, it should not impede the movement of workers between jurisdictions. Increased harmonisation and recognition of interstate licences will assist in attracting construction workers from other jurisdictions to close emerging skills gaps.
- While skilled overseas migration is primarily a matter for the Australian Government, the Queensland Government could help leverage the skills of international workers to support the construction industry by nominating more workers under the skilled nominated and skilled work regional visas, which appears an underutilised pathway, and reducing unnecessary barriers to skilled overseas migration, by, for example, aligning licensing requirements where appropriate.
- Queensland's labour hire licensing scheme aims to protect workers by requiring all labour hire to be conducted through licensed operators. At the same time, labour hire provides benefits by allowing firms to efficiently manage their workforce and workers to gain skills and experience.
 - While worker protections are important, there appears to be a case that labour hire licensing for the construction industry is less likely to deliver a net community benefit than for other industries.
 - However, given potential probity risks in the construction industry, a cautious approach to reform may be desirable. This may be best supported through the upcoming sunset review of the labour hire licensing regulation also reviewing the overarching Act or through the development of any nationally harmonised labour hire regulatory system.

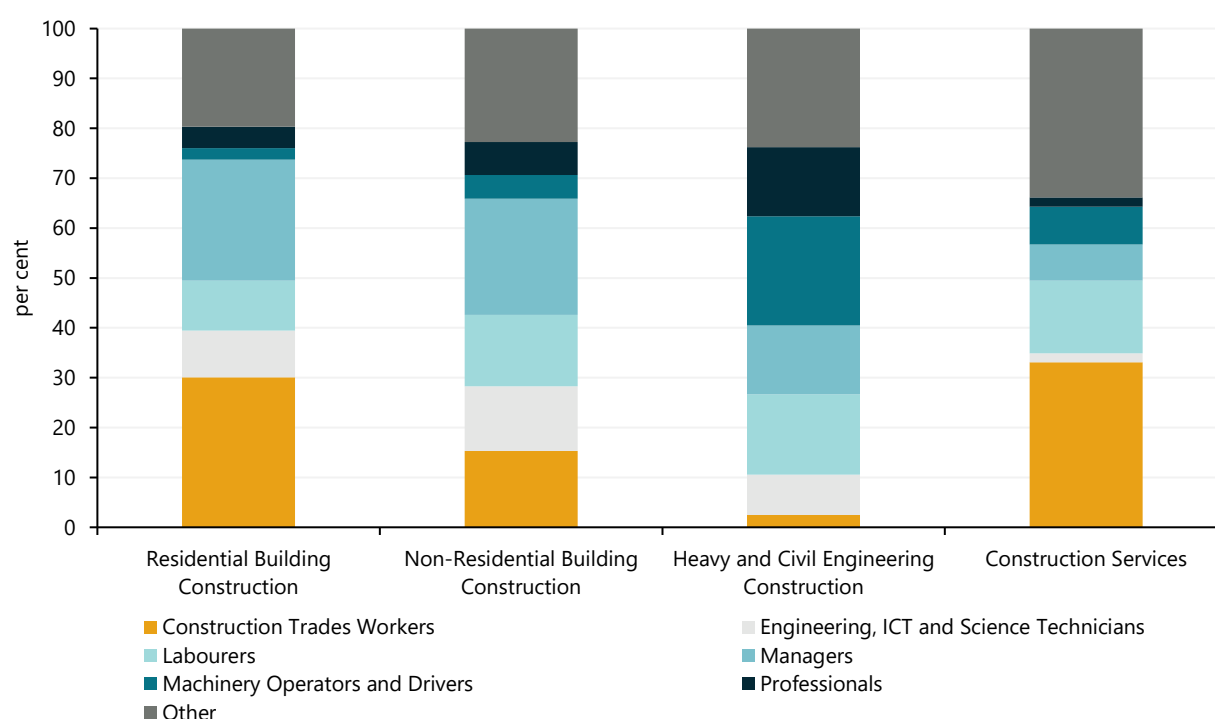
Context

There is considerable occupational diversity within the Queensland construction labour market, depending on the kind of construction activity being undertaken (Figure E.1).

The residential and non-residential building construction subindustries have similar occupational compositions (the key distinction is more labourers in non-residential building construction compared to more construction trades workers in residential building construction).

In contrast, heavy and civil engineering construction has a greater proportion of both professionals and machinery operators and drivers while employing relatively fewer construction trades workers. The construction services workforce has the largest share of construction trades workers, but this subindustry includes comparatively fewer managers, professionals, and engineering, ICT and science technicians. These construction subindustry occupational compositions are similar in the rest of Australia.

Figure E.1 Occupational categories by construction subindustries, Queensland, 2021 Census



Note: Other includes Other Technicians and Trades Workers and Clerical and Administrative Workers.

Source: QPC based on ABS 2021.

The breadth of occupational categories across the construction industry requires training to be undertaken by a range of organisations, including the vocational education and training (VET) system, the apprenticeship system, universities, and individual construction-related businesses.

As discussed in Chapter 2, the pipeline of construction works is growing strongly. This will place pressure on the construction workforce in the immediate term – Construction Skills Queensland (CSQ 2025d) projects that Queensland will face an average shortfall of over 18,000 construction workers per year over the next eight years, peaking in 2026–27.

In the longer term, as the Australian Constructors Association notes, population ageing will strain the industry's workforce given its relatively greater reliance on younger workers. The Australian Constructors Association concludes that:

One way to solve this structural labour shortage is to divert increasing numbers of workers from other industries or demographic segments into construction ... at the whole-of-economy level, this is a zero-sum game. The reality is that construction must come to terms with a future of relatively fewer workers in the face of a relentless increase in the demand for built environment assets. ... The only sustainable path through this future is productivity growth. (Australian Constructors Association, sub. 39, pp. 7-9)

In the face of both immediate pressures and growing structural pressures, multiple ways to increase the size, capability and productivity of the construction workforce will need to be considered to address the construction labour force shortfall. Other recommendations contained in this report will also assist in alleviating construction labour force constraints.

This part of the report will consider labour market issues in the Queensland construction industry to the extent that they are impacting productivity, where the Queensland Government can influence outcomes and where there may be significant opportunities for reform. Guided by stakeholder input and evidence from recent studies and reports, this part prioritises the examination of four policy areas to improve the capacity, capability and flexibility of the state's construction workforce:

- **Apprenticeship and training pathways** — to produce a pipeline of future workers with the right mix of appropriately skilled workers for the construction industry, and to assist in efficient matching of workers to employers.
- **Occupational licensing** — to ensure that licensing requirements are 'fit-for-purpose' and do not create unnecessary barriers of entry into the Queensland construction workforce for local or interstate workers, while providing safeguards to ensure work is undertaken with appropriate skill and care.
- **Skilled overseas migration** — to draw from international labour markets to fill skills gaps in the state's construction workforce that cannot be adequately addressed by local recruitment.
- **Labour hire licensing** — to improve flexibility to the Queensland construction workforce so it can better meet construction work demands, while ensuring workers are protected.

This part of the report complements other chapters that investigate issues that can improve labour productivity in the construction industry and construction productivity more generally.

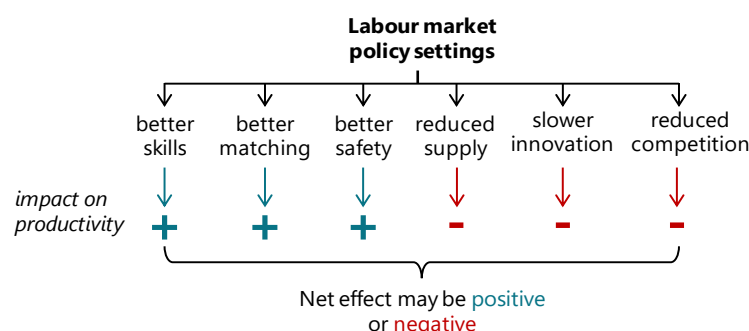
How labour force policy settings can affect productivity

Labour market settings are important for this inquiry where they materially affect productivity in the construction industry. In this context, generalised labour shortages are usually not in scope because, while they affect output, they may not, in themselves, affect labour productivity. Specific labour shortages, however, can affect productivity where shortages in one area prevent the efficient sequencing of activity. Similarly, labour markets that do not match skills to need or that fail to adequately skill the workforce can cause project delays, produce work defects or inhibit innovation, all potentially resulting in lower productivity.

Government can influence labour markets through its policy settings. However, there must be a strong rationale for doing so and the benefit should outweigh the cost of government intervention. For example, where a market failure prevents the efficient matching of workers and jobs, there may be a role for government to play in addressing the market failure if the benefit in doing so outweighs the cost.

An important consideration is the impact of labour market policy on construction productivity, which can be positive or negative (Figure E.2).

Figure E.2 Labour market policy settings can both positively and negatively affect construction productivity



Source: QPC.

Labour market policy settings can positively impact industry productivity by:

- increasing the supply of valued skills — for example, if the training system delivers workers with the right level and mix of skills to meet market demand and ensure quality output
- improving labour mobility and market matching — improvements in labour mobility and the signalling of skills and competencies a worker possesses (such as through licensing) can allow for more efficient matching of workers and jobs
- improving safety outcomes — education can improve worker safety, reducing the likelihood of safety incidents that disrupt activity or project sequencing.

Conversely, policy settings may negatively impact industry productivity by:

- reducing labour supply — where a policy restricts labour supply or availability of skills, this may result in a reduction in the overall capacity of the industry, disrupt the sequencing or coordination of activities, and limit competition, which can reduce incentives for innovation and limit productivity growth
- slowing innovation — for example, prescribing how workers undertake tasks can slow the adoption of new technologies or processes
- reduced competition — for example, government limitations on how firms constitute and manage their workforces can restrict how businesses compete with others.

In deciding whether and how to apply labour market policy settings, governments often have objectives beyond simply maximising productivity. In these cases, better social outcomes and economic (including productivity) outcomes can often complement each other, and sometimes there can be trade-offs. For example, a requirement that a person undertake compulsory professional development may improve the quality of their work (tending to increase productivity) but may also impose additional training time costs and raise barriers to entry (tending to lower productivity).

Good policy process can help ensure the best outcomes are achieved for the community. This includes clear specification and robust analysis of the policy problem, identification of policy options (including non-regulatory and no-change options), rigorous use of cost-benefit, or similar, analysis and community consultation to identify the impacts and implications of options to inform government in their decision-making.



16.0 **Apprenticeships and training pathways**

16.1 Apprenticeships and training pathways

How do apprentice and training policies impact productivity?

Fit-for-purpose training is essential for productivity. If the training system fails to properly skill prospective workers, does not deliver the right skills, or is inefficient in some other way, there is a greater risk of construction delays, building defects and idle resources. Further, when training is commenced but not completed, there are significant costs in terms of forgone time as well as industry and government expenditure (PC 2020b, p. 26).

The training and apprenticeship system has been subject to many reviews in recent years, and the purpose of this section is not to summarise all these various contributions. Rather, the objective is to identify areas where there are challenges specific to the Queensland construction industry with implications for productivity.

Queensland's apprenticeship and training system

Apprenticeships are structured training arrangements that combine on-the-job work experience with off-the-job training at an approved training provider. Traineeships are typically shorter in duration (one to two years) but still involve a combination of on-the-job work experience and off-the-job training (Naidu & Frazer 2024, p. 55). Off-the-job training is offered by a range of providers, predominantly Technical and Further Education (TAFE) and registered training organisations (RTOs), which consist of private and industry not-for-profit operating models. The university sector also supports skills requirements in the construction industry, but it accounts for only a small share of overall VET delivery (PC 2020b, p. 5).

This section focuses on the trades-related skills development system rather than the university system given the apprenticeship and VET systems' greater contribution to construction-related training, the limited policy leverage of state governments over the university system, and the emphasis placed on the apprenticeship and VET system by stakeholders.

However, the role of the university sector in the functioning of the construction industry is significant. Universities train important sections of the construction workforce, such as engineers, surveyors and other professionals – shortages and deficiencies in these occupations can impede the operation of the broader construction industry.

Apprentices and trainees can be placed with a single employer or be employed by a group training organisation (GTO). GTOs place apprentices and trainees with one or more host employers, who are responsible for on-the-job training and work experience, while GTOs are responsible for organising off-the-job training, handling recruitment, arranging job rotations and managing payroll. Such arrangements are typically beneficial for small and medium-sized employers, who may not have the capacity to provide these support services.

Responsibility for training and apprenticeship policy in Queensland is shared between the Australian and Queensland governments. In Queensland, the *Further Education and Training Act 2014* regulates RTOs and GTOs, provides for training contracts between apprentices and employers, and determines which qualifications can be completed as apprenticeships and traineeships. RTOs are also regulated by the Australian Skills Quality Authority.

In its 2020 review of the National Agreement for Skills and Workforce Development, the Australian Productivity Commission did not find 'evidence of a VET system in crisis' (PC 2020b, p. 2). However, it did find there were opportunities to lift participation and improve training quality. Changes to the design of VET qualifications were subsequently agreed by Australian Skills Ministers (Box 16.1). The Australian Productivity Commission also recommended that reform efforts should be focused on improving completion rates through more screening and matching of prospective apprentices, and by aligning the timing of employer incentives with periods where the risk of cancellation is highest (PC 2020b, p. 28). Although the Australian Productivity Commission's commentary was at the national level and not confined to the building and construction industry, stakeholders have raised similar issues in their submissions to this inquiry.

Box 16.1 Recent training system reforms

In December 2024, Australian Skills Ministers endorsed a new approach to vocational education and training (VET) qualifications design aimed at improving quality and reducing complexity (DEWR 2024a). While made in the context of the entire training system, the reforms have potential implications for training and development in the construction industry:

- transitioning from the traditional 'unit-first' approach to a 'qualification-first' approach, whereby the emphasis is on designing a coherent portfolio of knowledge and skills, rather than packaging competency units that attempt to reflect all functions and tasks
- allowing qualification developers to better describe job functions and tasks or knowledge and skills outcomes to promote adaptability
- consistently embedding foundation skills (language, literacy, numeracy and digital literacy - LLND) as a holistic outcome of a qualification, rather than as a narrow component of every individual unit of competency
- strengthening principles to underpin VET qualifications development, including drawing on data and evidence, removing duplication and unnecessary specification to enable flexible and high-quality delivery, and drawing on broad industry and educator expertise when developing qualifications.

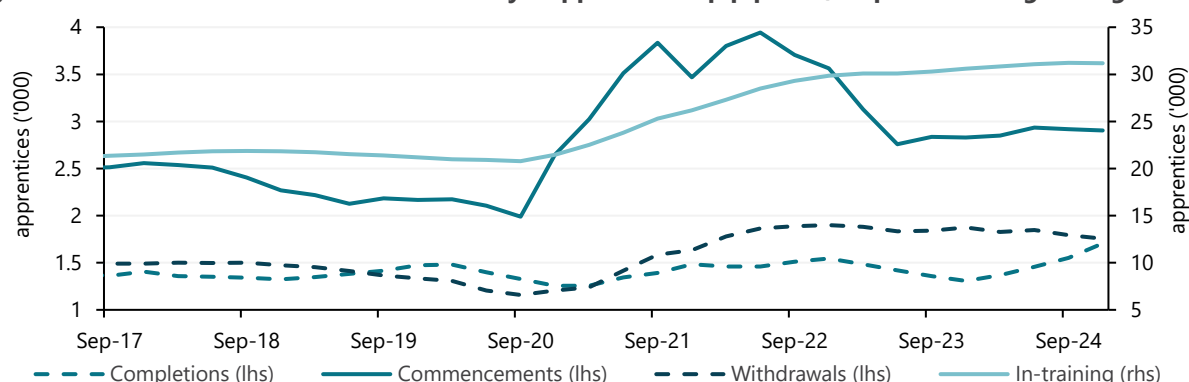
The Australian Productivity Commission (2020b, p. 218) found that employer satisfaction with the VET system is generally high, but has been trending downwards over the last decade. The leading causes of dissatisfaction arose from programs that did not teach relevant skills or were not sufficiently focused on practical skills. A recent national survey of 999 apprentices and trainees in construction trades found that:

- 96 per cent were employed after completing their training, with 93 per cent improving their employment status
- 94 per cent reported they were satisfied with skills learnt on-the-job
- 89 per cent were satisfied with off-the-job training (NCVER 2025a).

Recent trends in apprenticeships in Queensland

As of December 2024, there were approximately 50 per cent more construction apprentices in-training in Queensland compared to four years prior (Figure 16.1). This growth has been driven by Covid-era initiatives such as the Boosting Apprenticeship Commencements (BAC) and Completing Apprenticeship Commencements (CAC) schemes (DEWR 2023b),⁵⁹ which led to 80 per cent more commencements during their operation compared to the two-year period prior to their introduction. While commencements have fallen since the BAC and CAC schemes closed, commencements were still 40 per cent higher than in the two years prior to their introduction.

⁵⁹ The Boosting Apprenticeship Commencements and Completing Apprenticeship Commencements wage subsidy schemes opened on 5 October 2020 and closed on 30 June 2022.

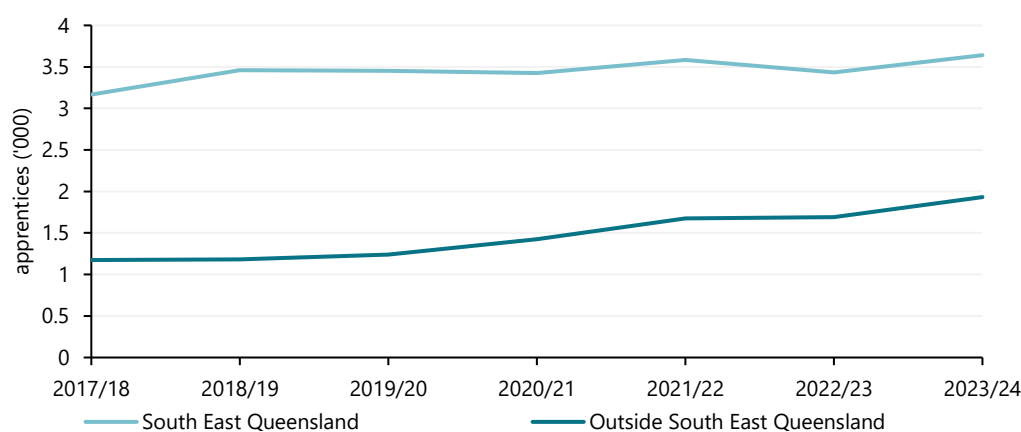
Figure 16.1 Queensland construction industry's apprenticeship pipeline, 4-quarter rolling average

Source: QPC based on CSQ 2025a.

Although the number of apprentices in-training has risen since the BAC and CAC schemes were introduced, withdrawals have outpaced completions since 2021. However, as apprenticeships typically take up to four years to complete, it is anticipated that the number of commencements throughout 2021 and 2022 should lead to higher completions throughout 2025 and 2026.

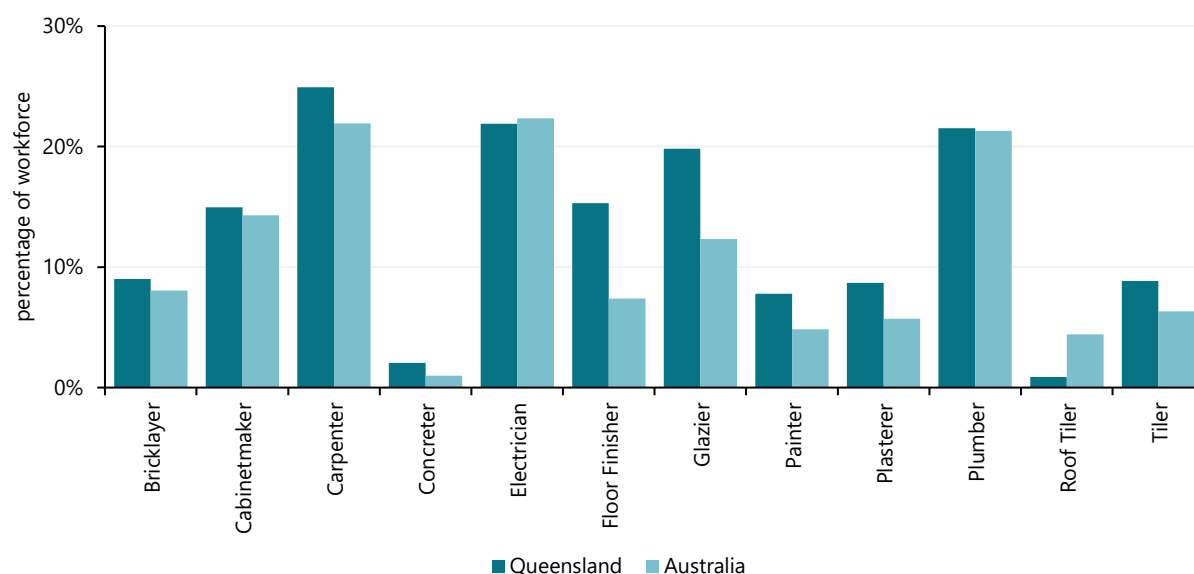
Apprenticeship numbers may also be influenced by the currently suspended Best Practice Industry Conditions (BPICs) and the Queensland Government Building and Construction Training Policy. However, as discussed in Part A, it is unclear how effective and efficient those policies have been in increasing net apprenticeship numbers.

Figure 16.2 compares completions for construction apprenticeships in and outside South East Queensland. Completions outside South East Queensland have almost doubled since 2017/18, with the split of completions similar to the population distribution.

Figure 16.2 Construction apprenticeship completions, in and outside South East Queensland

Source: QPC based on data provided by the Department of Trade, Employment and Training.

With the exception of roof tilers, the share of apprentices in Queensland as a proportion of the total workforce is either close to or above the national average for a range of construction trades (Figure 16.3).

Figure 16.3 Apprentices as a proportion of the total workforce by trade, Queensland and Australia, 2024

Source: QPC based on *Jobs and Skills Australia 2025*; *NCVER 2025b*.

Taken together, recent trends in apprenticeships appear broadly favourable, both in terms of the number of apprentices and as a proportion of the building and construction workforce. However, the escalating demand for construction work will place pressure on labour supply.

The Australian Productivity Commission (2025b, p. 38) has found that the age distribution of dwelling construction workers is currently more favourable than for the economy as a whole, but there is still the potential for pressures to emerge in specific occupations. The Housing Industry Association (2024a, p. 12) found that the occupations most susceptible to an ageing workforce were plasterers, bricklayers, and floor finishers, and to a lesser extent glaziers, tilers, cabinetmakers, and painters, due to the decline in the number of workers in these occupations aged under 25. In the white-collar professional occupations, the Australian Institute of Building Surveyors (sub. 49, p. 9) estimated that up to one third of building surveyors are also likely to reach retirement age within the next 10 years. On the other hand, carpenters, electricians, and plumbers were considered among the least susceptible to age-related exits, as growth had been observed in both the overall size of the workforce as well as the size of the workforce aged under 25.

Construction Skills Queensland (CSQ) (2025d) projects that Queensland will face an average aggregate shortfall of more than 18,000 construction workers per year over the next eight years, peaking at 50,000 in 2026-27. It is likely that shortages will not be spread evenly, with certain occupations likely to experience more intense shortages. CSQ forecasts demand for construction workers in the building industry over this period to be focused on carpenters and joiners, building and plumbing labourers, painting trades workers, plumbers, electricians, concreters, and plasterers.

Queensland faces a challenge to provide a coordinated response that can meet the immediate and growing demand for construction work. In particular, more will be required of the apprenticeship system if labour shortages, especially in high demand occupations, are not to become an increasing drag on construction output and productivity.

Issues with the apprenticeship and training system

The Australian Productivity Commission has presented a decision-making framework for apprentices and employers for deciding whether to undertake an apprenticeship or take on an apprentice (Table 16.1). A diverse range of considerations factor into these decisions.

Table 16.1 A decision-making framework for apprentices and employers

	Benefits	Costs
Apprentice	• Desire to work in occupation • Improved skills • Training wages • Future wages • Government incentives	• Training costs incurred by the apprentice • Opportunity cost of alternative employment • Lack of career information • Negative community and individual attitudes • Rigid structure or length of training and work • Risk of problems with employer
Employer	• Productive contribution of apprentice • Wage discount • Giving back to the community • Government incentives	• Training wages • Supervision costs • Training costs incurred by the employer • Group training fees • Administration costs • Extra maintenance due to apprentice errors • Risk of non-completion • Risk of poaching

Source: PC 2020b, p. 336.

During consultations and in submissions, stakeholders raised many issues with, and possible improvements to, the apprenticeship and training system as it operates in Queensland. These issues generally fit across several broad themes:

- information barriers faced by prospective apprentices and workers
- deficits in and underutilisation of the existing training system
- financial barriers facing businesses and workers.

These issues and proposals merit a deeper investigation and evaluation than this inquiry can provide. Many require a rigorous evaluation by those with expertise and experience in the field, while some issues strike at underlying problems with the VET system, and the constraints in which it operates. That is, it is a wide-ranging system, involving government agencies, many industries, individual businesses, prospective workers and public and private employees. It interacts with school education and labour market regulatory regimes and exists within a federal architecture with responsibilities shared across jurisdictions.

With the Commission's inquiry focusing on productivity in the construction industry, areas have been identified for improvement based on stakeholder feedback.

Prospective workers encounter information barriers

Incomplete or conflicting information for prospective trainees and apprentices can be an impediment to making sound decisions on their training and ultimately to construction productivity. Information barriers can stem from a general lack of awareness about what it is like to work in the construction industry, future industry prospects, and the precise training pathways that will best equip them to succeed in the industry. The Australian Productivity Commission noted the mismatch of skills training was in part driven by gaps in information and career advice, which is often fragmented or duplicated across multiple websites, leading to suboptimal decision making about training pathways (PC 2020b, p. 12).

Despite recent increases in apprenticeship commencements, stakeholders emphasised that attracting school leavers to apprenticeships continues to be an ongoing challenge (Plumbing Industry Climate Action Centre, sub. 56, p. 7; NECA, sub. 27, p. 7; MBQ, sub. 43, p. 26), with the low participation of women being an example (Box 16.2).

Box 16.2 Female participation in the construction apprenticeship system

In 2022, the Queensland Training Ombudsman (2022, p. 2) completed a review of support provided to Queensland apprentices and trainees, with a focus on female apprentices in male dominated occupations. While the review found the system was not in need of major systemic change, it did recommend reforms to better prepare and support employers, apprentices and trainees throughout training contracts in order to narrow the gap in completion rates between male and female apprentices.

The review found that females accounted for around 4 per cent of construction apprenticeship commencements and were less likely than males to complete their apprenticeship. On the other hand, females were more likely than males to complete a construction traineeship, despite representing only 11 per cent of total construction traineeships.

These trends in apprenticeships and traineeships are also reflected in longer-term career outcomes. There were 46,000 females working in the Queensland construction industry in 2024, a 16 per cent increase from 2023 (CSQ 2024a, p. 9). Despite this, females account for only 17 per cent of the total construction workforce, and only 5 per cent of construction trades.

The 2024 Strategic Review of the Australian Apprenticeship Incentive System found that females were more likely than males to drop out of their apprenticeship due to poor working conditions and were more likely to observe or experience bullying (DEWR 2024c, p. 83). Females may also be deterred from entering trades due to a lack of recognition of their prior experience.

Several stakeholders noted that low female participation remains a challenge for the construction industry (MBQ, sub. 43, p. 27; Queensland Unions, sub. 59, p. 4). Proposed solutions included:

- continuing to fund programs for women in construction to new entrants
- increasing awareness of pathways, occupations and careers
- providing training and support to female-led businesses
- addressing unfavourable working practices that may exclude women (for example, long or inflexible working hours and other conditions of employment)
- addressing cultural issues such as bullying and harassment through education and hotlines.

BuildSkills Australia's Housing Workforce Capacity Study (2025a) found that Queensland's residential construction workforce could add 10,462 workers by 2029 if female participation increased to levels observed in the manufacturing sector.

The Department of Trade, Employment and Training (sub. 17, p. 2) is currently delivering the \$4.6 million Women in Trades Mentoring Program, with \$1 million allocated to support female apprentices in the construction industry. Master Builders Queensland and the Housing Industry Association are delivering the construction portion of the program. Meanwhile, CSQ (2024a, p. 5) is continuing to advocate for the implementation of a Queensland Women in Construction Strategy.

Pre-apprenticeship programs

Pre-apprenticeship programs have been identified as an effective strategy for providing prospective candidates with some early insights into the industry before committing to a longer-term pathway, and especially so for underrepresented cohorts. In Queensland, initiatives such as CSQ's partnership with Year13 seek to counter these problems by providing tools for high school students to investigate their compatibility with the choice of careers in construction (CSQ 2024b, p. 19).

Strategies to reduce information barriers can be both formal and informal in their design. Stakeholders recommended the introduction of readiness assessments for prospective apprentices to ensure that candidates possess sufficient motivation, literacy and numeracy skills, practical dexterity, and understanding of the trade environment to commence and complete an apprenticeship (NECA, sub. 27, p. 10). This could help to counter high attrition rates and avoid wasted time and resources for both industry and candidates, increasing employer confidence when engaging new apprentices. This process could also interact with mentoring strategies by identifying individual learning or support needs at the outset, enabling targeted intervention and tailored support plans.

Measures to retain apprentices

Information barriers are not confined to the initial decision to enter training for the construction labour market. Apprentices and trainees also benefit from support and access to information during their placement to ensure they have a clear view of their progress and remain in touch with industry networks.

Stakeholders pointed to evidence showing that structured, industry-specific mentoring is among the most effective interventions to increase retention, completion, and overall apprentice wellbeing, especially for mature-age apprentices, women, First Nations people, and other priority cohorts (HIA, sub. 32, p. 23; NECA, sub. 27, p. 10). An effective mentoring system consists of regular scheduled check-ins, clear escalation pathways for workplace or personal issues, and access to trained mentors with direct experience in the given trade.

Several stakeholders emphasised the effectiveness of GTOs for improving recruitment, retention, and completion rates for apprentices in the trades. GTOs allow apprentices and trainees to spend their entire apprenticeship or traineeship with a single host employer or to rotate across several host employers. This can increase flexibility for employers who may not be in a position to support an apprentice or trainee for the full term of their apprenticeship or traineeship.

Small businesses may not have the resources to provide apprentices with comprehensive mentoring and support. GTOs can address this gap by ensuring that apprentices are matched with host employers based on their skills and potential for success (NECA, sub. 27, p. 8). GTOs can also bolster job security by helping to smooth boom-bust workforce cycles. If a business faces financial difficulties or ceases operations, GTOs can intervene to secure alternative placements for the business's apprentices (Plumbing Industry Climate Action Centre, sub. 56, p. 6).

Stakeholder submissions have highlighted the potential for significant productivity gains from engaging cohorts that are currently underrepresented in the construction industry. Although stakeholders have pointed to successful pilots and other localised projects, improving productivity at an industry level will require solutions to be deployed at scale across wide geographical areas while retaining the personalisation that makes mentoring and pre-apprenticeship support mechanisms effective. Policies designed to reduce information barriers for employees and employers may not require substantial financial resources but do need to be coordinated to avoid duplication and confusion about potential pathways and opportunities. High quality evaluations of the efficacy of these programs will be required to inform decisions on their adoption.

Queensland's training system may lack and underutilise capacity

The off-the-job training opportunities offered by RTOs and TAFEs are an important complement to on-the-job work experience for apprentices and trainees. However, their effectiveness in supporting construction productivity is dependent on attracting a pipeline of qualified educators and ensuring that capacity is matched to demand across the state. Jobs and Skills Australia reported shortages of VET teachers in every Australian jurisdiction, with shortages particularly acute for teachers, trainers and assessors in building and engineering trades (Jobs and Skills Australia 2024b, p. 110).

Several stakeholders have drawn attention to challenges with RTOs and TAFEs attracting and retaining qualified trainers and assessors in specialised fields (Plumbing Industry Climate Action Centre, sub. 56, p. 8; Australian Glass and Window Association, sub. IR19, p. 9; Master Electricians Australia, sub. IR48, p. 43). For example, the Fire Protection Association Australia (sub. 23, p. 1) noted that the Certificate IV in Fire Systems Compliance is only offered in full by two RTOs in Queensland, resulting in only 45 course completions across 2022 and 2023.

In order to remain fit-for-purpose, training pathways must stay up-to-date with the evolving requirements of employers and the building and construction industry generally. Stakeholders raised concerns that some qualifications are not sufficiently responsive and can lag behind current industry practices, technological advancements, and the evolving complexity of fire safety, electrical, and mechanical systems (AMCA, NECA and NFIA, sub. 47, p. 4). Not only does this necessitate additional training by employers to address these shortfalls, but up-to-date training in modern construction practices is essential to reduce the risk of building defects (Australian Sustainable Built Environment Council, sub. 58, p. 2).

Some stakeholders also suggested that existing capacity is not being used as effectively as it could be:

- It was reported that several public TAFE facilities and other government-owned buildings in Brisbane and regional centres are considerably underutilised, with the potential for Industry RTOs to use these facilities to deliver qualifications (NECA, sub. 27, p. 9).
- Some stakeholders also raised concerns that available RTO capacity was not always being utilised productively. For example, electricians could previously complete Authorised Person (AP) requirements for electrical work as part of onboarding, but must now complete a dedicated RTO course (MEA, sub. 37, pp. 7-8). Not only does this use up RTO capacity, but limited class intake leads to delays in electricians being able to complete electrical work.

Measures to increase training capacity

Stakeholders suggested measures to increase training capacity, including:

- NECA (sub. 27, p. 9) recommended the adoption of 'Trade to Trainer' programs, whereby Industry RTOs deliver training to assist experienced workers seeking less labour-intensive work, or career or lifestyle changes, to transition into technical training roles.
- NECA (sub. 27, p. 9) also noted its ongoing trial of a 'pop up' RTO campus model, utilising a community hall as a trade school facility on the NSW South Coast, where it delivers a Certificate III in Electrotechnology - Electrician two days a week. This has contributed to the employment of nearly 40 new electrical apprentices in fewer than 12 months. NECA also pointed to the success of a block release training model targeted at organisations with fly-in-fly-out models.
- Stockland (sub. 29, p. 3) is investigating opportunities to collaborate with the TAFE sector to create local Skills Exchanges to build a skilled workforce through its own large-scale construction sites.
- Master Electricians Australia (sub. 37, pp. 21-22 and sub. IR48, p. 44) suggested a greater role for technology in delivering training. MEA considered the continued requirement for face-to-face training is a constraint to the productive use of limited qualified trainers and limited physical training facilities. Virtual reality (VR) technology could be adopted (possibly starting with non-accredited training) to deliver training remotely, with the ability to validate progress and completion.
- The Australian Institute of Architects (sub. IR21, p. 15) noted that architecture students can only complete accredited training in Brisbane, which reduces the likelihood that graduates remain in regional centres.

Stakeholders also told us during the consultation phase that recognition of prior learning remains an obstacle for mature apprentices, especially those who have served in the defence force. This may suggest that some prospective construction workers are being forced to acquire additional qualifications with limited incremental benefits to their skill set, which is likely to place additional pressure on an already constrained training system.

The Australian Productivity Commission (2023c, 2025b) has supported consideration of microcredentials in its recent reports, arguing that microcredentials provide an opportunity for workers to quickly obtain specific new skills, and can therefore help address acute skill shortages. They are generally less costly than more formal education, and more likely to be undertaken by the existing workforce, with employers also being more likely to fund them. The Australian Glass and Window Association (sub. IR19, p. 9) noted that microcredentialing can facilitate knowledge transfer, lifelong learning, and cross-sector collaboration.

Stakeholder consultation has highlighted various training offerings, each with strengths and drawbacks as currently adopted in the construction industry. Establishing which models are likely to be most effective in addressing training constraints and how these should be funded is beyond the scope of this inquiry. Importantly, construction is not the only industry where training systems are under pressure. As such, it is relevant to bear in mind that resources deployed for the construction industry will need to be diverted from other productive uses.

Financial barriers may constrain uptake of apprenticeships and training

Training for an occupation should be considered an investment with all parties seeking to maximise the return on the resources they have invested under uncertain prospects.

From the perspective of labour market entrants, there are financial costs to efficiently acquire the necessary skills and subsequently make themselves available for work in the industry. Financial costs for prospective employees include not only the direct cost of training, but potentially also the cost of moving, the cost of obtaining relevant equipment and the loss of income from entering the training system for those in work.

For employers who invest in training by taking on an apprentice, there is a risk the apprentice fails to complete their placement, leading to wasted resources. Even if a placement is completed, employers may miss out on the benefits of the time and resources they invest in an apprentice if they move to a competing firm. For example, in the electrical sector, Master Electricians Australia (sub. 37, pp. 19-21) reported that small businesses are discouraged from taking on apprentices because they often invest substantial time and resources but then lose them to larger firms who are able to offer higher wages in the later years of an apprenticeship. There may be broader benefits to the worker and the industry from the small business's investment, but these do not fully accrue to the small business itself.

Construction employers face competing demands for the allocation of scarce resources. For instance, time and funds spent dedicated to apprentices and training offerings could be spent on other employees, or on other factors of production (for example, capital equipment). Employers and students in regional areas also face higher costs when students undertake studies at distant university and training campuses, such as accommodation costs and the unavailability of students for work.

Master Plumbers' Association Queensland (sub. 62, pp. 2-3) for example, estimates the 'true' cost of training a single apprentice as exceeding \$250,000, with only 2 per cent of this figure covered by government financial incentives.

Stakeholders also pointed to financial barriers to entry for mature apprentices (HIA, sub. 32, pp. 22-23; AMCA, NECA and NFIA, sub. 47, p. 6). NECA (sub. 27, p. 7) reported that people over the age of 21 can comprise up to 50 per cent of applicants, but constitute less than 5 per cent of NECA Apprenticeships' annual intake. Adult apprentices are more expensive to employ and, hence, more difficult to justify, particularly for small businesses. This wage barrier significantly disadvantages women, who are more likely to pursue a trade career later in life.

Use of financial incentives and subsidies

Incentive systems have been one of the strategies used to support training and apprenticeships. The purpose of these incentives is to assist employers when the resources involved with engaging, supervising and training apprentices are not commensurate with the productivity generated by these employees in the early stages of their career (MBQ, sub. 43, p. 27; DEWR 2024c, p. 53). In the absence of such initiatives, workplaces may not be sufficiently incentivised to engage trainees and apprentices if there is a risk that apprentices do not complete their apprenticeship or move to another workplace.

Common policy instruments to address financial barriers typically include a range of incentive payments to employees and employers, wage and other subsidies, and tax breaks. A range of incentive schemes already exist at the state and Australian government levels (Box 16.3).

Box 16.3 Government financial incentive schemes

As of 1 July 2024, the Australian Apprenticeships Incentive System payments are structured as follows:

- Employers of apprentices in priority occupations will be eligible to claim up to \$5,000 over 2 instalments (\$2,000 at 6 months and \$3,000 at 12 months) using the Priority Hiring Incentive.
- Apprentices in priority occupations can also receive up to \$5,000 in 4 instalments over 24 months using the Australian Apprentice Training Support Payment (DEWR 2024c, p. 53).

Queensland Government incentives and subsidies for apprenticeships and trainees include the following:

- Contributions to the cost of training for priority apprenticeships and traineeships paid directly to eligible Skills Assure Suppliers (Queensland Government 2025d).
- Travel and accommodation allowances paid directly to apprentices and trainees (DTET 2025).
- Discounted workers' compensation insurance premiums for apprentices (WorkCover Queensland 2023).
- 50 per cent rebate on payroll taxes for apprentice and trainee wages (QRO 2025a).

Construction Skills Queensland (CSQ) is an independent, not-for-profit, industry-funded body which supports workers, apprentices, trainees, employers, and career seekers in the building and construction industry. CSQ provides this support through:

- subsidising training for tradies, workers and small and large businesses to help them build their careers and capability
- promoting careers in construction and supporting pathways into the industry
- working with industry partners to help keep talented people in the industry (CSQ 2025c).

CSQ administers the Building and Construction Industry Training Fund, which is funded by a statutory training levy collected by the Queensland Government's QLeave. The training levy is charged on all building and construction work performed in Queensland with a cost of \$150,000 or more (excluding GST) at a rate of 0.1 per cent of the cost of the project. In 2024-25, CSQ received \$54.1 million in training levies and provided \$40.3 million in training support (CSQ 2025b).

Better targeting of financial incentives and subsidies

It is difficult to evaluate the adequacy of these payments and how they contribute to construction productivity based on the information available to the Commission. In its 2020 study, the Australian Productivity Commission's view was that employer incentives are unlikely to provide a strong return on investment, often paying businesses for training that would have occurred anyway, and being likely to change the behaviour of only a few. Instead, they could be better targeted or redirected to other mechanisms that provide a greater return on investment (PC 2020b, pp. 27-28).

The Strategic Review of the Australian Apprenticeship Incentive System made the following recommendations with implications for productivity (DEWR 2024c):

- direct employer incentives to small and medium employers engaging apprentices in priority occupations, by removing employer incentives for large employers. This recommendation was based on evidence that large businesses are more likely to hire apprentices based on business needs rather than available government incentives
- develop ways to recognise previous experience and fast-track apprenticeships to make them more appealing to those entering an apprenticeship later in life
- develop means for apprentices to demonstrate the transferability of the skills they develop in their training between different employers and occupations.

The review found that financial costs are not the only factors limiting uptake by small and medium-sized businesses (SMEs). SMEs, especially those who have not taken on an apprentice before, often need additional support around providing apprentices with training and navigating the apprenticeship system (DEWR 2024c, p. 67). Low training wages were also found to deter people from not only taking up an apprenticeship but also impacting on their ability to afford to follow it through to completion. Master Builders Australia (2024b, p. 34) has recommended adapting the Vocational Education and Training award to allow for more flexible patterns of work and part-time apprenticeships.

MEA (sub. 37, p. 19) recommended the Queensland Government provide targeted financial support to SMEs for training hours spent by a qualified electrical worker supervising an apprentice during the first and second years when greater direct supervision is required. This funding would help offset the cost of lost productivity from qualified electrical workers who dedicate time to apprentice supervision and could encourage more SMEs to take on first year apprentices despite the risk of losing them as they become more productive.

Similarly, in the building industry, Master Builders Queensland (sub. 43, p. 27) has proposed increased apprentice wage subsidies for businesses to incentivise commencements and offset high supervisory costs in the first year, along with financial incentives for apprentices upon completion of their first year (when apprentices are most likely to drop out), and upon completion of the full apprenticeship.

NECA (sub. 27, p. 7) noted the success of the Western Australia Construction Training Fund (CTF), which provided GTOs with 100 per cent of the wage gap allowing adult apprentices to be engaged at the same rate as junior apprentices. This resulted in a doubling of female apprentices, suggesting that subsidies may be effective for increasing mature entrants to apprenticeships.

Investment in training is more likely to be optimised if those receiving the benefits of that investment are also the ones making that investment. Underinvestment in training can occur when those required to make the investment are not accruing the commensurate benefits of that investment. Conversely, over investment can occur if those receiving the benefits of training are deciding on the level of investment but not adequately contributing to it.

As the benefits of training can be widely diffused among prospective and existing workers, individual businesses, the broader industry and the general community, contributions to training could come from a number of sources such as tuition fees, the employing businesses, general taxation and industry levies. While industry levies imposed by government can suffer from inefficiencies, they can be justified when certain conditions are met. For example, when they fund public goods or price externalities which are concentrated in a particular sector, and if the sector could suffer from 'free riding' if the sector attempted to collect the levy itself (PC 2023d, pp. 17–21). The level and quality of training can be affected by how decisions for investment training are made and funding contributions are shared and managed.

Governments already provide a range of incentive payments and other forms of support to apprentices and their employers. Nevertheless, stakeholders have argued there is a need for further industry support. Given the productivity lens of this inquiry, financial subsidies are generally not a preferred option since they raise the risk of distorting market outcomes and resulting in other unintended consequences. However, to the extent financial support for industry is to be provided, payments should reflect the public/private split of benefits from training and be structured and targeted such that additional apprentices will commence and complete placements relative to a scenario without the incentive schemes.

Just as under-provision of support can create inefficiencies, over investment can also distort efficient market outcomes by diverting funds from more productive uses.

A way forward on apprenticeship and training reform

The issues raised in stakeholder submissions indicate there may be opportunities to improve the apprenticeship and training system. Considerations include:

- CSQ's analysis suggests that skill shortages are an immediate issue and will increase in the next several years. Improvements that have a positive impact on skills acquisition in the short to medium term will be responding in the same timeframe of the commensurate need. Issues relating to more deep-seated problems in the apprenticeship and training system should be addressed, but in some cases that may only be possible in the longer term and through a more comprehensive process.
- Immediate attention should be given to making better use of existing training capacity and better targeting of current government financial assistance to increase their effectiveness and efficiency. Increases in funding will require a rigorous business case, with consideration of other government priorities and the risk of creating market distortions and other unintended consequences.
- The Queensland apprenticeship and training system does not represent the only mechanism by which construction skills can be developed. Industry may consider working outside the existing formal system, or using its expertise to improve or complement training offerings, as Stockland appears to be doing in relation to the creation of local Skills Exchanges.

There have been many reviews of the VET system. In the current context, what is required is a reform process that:

- coordinates efforts across government and industry – skill shortages may be more concentrated in specific occupational areas, but specific skill shortages affect everyone given the interlinked nature of the industry
- should be inclusive of the industry, to draw on its experience and give it the confidence that possible labour capacity constraints are being effectively addressed and therefore the confidence it requires to invest
- focuses on what the Queensland Government and construction industry can do in the short and medium term, while recognising any need for, and preparing for, longer term reform.

This will likely require a process of collaboration between the construction industry (including peak bodies, businesses and workers) and relevant government bodies to identify problems, reform opportunities and priorities. Such a process is beyond the capacity of this inquiry to undertake. The Department of Trade, Employment and Training (sub. 17, p. 4) is already establishing a collaborative process (Strategic Dialogue Series) with the construction industry that could serve as a possible model or as support for the collaborative process.

Support for the apprenticeship pipeline

If more immediate action to support the apprenticeship pipeline is deemed necessary — see Recommendation 14 on the removal of the Building and Construction Training Policy — any additional support for the attraction and retention of apprentices would be best delivered through better targeting of existing industry and government schemes, rather than expanding or developing new schemes.

Particular consideration should be given to leveraging the Building and Construction Industry Training Fund (BCITF), which is administered by CSQ and funded by industry training levies.

If this approach of leveraging the BCITF is adopted, the Department of Trade, Employment and Training should be tasked to work with Queensland Treasury and CSQ to determine the policy settings so the BCITF can most effectively and efficiently contribute to sustaining an appropriate pipeline of apprentices.

When reviewing the policy settings, consideration should be given to:

- 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
- the appropriateness of the existing training levy rate and mechanisms for reviewing the training levies imposed on industry.

16.2 Recommendations

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.



17.0 **Occupational licensing**

17.1 Occupational licensing

Occupational licensing and accreditation requirements are intended to ensure that work is completed safely and with appropriate care and skill.⁶⁰ Both tradespeople and professionals working in the construction and real estate industries are subject to occupational regulation with requirements that can be complex and diverse (Box 17.1).

Box 17.1 Occupational licensing requirements in construction and real estate industries

Occupational licensing requirements impose a variety of conditions, but they most commonly relate to:

- qualifications — for example, a plumbing and drainage licence requires an applicant to hold a Certificate III in plumbing (QBCC 2024b)
- experience or competency — for example, registration as a professional engineer requires 4–5 years of experience after graduation (BPEQ 2025)
- continuing professional development (CPD) — for example, from 6 June 2025, a licensed real estate agent must complete 2 approved CPD sessions per year (Office of Fair Trading 2025)
- character or previous conduct — for example, a site supervisor licence cannot be obtained by a person who has become bankrupt in the previous 3 years (QBCC 2024a).

Several international studies have linked economy-wide occupational licensing to reduced competition, slower productivity growth, or other costs on the community (for example, Bona 2011; CEDA 2022b; Cox & Foster 1990; Kleiner 2006; Kleiner & Soltas 2019). In Australia, the 'stringency' of occupational entry regulation has been linked to lower rates of business entry and exit, slower flows of workers from low to high productivity firms, and skill shortages (Bowman et al. 2024). Assessing the evidence on the whole-of-economy impacts of occupational licensing, the Australian Productivity Commission concluded that '[m]uch of the available evidence supports the idea that licensing stringency reduces market competition', increases labour market rigidity, creates significant administrative costs, and lowers productivity (PC 2023a, pp. 60–63).

The streamlining of requirements for occupational licensing was one of the 26 reforms modelled by the Australian Productivity Commission at the request of the Australian, state and territory governments in 2024, as part of a revitalised National Competition Policy (NCP). The Australian Productivity Commission modelling indicated that occupational licensing reform could deliver the greatest economic benefits of the reforms able to be quantified (PC 2024a, p. 14). However, it was not one of the first tranche of reforms agreed to by Treasurers in November 2024 (Chalmers 2024).

Occupational licensing should deliver net community benefits

Occupational licensing can deliver several potential benefits to the community where it addresses a market failure. Most occupational licensing requirements generally seek to address market failures relating to:

- *Information asymmetry*, which exists where consumers (or employers) cannot accurately assess the competency of service providers (or potential employees). This is particularly problematic in relation to where a consumer may not be able to assess competency before or after the fact or where the outcome of poor performance is non-rectifiable (for example, where poorly performed work results in a permanent injury).
- *Negative externalities*, which exist where a worker or service provider's lack of competency adversely affects a third party. The most common example in construction relates to health and safety risks, but other examples of externalities could include nuisances (such as noise or odour), environmental damage (such as from improper disposal of materials) or loss of lateral support on adjacent properties due to improperly completed earthworks.

⁶⁰ For the purpose of this report, an occupational licence refers to any licence required to undertake construction work in Queensland.

However, occupational licensing requirements can also impose costs. They can:

- discourage people from entering or remaining in regulated industries, reducing competition and supply
- reduce competitive pressure on incumbents to innovate
- impede the adoption of new technology by prescribing the way in which work is done
- impose costs on workers (for example, the cost of mandatory training that is not valued by workers or consumers), some of which is passed on to consumers and businesses
- reduce labour mobility between tasks, professions, industries or between jurisdictions
- impose administrative and compliance costs on businesses, workers and government.

Further, occupational licences can create or exacerbate skill shortages if highly skilled workers are required for tasks that less credentialled workers could adequately perform. While not occupational licensing per se, regulation can have a similar effect if, for example, it requires a highly credentialled worker to act as a supervisor or spotter for another worker when a lower qualification level would be suitable or supervision is not necessary.

In every case, a rigorous assessment should be made to determine whether the community receives a net benefit from occupational licensing, and whether the cost of licence requirements can be minimised while still being effective in achieving the policy objectives. Moreover, consideration should be given to whether other policy instruments may be more effective and efficient than occupational licensing in addressing the policy problem.

Other policy instruments may be more effective and efficient

Even where market failures exist, market or other non-regulatory mechanisms often suffice to regulate the competency of service providers or mitigate costs to third parties. For example, information asymmetry can be addressed through practitioner reputation, voluntary accreditation or certification, voluntary membership of professional associations, or standard commercial practice (for example, assigning contract risk through warranties or guarantees).

Alternatively, general regulatory interventions could be used rather than specific occupational licensing. These can include consumer law (for example, the *Competition and Consumer Act 2010* includes mandatory guarantees relating to work quality), general workplace health and safety laws, instruments designed to manage externalities (for example, the *Environmental Protection Act 1994* regulates run-off and construction site operating hours) and common law remedies (for example, the torts of negligence and nuisance) (NSW PC 2022; PC 2000).

In many cases, occupational licensing is said to be necessary to improve safety outcomes. The Australian Productivity Commission considered the evidence for whether occupational licensing is the 'best way' of improving safety outcomes. The inquiry found that an expansion of licensing requirements in building and construction was, in many instances, 'characterised by poor assessment of health and safety risks and inadequate consideration of whether alternative regulation already addresses the problem — largely as a result of insufficient evidence to inform policy' (PC 2023a, p. 68).

The Australian Productivity Commission cited the introduction of refrigeration and air conditioning licensing in Queensland as having a weak evidentiary basis. It noted that despite claims in the accompanying regulatory impact assessment and Parliamentary inquiry, 'supporting evidence of unsafe outcomes in Australia, let alone Queensland, either does not exist or is not well founded', that no evidence was produced linking unlicensed work to the spread of legionella was published, and that 'it remains unclear whether licensing would be more effective than other regulatory interventions' (PC 2023a, p. 70 citing Queensland Government 2019c; Transport and Public Works Committee 2018).

Overall, the Australian Productivity Commission concluded that:

In the building and construction industry, licensing has been increasingly focused on protecting health and safety despite little evidence of its effectiveness. The lack of empirical evidence supporting licensing design has led to a ramping up of licensing stringency that has increased barriers to entry and is likely leading to considerable inefficiencies in the provision of skills and reduced productivity in the sector. (PC 2023a, p. 76)

The NSW Productivity Commission (2021) recommended that occupational licensing for construction trades previously identified as 'low risk' (including painters, decorators, fencers, glaziers, pavers and plasterers) be replaced with negative licensing (in which persons can perform licensed work by default, but can be banned by the regulator).

For example, while submissions to previous reviews have described risks associated with painting work relating to lead paint, asbestos, and consumer satisfaction, the current licensing requirements appear more than necessary to address those risks (Box 17.2).

Box 17.2 Licensing requirements for painters and decorators may be unnecessarily onerous

A Queensland Building and Construction Commission (QBCC) licence is required to provide painting and decorating services in Queensland valued at over \$3,300 including GST (QBCC 2021f). Painting and decorating work includes applying paint, applying wallpaper and preparing surfaces for the application of paint.

Obtaining this licence requires a person to have completed an apprenticeship or Certificate III in Painting and Decorating. If the licence permits applying cement render, the licensee must also have completed a specific course on applying 'trowelled texture coat finishes' (QBCC 2022). Meeting these requirements will typically require at least two to four years of training.

Application of licensing requirements for painters is not universal in Australia. While NSW, Victoria, Western Australia and South Australia also apply licensing requirements, Tasmania, the Australian Capital Territory and the Northern Territory do not (PC 2025a, p. 85).

From a consumer perspective, painting and decorating is relatively low risk, with an unsatisfactory paint job being typically cosmetic and problems able to be rectified through the Australian Consumer Law (PC 2025a, p. 85).

While licensing can build trust and professionalism in an industry, US research indicates that prices and reputation are the primary factors influencing decisions to hire a home improvement service professional, rather than licensing (PC 2025a, p. 85). Painters are able to signal their capabilities to consumers by referencing their experience, client endorsements and previous jobs, and there are reputation-based mechanisms in the market for painting and decorating services, including online reviews and word-of-mouth.

Comprehensive, up-to-date data on consumer complaints is not available. The National Painting and Decorating Institute (2018, p. 4) stated in 2018 that it had been receiving 'over 200 complaints from home owners per year' ... and that 'complaints from Victoria (where there was no licensing) out-numbered complaints from NSW by a factor of four'. The Institute placed the blame on inadequate training and regulation of the industry in Victoria, with Victoria having increased their painters licence requirements since then (Wurm 2019).

Painters and decorators can face risks, such as those associated with chemicals (for example, lead paint and asbestos) and falls from heights. Provision of information, existing regulatory requirements and codes of practice can help manage these risks:

- Identifying, testing, removing and disposing of lead paint is not complex, and information on proper processes is readily available (see, for example, WorkSafe 2017).
- There are broader requirements applying to all persons that relate to painting undamaged asbestos in Queensland (WHSQ 2021), and there are well described processes (and licensing requirements) that apply to the removal of asbestos (Queensland Government n.d.).
- Safe Work Australia provides model codes of practice on topics such as managing the risk of falls, which state and territory jurisdictions can adapt (PC 2025a, p. 85).

The Australian Productivity Commission found that there is not a strong relationship between jurisdictions with more stringent licensing and the relative frequency of serious workers' compensation claims for painters (PC 2025a, p. 85). Queensland, South Australia and Western Australia have the highest frequency of serious claims but also have relatively stringent rules for when painting licensing applies.

In a recent interim report, the Australian Productivity Commission identified regulation of painters and decorators as an occupation where occupational entry regulations are higher than necessary and could be reduced (PC 2025a, p. 85).

Stakeholders have indicated that nominal thresholds for licence requirements may be hampering construction productivity. As discussed in Part D on the regulation of building activities, any building work in Queensland with a value above \$3,300 requires a commercial building licence (QBCC 2021f). However, this threshold has not recently indexed to inflation. As a result, stakeholders have noted this limits the number of builders available to complete smaller household projects, which has the perverse consequence of drawing more qualified tradespeople into lower-value work (Peter Cousins, comment 5). Raising the nominal threshold (with indexation over time) would potentially alleviate some of these pressures in the building and construction industry by aligning qualification requirements more closely with the nature of work on smaller projects.

Regardless of the underlying rationale, any purported benefits of licensing requirements must be clearly evidenced, must be shown to exceed any costs imposed, and must be the best available policy option to achieve the stated objectives. In the context of long-term poor construction productivity growth and deteriorating housing affordability, the need to impose additional costs through licensing requirements should be rigorously tested.

Occupational licensing in construction should be reviewed

While quantifying the impacts of occupational licensing is difficult in general, Bowman et. al (2024) found that occupational entry requirements for electricians, painters, plumbers and architects in Queensland were more stringent than the OECD average, and far more stringent than the least stringent OECD countries. Therefore, the potential exists for large gains from reviewing and reforming occupational licensing requirements in Queensland.

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 workers and consumers. Reform of occupational licensing requires a rigorous policy development process involving comprehensive consultation, which is beyond the timeframes or scope of this inquiry.

Instead, it is proposed that the Queensland Government institute a coordinated, multi-year program of stock reviews of occupational licensing requirements relevant to the construction industry. These reviews should:

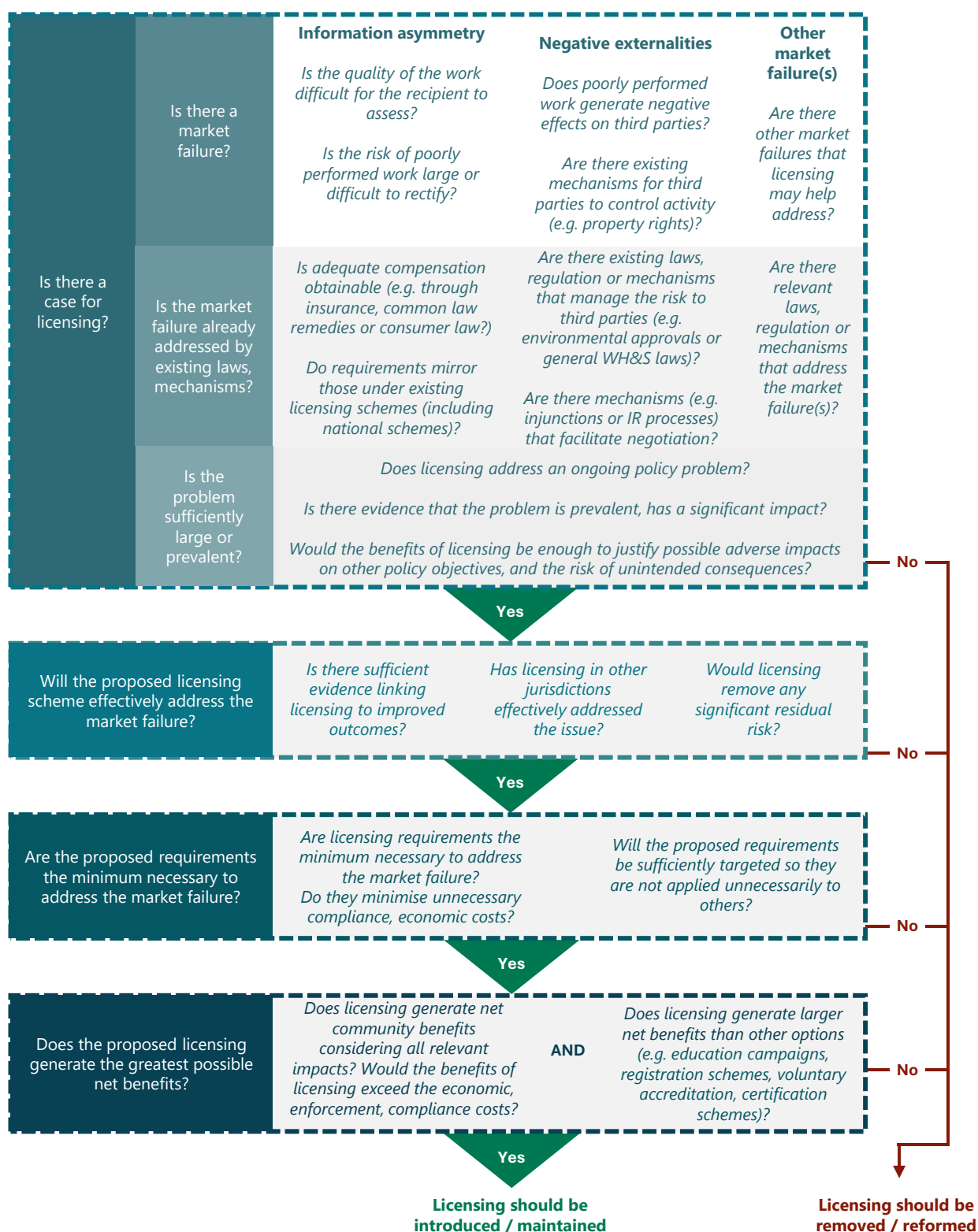
- be conducted by relevant agencies over the next several years
- adhere to best practice regulation principles as reflected in the *Queensland Government Better Regulation Policy* (the Policy)
- consider in each case whether:
 - there is reliable evidence of a market failure
 - market failure is better addressed through existing regulation (for example, consumer law)
 - there is clear evidence the licensing requirement addresses the market failure effectively
 - licensing arrangements deliver net benefits to the community
 - licensing requirements deliver the greatest net benefits to the community relative to other options.

The Commission has developed a framework for evaluating occupational licensing requirements for agencies to apply to future licensing decisions (Figure 17.1). While this framework mirrors existing requirements under the Policy, it is intended to provide specific guidance to agencies undertaking those reviews. Further guidance on managing the stock of regulation is discussed in Chapter 3.

Stakeholder feedback on the Interim Report was broadly supportive of reviewing licensing requirements (Workforce Advisory, sub. IR30, p. 3; Business Chamber Queensland, sub. IR66, p. 2; MBQ, sub. IR73, p. 40). Furthermore, this recommendation aligns with the Australian Productivity Commission's recent draft recommendation that government authorities work with licensing regulators to review occupational entry regulations in their jurisdictions (PC 2025a, p. 72).

It is important the elements of this framework are applied to individual licensing requirements, even where an occupational licensing regime delivers net community benefits, as there can be specific elements of it (for example, large amounts of mandatory continuing professional development (CPD) or highly specialised qualification requirements) that do not.

Figure 17.1 Framework for evaluating occupational licensing



Source: QPC.

Prior to the commencement of these reviews, any new occupational licensing proposals should be subject to the requirements of the Policy, and, if there are any pending occupational licensing changes that have the potential to impose additional requirements, but have not been subject to a rigorous regulatory impact assessment process, they should not commence until such an assessment has been completed.

Continuing professional development

A recent example of a licensing-related measure that may have benefited from more rigorous analysis was the new CPD requirements for property industry professionals that came into effect on 6 June 2025 (Office of Fair Trading 2025). While some analysis was prepared, the proposal was exempted from the impact analysis requirements of the Policy (DJAG 2023). Issues with the analysis include:

- It did not clearly explain the difference between its results and that of a previous national assessment, which found *removing* mandatory CPD for property occupational licensing across Australia would generate net annual benefits of \$37 million in 2013 dollars (Council of Australian Governments National Licensing Steering Committee 2013).
- Several key assumptions used to construct the cost-benefit analysis in the Queensland analysis could be questioned.
- While the changes were supported by key industry associations, they were opposed by practitioners, with around 60–65 per cent of property agents against the changes (DJAG 2023, pp. 61, 73).

Several stakeholders expressed support for mandatory CPD requirements in their respective sectors (MBQ, sub. 43, pp. 32–33; AMCA, NECA and NFIA, sub. 47, pp. 5–6; Plumbing Industry Climate Action Centre, sub. 56, pp. 5–6 and sub. IR80, p. 11; AWCI Australia, sub. 70, pp. 1–2; Queensland University of Technology, sub. IR46, p. 8; Master Electricians Australia, sub. IR48, p. 47; AMCA, MPAQ, NFIQ, NECA and Surveyors Australia, sub. IR75, p. 7). CPD can update workers on current best practice and innovations, while also reducing the risk of defects and inconsistent practices on construction sites by addressing fragmented industry knowledge bases.

A NSW Productivity Commission discussion paper on CPD noted that mandating CPD creates costs, as well as benefits, for the community (NSW PC 2022, p. 5). In particular, mandatory CPD may be implemented without sufficient rationale for government intervention and may also create occupational barriers by increasing the resources required to remain in a profession. The NSW Productivity Commission also identified the potential for conflicts of interest where industry incumbents simultaneously set mandatory CPD requirements while receiving fee revenue for delivering CPD training.

Overall, the introduction of further mandatory CPD requirements in the construction industry would require a strong justification, especially as many industry participants already report high levels of regulatory burden and labour shortages. In any case, rigorous application of regulatory impact analysis remains the best approach for assessing whether additional CPD requirements are likely to deliver a net benefit for the Queensland community.

Certain occupational licences should be prioritised for review

The above framework should be applied to all construction-related licence classes in Queensland. 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 consumer and worker harm, and the opportunity to identify and rectify defects associated with the work
- stakeholder input and feedback, including to this and other inquiries.

The following sections discuss how these criteria apply to key construction industry occupations in Queensland.

Projected level of demand and workforce shortages

The first criterion for prioritising occupational licensing reviews is based on projected demand and shortages for licensed construction occupations. High levels of demand or shortages may indicate constrained availability from other labour market channels, such as the apprenticeships pipeline, or migration from other states or countries. The CSQ Horizon 2032 report projects demand for a range of construction occupations. Carpenters and joiners; building and plumbing labourers; painting trades workers; plumbers; electricians; concreters; and plasterers are expected to experience average demand in excess of 4,000 jobs until 2032 (CSQ 2025d, p. 18).

The Jobs and Skills Australia (2024a) Occupation Shortage List (OSL) identifies shortages by state and territory. Virtually all construction occupations requiring licensing are currently experiencing shortages in Queensland. These include builders, plumbers, electricians, fire protection workers, air-conditioning and refrigeration workers, bricklaying and stonemasons, tilers, glaziers, painters, decorators and plasterers.

Relative stringency of Queensland occupational licensing compared to other jurisdictions

Viewed in isolation, stringency does not necessarily indicate the level of licensing is inappropriate. However, where there are inconsistencies with other jurisdictions without clear justification, this may suggest a need for further review. The Australian Productivity Commission (2025a, p. 56) has found limited evidence that the risks or nature of most occupations differ meaningfully across jurisdictions.

An accepted methodology for measuring occupation stringency is the OECD's occupational entry regulations (OER) stringency index. Bowman et al. (2024) estimated OER stringency index scores for a range of construction industry occupations in Queensland, New South Wales and Victoria. As discussed above, Queensland's level of occupational licensing stringency is higher than the OECD average. However, when compared to New South Wales and Victoria, Queensland has the lowest average licensing stringency across a range of construction industry occupations.

Nevertheless, the relative level of stringency varies substantially by occupation. As summarised in Table 17.1, relative to Victoria and New South Wales, Queensland has the:

- highest occupational licensing stringency for glaziers
- second-highest stringency for air conditioning and refrigeration (AC&R) mechanics, painters, pavers, and roof tilers
- lowest or equal lowest stringency for architects, carpenters, dry plasterers, electricians, fencers, gasfitters, landscapers, plumbers and project builders.

Table 17.1 Queensland occupational licensing stringency relative to New South Wales and Victoria

Queensland relative licensing stringency	Occupation
Highest stringency	• Glazing
Higher stringency than Victoria, but lower stringency than New South Wales	• Air conditioning and refrigeration mechanic • Roof tiling
Higher stringency than New South Wales, but lower stringency than Victoria	• Painting • Paving
Lowest or equal-lowest stringency	• Architecture • Carpentry • Dry plastering • Electrical work • Fencing • Gasfitting • Landscaping • Plumbing • Project building

Source: Bowman et al. 2024, p. 19.

Occupational risk to consumers and workers

It is beyond the scope of this inquiry to provide a rigorous risk assessment for every construction-related occupation. However, as discussed earlier, the NSW Productivity Commission (2021, p. 143) identified a range of low-risk building trades based on analysis completed for the 2018 NSW Better Business reforms. Occupations such as decorating, painting, plastering and glazing were identified.

Stakeholder input and feedback

To inform prioritisation, the Commission sought stakeholder views on what specific occupational licensing requirements are most likely to benefit from being reviewed. Stakeholders provided examples of where occupational licences may not be delivering net benefits to the community, could be impeding productivity in the industry, or could be implemented more efficiently or at a lower cost to industry or workers (Box 17.3).

Box 17.3 Stakeholders' examples of occupational licences that may be impeding productivity

- The Australian Institute of Building Surveyors (sub. 49, p. 7) submitted that Queensland has the highest number of distinct licence categories relevant to the building and construction industry. Further, several licence categories overlap, which can cause confusion for consumers looking to undertake building work.
- Stakeholders noted there are approximately 40 fire protection licence classes in Queensland, with some licences such as passive fire protection requiring unrelated trade qualifications leading to impractical prerequisite pathways and creating barriers to entry for experienced specialists (NFIA, sub. 46, p. 6; AMCA, NECA and NFIA, sub. 47, p. 5).
- Since 2021, workers with a Certificate II in Fire Protection Inspection and Testing have been unable to perform 'Test and Maintain' tasks due to QBCC licensing requirements. This has resulted in fire protection companies assigning Certificate III holders to complete this work, reducing the pool of certified personnel available. In some cases, fire protection contractors may need to dispatch three technicians whereas previously only two would have been required (Fire Protection Association Australia, sub. 23, p. 2).
- Electrical workers who successfully complete an apprenticeship require both TAFE and Electrical Safety Office (ESO) approval before they can undertake further electrical work. Stakeholders reported that this can take upwards of 31 days (NECA, sub. 27, p. 6). In the interim, newly qualified electrical workers are limited to non-electrical work, which leads to unnecessary downtime for newly qualified tradespeople and makes it difficult for employers to retain skilled workers without interruption. There may be opportunities to grant conditional licences subject to the completion of required documentation. Alternatively, the Electrical Trades Union (sub. IR68, p. 13) proposed that greater resources should be allocated to facilitating a faster approvals process, rather than establishing a separate conditional licence class.
- Experienced licensed electricians also encounter double-handling of competency requirements when applying for QBCC fire protection licences to inspect emergency lighting. In one instance, two electrical contractors with 25 years of experience were denied renewal of their fire protection licences for not meeting QBCC units of competency relating to business planning and cost estimation that were not directly related to core electrical inspection activities, even though the contractors already held high-level qualifications via the ESO (NECA, sub. 41, p. 4).
- The Housing Industry Association (sub. 32, p. 24) suggested that some 4-year apprenticeships could potentially be streamlined, including painting, plastering, and steel framing, which requires a 4-year carpentry apprenticeship predominantly focusing on timber methods of construction.
- The Civil Contractors Federation Queensland (sub. IR76, p. 12) reported that Energex and Ergon require accredited service providers to hold a QBCC concreting licence when undertaking civil works in road reserves, even though work on, in or under a road is typically excluded from the requirement to hold a QBCC licence.
- Business Chamber Queensland (sub. IR66, p. 2) submitted a stakeholder case study from a licensed supervisor in the heating, ventilation and air conditioning (HVAC) industry in which all staff were also required to hold individual licences.

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** — as outlined in Box 17.2, painting and decorating is an occupation where entry regulations appear higher than necessary.
- **plastering** — currently on the Jobs and Skills Australia (2024a) Occupation Shortage List with high demand projected by CSQ (2025d), and has also been designated by the NSW Productivity Commission (2021) as a low-risk occupation.
- **glazing** — higher licensing stringency than New South Wales and Victoria (Bowman et al. 2024).
- **plumbing** — currently on the Jobs and Skills Australia (2024a) Occupation Shortage List with high demand projected by CSQ (2025d).
- **fire protection** — stakeholders have raised concerns regarding the number of fire protection licences and recent changes to licensing that have constrained the scope of works that some operators can perform. Fire protection work is also on the Jobs and Skills Australia (2024a) Occupation Shortage List.

Pest management licensing in Queensland

The Australian Environmental Pest Managers Association (AEPMA) (sub. IR11, p. 1) submitted that pest controllers are required to maintain a QBCC licence as well as being licensed by Queensland Health under the *Pest Management Act 2001*. The AEPMA submitted that no other state or territory imposes such a dual-licensing structure on pest managers, a requirement that increases administrative burden on operators.

The QBCC (2021a) administers two licences pertaining to pest management: termite management — chemical, and termite management — physical. Collectively, these two licences include the following scope of work:

- Pre-slab and perimeter chemical treatment of new building work for termite management.
- Inspect or investigate a completed building, and give advice or a report about termite management systems for or termite infestation in the building.
- Install a particular material or system designed for the prevention of termite infestation in accordance with the manufacturer's specification or any other applicable standard.
- Inspect or investigate a completed building, and give advice or a report about the use of the particular material or system for the building.

Based on these high-level descriptions of the scope of work, it is not clear to the Commission that non-construction activities should be captured. Accordingly, we recommend that the QBCC engage with the pest management industry to clarify and confirm licensing requirements.

There are opportunities to reduce barriers to labour mobility

Ensuring that any licensing requirements are necessary, effective, and efficient should be a priority of government. Where licensing is justified, however, it should also not unnecessarily restrict practitioners moving between or operating in multiple jurisdictions.

Licensing requirements can contribute to reduced labour mobility across state borders. Workers in cross-border areas and larger businesses operating in multiple jurisdictions may be particularly affected by these barriers (Office of the Cross-Border Commissioner, sub. IR50, p. 3; Queensland Small Business Commissioner, sub. IR87, p. 23). In particular, NECA (sub. 41, p. 3) noted that electrical contractors operating in border areas such as Coolangatta/Tweed Heads and Goondiwindi must comply with different licensing, insurance, and competency requirements enforced by separate regulators.

Queensland can benefit from licence harmonisation

The Queensland Government should support initiatives aimed at nationally consistent licences.

Where licensing is necessary, effective and efficient, national harmonisation improves interjurisdictional mobility (for both licensed workers and businesses hiring licensed workers), reduces compliance costs for practitioners and reduces administrative costs for government.

Harmonisation is not without potential costs, however:

- If the proposed national licensing imposes requirements that do not deliver net benefits to the community, the additional costs of those requirements can outweigh the benefits from harmonisation.
- As it requires interjurisdictional agreement, harmonised licensing can be slow and costly to establish or update. It may sometimes be the case that productivity gains can be achieved by addressing specific issues within a jurisdiction rather than relying on harmonisation.

The only ongoing proposal for licensing harmonisation the Commission is aware of relates to electrical trades as noted in the 2025–26 Federal Budget (Australian Government 2025a). The Australian Productivity Commission has been directed to provide analysis and modelling of, among other things, an occupational licensing scheme that provides for labour mobility nationally (PC 2025c). The interim results of this analysis estimate that the benefits for electrical trades from adopting a national licensing scheme could be up to between \$51 million and \$62 million per year (PC 2025d, p. 3).

As above, there is a clear in-principle basis for Queensland's participation in such a scheme. However, it should only do so if the licensing requirements are necessary, effective, and impose the minimum costs necessary to achieve the policy objective. The Commission recommends the Queensland Government actively participate in future interstate reform efforts for harmonisation of construction-related occupational licensing.

Queensland could extend recognition of interstate licences

Mutual recognition is a process in which one jurisdiction recognises equivalent licences issued in another and approves the licensee to undertake similar work (typically on application by the licensee). Automatic mutual recognition (AMR) is a process by which a worker licensed in one state or territory is automatically considered registered to complete the same work in another.

Queensland is the only state that does not participate in AMR (DEWR 2024b). In contrast, NSW recognises a variety of interstate building licences including bricklayers, carpenters, plasterers, fencers, glaziers, joiners, painters, tilers, and stonemasons (NSW Government 2024a), allowing tradespeople licensed in other states to work in NSW with no additional fees and minimal requirements.

Stakeholders were generally supportive of Queensland adopting AMR (Engineers Australia, sub. 36 and sub. IR63, p.2; QMCA, sub. 66, p. 37 and sub. IR102, p.17; REIQ, sub. 67, p. 9; Australian Glass and Window Association, sub. IR19, p. 5; Office of the Cross-Border Commissioner, sub. IR50, p. 3; Business Chamber Queensland, sub. IR66, p.2; HIA, sub. IR85, p. 17; Insurance Council of Australia, sub. IR101, p. 4), but cautioned that AMR must involve mechanisms to verify the substantial equivalence of competencies to avoid the risk of jurisdictions with less rigorous requirements leading to lower safety and quality standards (NFIA, sub. 46, p. 9; AMCA, NECA and NFIA, sub. 47, p. 6; Electrical Trades Union, sub. IR68, p. 14).

When considering AMR, stakeholders flagged some potential issues regarding licence requirements as well as the ability to enforce conditions in Queensland. Master Builders Queensland (sub. IR73, p. 41) noted that Queensland's minimum financial requirements (see Chapter 13) would be a potential barrier to implementing AMR as these do not apply in other jurisdictions. Some stakeholders also raised concerns that AMR could lead to enforcement challenges as there would be limited scope to cancel, suspend or impose conditions on interstate licences under current regulatory settings (Master Electricians Australia, sub. IR48, p. 48; Electrical Trades Union, sub. IR68, p. 15).

By enhancing labour mobility, AMR can benefit workers, businesses, and consumers as it allows workers to move to regions where demand is greatest, helps businesses manage supply shortages, allows better matching of workers to jobs, improves the supply of construction services and encourages the dissemination of new technologies or processes. Jurisdictions with AMR also have a greater ability to take advantage of labour portability when demand spikes occur (Australian Institute of Building Surveyors, sub. IR52, p. 34). Some stakeholders noted that AMR as it currently operates in other jurisdictions is available only to workers who maintain a principal place of residence or work in their home jurisdiction (Electrical Trades Union, sub. IR68, p. 14). If a licensee decides to permanently change their state of residence, they would become subject to licensing requirements in the new jurisdiction. This means that AMR is beneficial primarily for temporary relocations to other jurisdictions.

While permanent interstate migrants are likely to obtain new licensing when they move, AMR is most likely to benefit regional areas along the NSW border where workers might temporarily relocate in response to high demand (Australian Glass and Window Association, sub. IR19, p. 5). For example, the NSW Cross-Border Commissioner argued that a lack of AMR in Queensland negatively affected the ability of NSW communities to rebuild after severe flooding in 2022 (Rennie 2022). It is not unreasonable to expect similar challenges could arise if severe flooding were to occur in southern Queensland (Insurance Council of Australia, sub. IR101, p. 4).

In practice, the immediate benefits of AMR are likely to be relatively small:

- While AMR would reduce administrative costs and improve labour mobility for tradespeople, construction workforce shortages are present across Australia.
- The current barriers to recognition are often minor as Queensland already participates in mutual recognition for many construction occupations — for example, while a person licensed to undertake gas work in another state (or New Zealand; see Chapter 18) must apply to have that licence recognised to work in Queensland, they can start work immediately while the application is assessed (Business Queensland 2025).

The Queensland Government has previously suggested that participating in AMR could ‘compromise safety or standards’ (Dick 2020). However, the Commission has been unable to source specific evidence showing Queensland’s regulation results in better outcomes than that in other jurisdictions, and it is not obvious why occupational regulation considered appropriate in the rest of the country would be inappropriate in a single state.

Conversely, it may be the case that the additional administrative costs associated with participating in AMR outweigh any potential gains. While the Commission does not have the information required to assess these prospective costs, the take-up of AMR in all other Australian jurisdictions suggests that this is unlikely to be a material barrier (assuming Queensland’s regulatory performance is not significantly less efficient).

The 2020 *Intergovernmental Agreement on the Automatic Mutual Recognition of Occupational Registration* agreed to review the operation and effectiveness of the agreement after five years, supported by an independent evaluation. At the time of finalising this inquiry, this evaluation is yet to occur. In addition to recommending the Australian Government instigate this evaluation, the Australian Productivity Commission’s interim National Competition Policy analysis recommended that states and territories should remove any remaining exemptions to AMR and join the scheme if they have not already done so (PC 2025d, p. 16).

To remove barriers to the mobility of the national construction workforce to support Queensland’s pipeline of construction work, the Queensland Government should join other jurisdictions in the AMR scheme, at least as it relates to the construction industry, and resolve any regulatory, institutional and enforcement barriers to pursuing this. In doing so, the Queensland Government should have regard to lessons learned from any evaluations of the AMR scheme.

17.2 Recommendations

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.



18.0 **Skilled overseas migration**

18.1 Skilled overseas migration

There may be some scope for skilled overseas migration to assist in addressing shortages of skilled workers. For this to occur, it would be essential that any work performed by migrant workers meets the quality and safety standards required of Australian workers.

A relatively small proportion of construction workers are migrants (compared to other industries), and a relatively small proportion of migrants work in construction (Coates & Wiltshire 2024). Both the Australian Productivity Commission (2025b) and Grattan Institute (Coates & Wiltshire 2024) have called for greater use of skilled overseas migration to address workforce shortages.

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

First, the Queensland Government can nominate workers under two visa classes:

- the *skilled nominated (Permanent) visa* (subclass 190), which provides permanent residence for skilled workers
- the *skilled work regional (Permanent) visa* (subclass 491), which is a five-year visa that leads to permanent residency after working in regional Queensland for at least three years. This visa superseded the *skilled regional (provisional) visa* (subclass 489) in 2019.

Nominated and regional visas can be considered for workers from both within Queensland (onshore) and overseas (offshore). Both visas have similar requirements, including that:

- the applicant has an eligible skilled occupation (*Migration (LIN 19/051: Specification of Occupations and Relevant Assessing Authorities) Instrument 2019 (Cth)*). These occupations include many construction skills in shortage, for example, civil engineers, carpenters, electricians, plumbers, and architectural draftspersons⁶¹
- when applying from within Queensland, the applicant has been living and working in Queensland for at least nine months (for subclass 190) or in regional Queensland for at least six months (for subclass 491)
- the applicant has evidence of ongoing, relevant employment experience
- the applicant commits to living and working in Queensland for two years (for subclass 190) or regional Queensland for three years (for subclass 491) (Migration Queensland n.d.).

Queensland's State Nominated Migration Program (SNMP) also includes a dedicated building and construction pathway, which allows onshore migrants already working in building, trades and construction occupations to qualify for nomination after three months of relevant work experience, as opposed to six or nine months for other occupations (Migration Queensland n.d.).

This pipeline appears relatively underused — Queensland has an allocation of only 1,200 state nominated migrants in 2024–25 (Migration Queensland n.d.), compared to the 26,260 total state and local government nomination allocation (DHA 2025). This is well below Queensland's population share of the total allocation. Typically only around 100 or fewer construction trades workers permanently migrate to Queensland under those programs each year⁶² (QPC; DHA 2024).

Given these recent trends in the migration intake, there are opportunities to more productively utilise the skilled overseas migration program to support the Queensland construction industry. Accordingly, the Commission recommends that the Queensland Government should advocate for an increased allocation of state nominated migrants and assign more of its allocated subclass 190 or 491 visas to construction trades workers.

⁶¹ The skills list was last updated in December 2024.

⁶² Over the previous 10 years excluding 2019–20 to 2020–21 during which border closures were in effect. Only includes primary applicants.

Second, the Queensland Government can reduce duplicative or unnecessary barriers to skilled overseas migration and the ability of migrants to apply those skills. The Australian Productivity Commission noted that skills assessments for migration purposes and licensing purposes may not be fully aligned. They note that an electrician, before being able to work without supervision, would need to both:

- have their qualifications and skills recognised through the Offshore Skills Assessment Program or a Temporary Skill Shortage Skills Assessment
- undertake 12 months of supervised work under a licensed electrician to apply for an appropriate Certificate III (PC 2023a, p. 55).

The Housing Industry Association (sub. 32, pp. 22-23) suggested there were opportunities for the construction industry to expand recruitment into overseas markets and allow overseas students to undertake apprenticeships in construction trades. Master Electricians Australia (sub. IR48, p. 49) recommended that skilled overseas migrants should be incentivised to work in rural and remote areas.

Stockland (sub. 29, p. 3) submitted that only 2.8 per cent of migrants entering the country over the past five years had skills relevant to the construction industry, arguing this proportion should be closer to 10 per cent, approximately the proportion of the total workforce in construction. On the other hand, the Electrical Trades Union (sub. IR68, p. 15) submitted that electrical trades shortages were a global problem and for this reason government must address domestic drivers of skill shortages, rather than relying on migration. Project Legal (sub. IR84, p. 4) argued that Australia has experienced a significant increase in migration without commensurate capital investment, which has resulted in capital shallowing and decreased productivity.

Several stakeholders raised concerns about visa cost and processing times, recommending the inclusion of all trades-related occupations in the Core Skills pathway of the Skills in Demand visa (MBQ, sub. 43, pp. 27-28; QMCA, sub. 66, p. 37). Master Builders Queensland (sub. 43, p. 27) identified New Zealand as a case study for utilising skilled overseas migration to expand the construction workforce. New Zealand removed labour market testing for certain occupations and streamlined skilled overseas migration policies, increasing the share of temporary and permanent migrants in the construction workforce from 6.8 per cent in 2012 to 13.7 per cent in 2019 (Schiff 2022, p. 9).

Master Builders Queensland (sub. 43, p. 28) also proposed nationally accredited gap training in licensed trades such as carpentry and bricklaying for migrant tradespeople from jurisdictions with comparable qualification and training frameworks. Master Electricians Australia (sub. IR48, p. 49) considered that gap training was essential for overseas electrical workers to understand the Australian Wiring Rules. BuildSkills Australia (2025b) is currently undertaking a project to develop a Minimum Australian Context Gap course for skilled migrant plumbers.

AMCA, MPAQ, NFIA, NECA and Surveyors Australia (sub. IR75, p. 7) proposed a Trades Passport Program to fast-track qualified tradespeople from compatible countries through pre-departure assessments, targeted gap training on Australian standards, and a supervised workplace integration period. The Australian Institute of Architects (sub. IR21, p. 16) recommended streamlining recognition of overseas architectural qualifications, supported by bridging and upskilling programs.

It is also important to note that there are already mutual recognition processes for New Zealand migrants in Queensland (and other states) under the *Trans-Tasman Mutual Recognition (Queensland) Act 2003*. For example, holders of New Zealand electrical work licences can apply for an equivalent Queensland licence under that Act (WorkSafe 2020). As recommended by the Australian Productivity Commission (2023a, p. 54), there may be scope to increase mutual recognition with 'similar countries', though this would likely require stronger links between domestic and international licensing bodies.

Based on the evidence of duplication and other barriers identified in stakeholder submissions, the Commission recommends that the Queensland Government should work to reduce duplicative skills assessments and recognise equivalent overseas qualifications of potential immigrants.

18.2 Recommendations

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.



19.0 **Labour hire licensing**

19.1 Labour hire licensing

Queensland's labour hire licensing scheme requires all labour hire operators to be licensed, and all purchasers of labour hire to only deal with licensed agents. The primary aims of the scheme are to 'protect workers from exploitation' by labour hire service providers, and to 'promote the integrity of the labour hire industry' (*Labour Hire Licensing Act 2017* (Qld) s. 3).

Labour hire arrangements can have benefits for:

- construction firms, by allowing them to flexibly manage their workforce in response to variable or unplanned demand
- construction workers, by allowing them to obtain work more easily, gain skills or experience, undertake flexible or varied work, or 'try out' new occupations
- the broader economy, by facilitating matching of workers and firms which improves capacity utilisation (for both labour and capital) and productivity (Ai Group 2016; MBQ 2017b; PC 2015; Shomos et al. 2013).

As noted by Master Builders Queensland:

The benefits of labour hire arrangements in the building and construction industry are obvious. Overall, it allows the contractors to conveniently access a supply of labour to meet peaks and troughs in demand. All parties to the labour hire relationship have legitimate economic reasons for electing to use that mode of service provision, namely flexibility and accessibility to the market. (MBQ 2017b, p. 2)

Conversely, labour hire can create risks for workers, particularly those vulnerable to exploitation (such as temporary migrants). In 2016, an inquiry into the practices of the labour hire industry by the Queensland Parliament Finance and Administration Committee heard evidence of 'undercutting' of employment conditions by labour hire companies in the form of underpayment of award wages; unsafe working conditions; the non-payment of tax, superannuation and workers' compensation premiums; and 'sham contracting' (disguising employment arrangements as independent contracting) (Queensland Parliament 2016, pp. 20–26). Submissions to the inquiry also argued that labour hire workers experienced poorer workplace health and safety outcomes than permanent employees (for example, CFMEU 2016; Underhill 2016). Dr Underhill, a researcher of labour hire working arrangements, argued that these risks were well established:

All studies of labour hire workers and occupational health and safety in Australia and overseas have found that labour hire employees are more likely to be injured at work, compared to direct hire workers in like occupations...

All studies of injured labour hire and other forms of temporary employment, in Australia and overseas, have found that those injured at work are less likely to be offered employment post-injury than permanent employees (Underhill 2016, p. 3)

A general assessment of labour hire regulation is beyond the scope of this inquiry. In general, however, the rationale for regulating labour hire in a construction context appears weaker than for other industries:

- In Queensland, the labour hire regulator's most recent annual report does not include construction as an industry with 'high risk' of non-compliance with legal obligations (OIR 2023).
- In 2017, the Decision Regulatory Impact Statement supporting the introduction of the *Labour Hire Licensing Act* claimed that, 'in the construction industry, the use of labour hire workers or contractors can be linked with decreased pay rates under payment of wages, as well as higher incidence of workplace health and safety issues or accidents' (OIR 2017, p. 10). However, it does not provide specific evidence to support this claim. Further, Australian Government changes made in 2024 allow employees, unions and host employers to apply for a regulated labour hire arrangement order that requires employees working for a particular host to be paid no less than the same pay rate they would receive under the host's enterprise agreement (OIR 2017, p. 10).

- In 2019, the Migrant Workers Taskforce reporting to the Australian Government found that a national labour hire registration regime should be a 'light touch regulatory model' which would 'act as a form of negative licensing'. The proposed model would not apply to construction labour hire, instead targeting the four activities it determined to be 'high risk'⁶³ (Australian Government 2019, pp. 105–106). In 2020, citing this report (among others), the South Australian Government reduced the scope of its comparable legislation to a list of prescribed 'high risk' occupations, which did not include construction work (*Labour Hire Licensing Act 2017* (SA); *Labour Hire Licensing (Miscellaneous) Amendment Bill - Second Reading* 2020).
- The established UK regime — which is often cited as a successful historic implementation of labour hire regulations (see, for example Forsyth 2019; OIR 2017) — does not apply to construction workers (*Gangmasters (Licensing) Act 2004* (UK) s. 3).⁶⁴

Some stakeholders have also argued that the scheme duplicates requirements in other legislation (for example, the *Fair Work Act 2009* (Cth)). In the context of construction:

- The Housing Industry Association (2017) argued that the discovery of 'poor practices' in the labour hire industry was evidence of the effectiveness of other regulatory frameworks (such as by the Fair Work Ombudsman or the Department of Immigration) without the need for specific labour hire licensing.
- Master Builders Queensland stated that as workers and businesses (including labour hire firms) are already licensed by the QBCC to contract to the industry, an additional labour hire licence 'is superfluous and will add costs and administration to these employers, whilst not providing any benefit to the industry' (MBQ 2017b, p. 2).

The Queensland Council of Unions (sub. IR91, p. 6) considered that exempting the construction sector from labour hire licensing was problematic in a context where migration was being used to address skill shortages, with the potential for worsening exploitation and criminal infiltration experienced in other jurisdictions. The Construction, Forestry and Maritime Employees Union (CFMEU) (sub. IR60, p. 15) submitted that removing labour hire licensing for construction would encourage organised crime, reduce job security, increase the frequency of underpayments of workers, and undermine safety on worksites. The CFMEU cited research findings that insecure and precarious work undermines productivity by reducing engagement and preventing upskilling.

Master Builders Queensland (sub. IR73, p. 43) supported a review of existing labour hire licensing arrangements but did not consider this an immediate reform priority. Master Builders Queensland did not identify any benefits arising from the scheme, but at the same time there was no evidence of increased regulatory burden for builders or contractors.

Consult Australia (sub. 28, p. 15 and sub. IR86, p. 18) submitted that labour hire laws in Queensland create an unnecessary burden on businesses where labour hire is only incidental to their services, such as consulting businesses, with reporting requirements resulting in a regulatory impost of over \$200,000 per business and involving multiple team members for two to three months per reporting period (twice yearly in Queensland). Whereas exceptions exist for engineering, design and advisory consultancy businesses in other jurisdictions, such as South Australia, Consult Australia noted that exceptions in Queensland legislation are not sufficiently comprehensive to reflect the working arrangements of its member businesses.

To avoid businesses inadvertently falling within the scope of Queensland's labour hire licensing scheme, the Queensland Government should issue clarification on how the legislation applies to engineering, design and advisory consultancy businesses.

⁶³ The four high risk sectors were horticulture, meat processing, cleaning, and security. This regulation would apply to construction firms when engaging in security or cleaning labour hire.

⁶⁴ Although there has been some consideration of whether it should be extended to construction (see Joint Committee on Human Rights 2017).

Similarly, Forsyth (2019) notes the 'most problematic feature' of the state-based licensing schemes are differences in how 'labour hire' is defined across jurisdictions, and this has the potential to increase costs, uncertainty and complexity for both operators and their clients. The Migrant Workers Taskforce also found that state-based schemes increase regulatory costs on operators, and that 'a single national regulatory scheme is preferable over different and overlapping state-based schemes' (Australian Government 2019, p. 105).

There appears to be ongoing work related to nationally harmonised labour hire regulation. In 2023, the Australian Department of Employment and Workplace Relations published a consultation RIS on a National Labour Hire Regulation scheme (DEWR 2023a). In April 2024 the Australian Government funded the Victorian Government 'as in-principle host jurisdiction, to lead national labour hire implementation development as well as the establishment of a project office which is managing a range of scoping and planning work for a National Labour Hire Regulator' (Federal Financial Relations 2024). The status of this work is not publicly available.

More generally, any participation in a national scheme must demonstrate net benefits to the Queensland community. If the national scheme is significantly more onerous than local legislation, for example, the benefits of harmonisation may be outweighed by the additional regulatory impost.

The Better Regulation Policy requires the Office of Industrial Relations to undertake a sunset review of the Labour Hire Licensing Regulation 2018 before it is due to expire in 2028. Consistent with the timeframes set out in the Better Regulation Policy, this sunset review should commence no later than 2027. Although the *Labour Hire Licensing Act 2017* will not be subject to expiry, the Office of Industrial Relations should use the sunset review process to review the objectives of the Act and its operation as it applies to the construction industry.

There appears to be an in-principle case to suggest labour hire licensing in the context of construction work is less likely to deliver a net community benefit than similar requirements in other industries. On this basis, the Commission's Interim Report recommended removing labour hire licensing for construction. However, given potential risks raised by stakeholders in relation to the probity of operators in construction, a cautious approach to reform may be desirable. In the first instance, this may be best supported through the upcoming sunset review of the labour hire licensing regulation being expanded to also review the Act or through the development of any nationally harmonised labour hire regulatory system.

19.2 Recommendations

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.



PART F: Other matters

Key points

- This part discusses three additional issues raised in stakeholder submissions that may have a significant impact on construction productivity.
- Taxes on foreign investment:
 - The Queensland Government imposes two taxes on foreign property investment, a 3 per cent Foreign Land Tax Surcharge and an 8 per cent Additional Foreign Acquirer Duty.
 - 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.
 - Queensland Treasury should assess the potential long-term impacts of these taxes on the housing market and broader economy.
- Utility connections for new developments:
 - For many stakeholders, securing utility connections has become a key 'pain point' that hampers the timely delivery of residential and commercial construction projects and results in significant and unplanned additional costs.
 - Inconsistent application and interpretation of regulatory standards and requirements by Energy Queensland appear to be leading to unforeseen and unnecessary delays and costs. There is a strong case for utilities to ensure their requirements align, as far as practicable, with existing, agreed national standards.
 - Stakeholders also raised issues of poor coordination between utility providers, developers, and local governments, which could be improved by enhanced performance indicators and complaints procedures and the establishment of clear frameworks for engagement and coordination.
- Energy Queensland — competition issues:
 - Concerns have been raised by stakeholders on key changes in the new *Energy Queensland Union Collective Agreement 2024* related to the rates of pay and conditions to the employees of contractors and subcontractors carrying out contestable works on the Energy Queensland network, as well as on assets that will become part of the network.
 - Stakeholders are concerned this will result in increased costs for infrastructure delivery, longer delivery times and scheduling difficulties, and that these impacts will be felt more acutely in regional areas.



20.0

Taxes on foreign investment

20.1 Taxes on foreign investment

Foreign investment can be an important source of capital and knowledge transfer in the construction industry. However, regulatory restrictions and taxes apply to foreign investment in property, which may be reducing construction activity and investment in housing.

The Queensland Government imposes two tax surcharges on foreign property investment:

- a 3 per cent Foreign Land Tax Surcharge (FLTS) in Queensland for taxable land values of \$350,000 or more on foreign corporations and trustees
- an 8 per cent Additional Foreign Acquirer Duty (AFAD) on foreign persons and corporations who are not permanent residents (QRO 2024a, QRO 2025b).

These tax surcharges were introduced (AFAD in 2016 and FLTS in 2020⁶⁵) to ensure foreign buyers and owners were contributing to funding state services (Queensland Government 2016, p. 10). These followed measures introduced in Victoria in 2015 in response to community concerns about increasing foreign property purchases, particularly in 'off-plan' dwellings (Douglas 2024, p. 9).

These state tax charges are in addition to several other restrictions or obligations imposed on foreign individuals and other entities by the Australian Government (Box 20.1).

Box 20.1 Australian Government restrictions and obligations on foreign investment

- Requirement to pay an annual vacancy fee if dwellings are unoccupied for 183 days or more in a year, reducing incentives for foreign owners to hold dwellings idle for capital gains rather than renting to tenants.
- Requirement for Foreign Investment Review Board (FIRB) approval for property purchases. An application fee of \$15,100 applies for properties under \$1 million. Increased fees apply for purchases above \$1 million.
- A prohibition, until at least 31 March 2027, on foreign purchases of existing dwellings (unless an exception applies).
- Foreign individuals are:
 - excluded from receiving the exemption from capital gains tax when selling their main residence
 - not entitled to the income tax-free threshold and are subject to higher marginal tax rates for income generated in Australia.

Source: ATO n.d.

Impact of foreign investment on housing affordability

Foreign owners make up only a small proportion of total dwelling ownership.⁶⁶ Data from the National Australia Bank (2024), for the December quarter 2023, estimates that foreign buyers made up 11.0 per cent of new residential property market sales and 4.0 per cent of established residential property sales in Australia. In Queensland, in the same period, the share of foreign buyers was 6.3 per cent and 4.1 per cent, respectively.

⁶⁵ The AFAD was originally set at 3 per cent but was increased to 7 per cent in 2018 and 8 per cent from 2024. An FLTS of 2 per cent, while introduced as part of the 2019–20 budget, was delayed until 30 June 2020. The FLTS was increased to 3 per cent from July 2024.

⁶⁶ In 2021–22, foreign investors made 4,228 residential real estate purchases in Australia, almost \$4 billion. Foreign investors also sold 2,349 properties with a value of \$2.1 billion. This compares with a total of almost 600,000 property transactions in Australia with a value upwards of \$365 billion in the same year. Foreign purchases accounted for only around 1 per cent of national property purchases (ABS 2023c; Australian Treasury 2023).

Much of the increasing tax burden placed on foreign investment appears to be due to perceptions foreign investment worsens housing affordability and crowds out local buyers (Geck & Mackay 2018). For example, a 2017 survey of Sydney residents found 78 per cent of respondents thought foreign investment was driving up house prices and more frequently attributed house price changes to foreign investors than factors such as urban planning, interest rates, taxes and concessions (Rogers et al. 2017).

However, studies show foreign investment is unlikely to make housing less affordable. Wokker & Swieringa (2016) found foreign investment was responsible for a small proportion of residential property price growth. The study found that over a five-year period, foreign investment contributed between \$80 and \$122 to quarterly dwelling price growth in Sydney and Melbourne, compared with total quarterly property price growth of \$12,800 (a contribution of less than 1 per cent). Similarly, Guest and Rohde (2017) found that the impacts of foreign investment on dwelling prices in Brisbane were negligible for the period of 2004 to 2014.⁶⁷ Both studies concluded that other demand factors and supply constraints are materially impacting housing affordability.

Foreign investment's role in investment and development

Foreign investment is likely to increase the capital stock, reduce financing costs and improve project viability. Stakeholders have said that foreign investment helps progress construction projects by bringing additional capital to market and is often a key difference between a project being viable or not (Master Electricians Australia, sub. IR48).

An RBA paper concluded that it is likely foreign investment in new housing increases supply:

... construction by foreign developers have probably resulted in a somewhat higher stock of housing in Australia than would otherwise have been the case, although by a magnitude that is difficult to determine (Gauder et al. 2014, p. 18).

This view was supported by stakeholders (Master Electricians Australia, sub. IR48, Master Builders Queensland, sub. IR73). As noted by Housing Industry Association (sub. IR85, p. 17):

Foreign institutional capital does not create housing demand; it creates housing supply. ... HIA estimates that more than 1 in 10 new homes are built by companies which are at least 50% owned by foreign investors. The number of building companies with this level of foreign ownership is expected to increase.

Foreign investment is also likely to be crucial to the development of new and emerging types of housing, such as build to rent (BTR), which is attracting significant levels of overseas interest (Gilbert & Tobin 2023). The Australian Government's updated foreign investment policy document acknowledges the importance of foreign investors to the BTR market by:

- allowing for the purchase of established BTR properties
- providing for FIRB approval processes to be streamlined for passive institutional investors with a history of strong compliance (Australian Treasury 2025a; Wilkie et al. 2024).

More broadly, foreign direct investment often has spillover impacts.⁶⁸ Direct investors are often sophisticated, highly productive businesses, near the frontier of technology, knowledge and innovation (PC 2020a, p. 58). Research has shown that knowledge spillovers, which drive productivity gains through the application of new methods and technologies, arise from international direct investment, through the diffusion of ideas, technology and managerial expertise.

⁶⁷ Although this study did note a larger impact in Sydney and Melbourne during the same period.

⁶⁸ There are also potential spillover costs, such as national security risks, environmental degradation and aggressive tax minimisation strategies.

Foreign tax surcharges may be reducing investment in construction

Stakeholders have argued Queensland's additional duty and surcharge have resulted in missed opportunities for the state and they were introduced without 'proper assessment' of their impact on housing (Master Builders Queensland, sub. IR73, p. 44). The Housing Industry Association (sub. 32, pp. 13-14) noted:

Additional taxes imposed on foreign investors at both state and federal government levels are limiting investing in new housing. Since Queensland introduced the additional foreign acquirer duty in 2016, multi-unit commencements are tracking at half of previous levels. This tax also impacts the detached housing market as one in ten detached houses built in Australia are built by an overseas owned builder. These global home builders bring to Australia an investment in leading edge building technologies and products.

A consultancy commissioned by the Property Council of Australia (2024b) estimated that since 2016, Queensland's additional foreign taxes resulted in 33,000 fewer homes being built at a loss of \$17.8 billion in investment, and a loss of between 23,000 and 37,000 jobs. Additionally, stakeholders have claimed that such changes have actually had an adverse impact on state revenue (around \$99.5 million), due to a reduction in foreign owned property transactions (Francis 2024; PCA 2024b).

Similar impacts have also been observed in the rest of the country. In Victoria, the introduction of (and subsequent increase in) their additional duty and surcharge coincided with a 72.8 per cent reduction in foreign investor supplied dwellings between 2014–15 and 2016–17. This decline in foreign investment also led to reduced state revenues from property taxes (PCA 2025a, pp. 1, 5).

The impact on Queensland appears to be compounded by a broad definition of 'foreign resident', which can lead to firms being unintentionally caught up in the FLTS and AFAD due to their structure or where they obtain capital.⁶⁹ The Property Council of Australia (sub. IR97, p. 18) notes that:

Many of the companies that pay foreign taxes are household names that have been based in Queensland for decades, they employ Queenslanders and, critically, are at the coalface creating housing for Queenslanders.

While it is possible these firms, or firms whose activities contribute substantially to the housing stock (or to the Queensland economy and community), can obtain 'ex gratia' relief, this process is difficult, can take up to 18 months and (as it is determined on a case-by-case basis) does not guarantee success. This process is also likely to incur residual costs due to uncertainty and holding costs (PCA 2024b, p. 12).

In response to these concerns, the Queensland Government has announced, as part of the 2025–26 State Budget, that it will streamline the ex gratia process to give investors 'faster access and greater certainty on eligibility rulings' (Hall 2025). This announcement was supported by industry stakeholders, with desired changes including exemptions for Australian-based developers and long-term landholders and an amendment of concessions to assist BTR developments (Property Council of Australia, sub. IR97, p. 19).

⁶⁹ An entity based in Australia is a foreign resident if it has 50 per cent or more international controlling interest (QRO 2024b).

A review of foreign tax surcharges is required

Stakeholders are concerned that a continuation of taxes on foreign investment will see capital move to other jurisdictions and result in Queensland missing its housing targets:

The impact of these taxes has driven out critical investment from Queensland, the very capital that builds our apartments, Build to Rent towers, Retirement Living homes, purpose built student accommodation, industrial and commercial office developments – into the waiting arms of more competitive jurisdictions. It is no accident that concurrently our apartment pipeline has all but dried up. Queensland has not delivered the quantum of apartments required under the South-East Queensland Regional plan since 2019. This looks set to continue for the foreseeable future, with future supply set to fall short of the targets stipulated by the regional plan by between 800 to 1000 dwellings annually. (Property Council of Australia, sub. IR97, p. 18)

There was support for removing the two surcharges or at least subjecting them to an ‘urgent and thorough impact assessment’ (Master Electricians Australia, sub. IR48, p. 52; Master Builders Queensland, sub. IR73, p. 44). For example, the Real Estate Institute of Queensland (REIQ) (sub. 67, p. 11) said:

The REIQ continues to oppose the application and recent increases of foreign investor surcharges on transfer duty and land tax. ... We recommend that these surcharges be rescinded to support capital flow, housing development, and market competitiveness.

Land taxes are generally considered efficient taxes, while stamp duties are considered inefficient taxes. The case for prioritising the removal of the foreign tax surcharge on purchases is stronger than the case for removing the additional land tax. However, if land taxes price foreign development and construction companies out of holding land for development purposes, they may also be distortionary.

The distortions arising from the application of these tax surcharges may decrease competition, potentially driving higher construction costs that pass through to house prices. It may also reduce knowledge transfer from foreign construction firms, hampering innovation. Australian Treasury modelling has estimated that any reduction in capital inflows would reduce the capital stock, income and real wages (Gali & Taplin 2012).

The overall economic impact of removing these foreign tax surcharges will also be affected by how any revenue reduction is offset — including which taxes or charges are raised, or which government expenditures are reduced.

Given their likely impact on housing construction and innovation, the Commission recommends Queensland Treasury undertake modelling to estimate the impact of these foreign tax surcharges on foreign investment to determine whether these should be removed. This assessment should also 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.

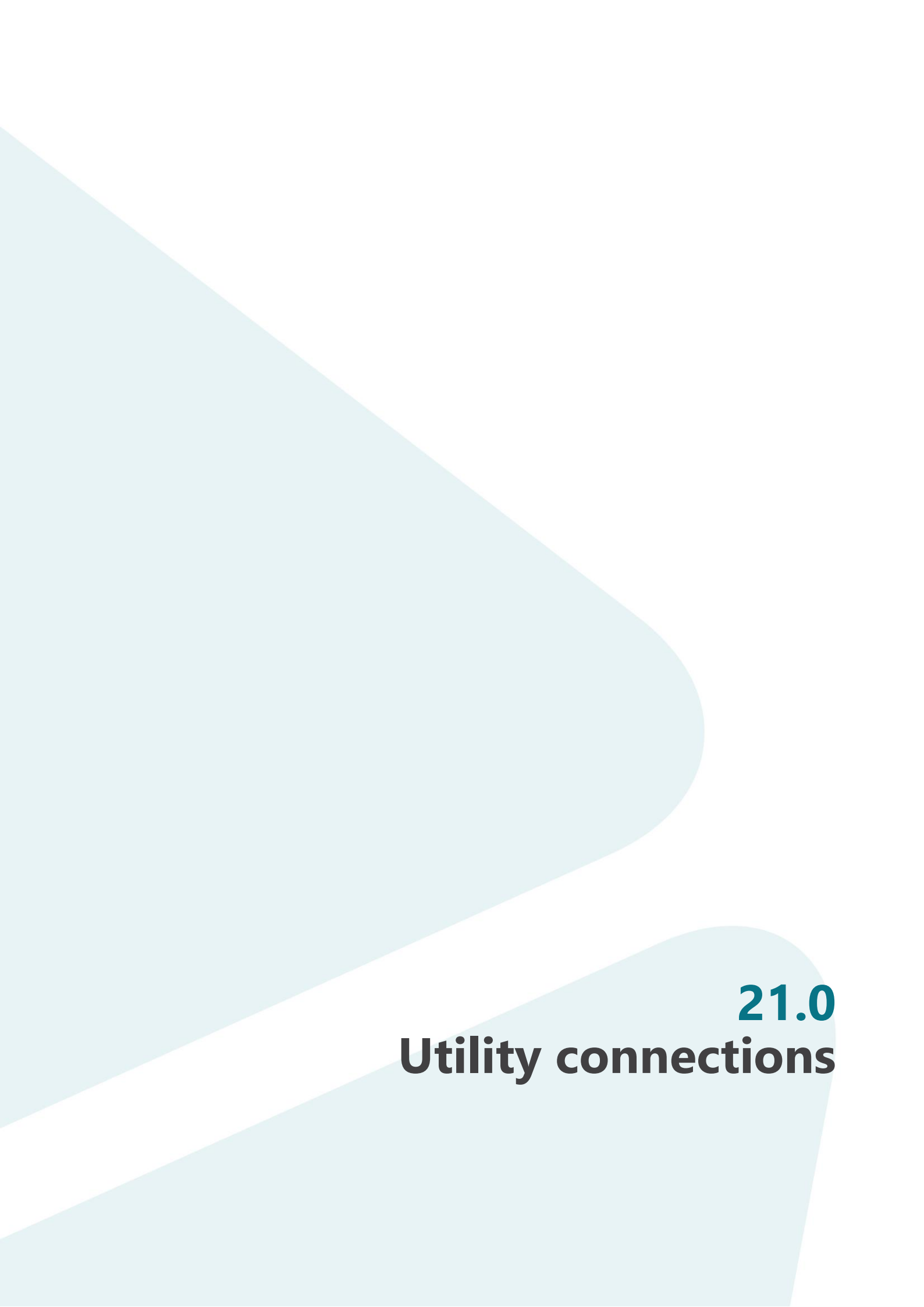
20.2 Recommendation

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.



21.0 **Utility connections**

21.1 Utility Connections

Development projects, including new builds and subdivisions, often require new connections to utilities such as water, sewerage, and electricity. These connections typically involve a formal approval process, in addition to a development approval.

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. The two main issues identified were claims that requirements are being applied inconsistently by utility providers (potentially due to differing interpretations), and poor coordination and delays.

Inconsistent requirements can lead to less productive outcomes

Stakeholders suggested that different standards were being applied by Energy Queensland, which deviate from national standards. This is leading to increased costs, delays and out-of-sequence works. Master Builders Queensland (sub. 43, p. 23) stated:

The Connections Manual and Australian Wiring Rules are being applied inconsistently. Different standards are being applied between Energy Queensland the electrical consultants as well as different standards between Energex and Ergon. This can lead to very costly and unplanned for expenses.

Similarly, in relation to the connection of terrace houses, Master Electricians Australia (sub. 37, p. 6) noted:

EQL's interpretation of The Wiring Rules has not been adopted by any regulator or any other Distribution Network Service Provider (DNSP) in Australia as far as we are aware. EQL's requirement leads to delays in connections, changes in design and hesitation to undertake electrical repair work for fear a reconnection will not be approved by EQL.

Some stakeholders also noted there were multiple variations on designs (sometimes midway through a project) and claimed that differing interpretations had led to additional, and in their view unnecessary, infrastructure requirements being imposed.

Energy Queensland has significantly expanded the locations that a chamber pad-mounted transformer is required to be installed to include most inner-city areas of Brisbane and the Gold Coast. This appears to be a blatant cost shifting exercise aimed at pushing the cost of trunk infrastructure onto new apartment buyers. (Housing Industry Association sub. 32, p. 21)

Electricity is a critical input for GAWB. Securing a high voltage connection for the Laurel Bank intake of the Fitzroy to Gladstone Pipeline (FGP) has proved challenging, both the time taken for each phase of the process and obtaining consistent guidance from Ergon. (Gladstone Area Water Board sub. IR32, p. 3)

Stakeholders are therefore seeking more efficient avenues to review and contest decisions by Energy Queensland in their interpretation of relevant rules and standards (Master Builders Queensland, sub. 43, pp. 23-25; Master Electricians Australia, sub. 37, pp. 2-5). In addition, industry considers that any changes to procedures or requirements should be subject to an impact assessment and consultation, and not be retrospective, in order to maintain certainty and confidence in projects already underway (Housing Industry Association, sub. IR85, p. 18; Queensland Small Business Commissioner, sub. IR87, p. 24).

Following the release of the Commission's Interim Report detailing stakeholder concerns of inconsistent standards, Energy Queensland has engaged with industry stakeholders on these matters, including with regard to the connection of terrace houses (Energy Queensland, sub. IR43; Master Electricians Australia, sub. IR48). Energy Queensland (sub. IR43, p. 5) also noted it:

... supports efforts to harmonise regulatory requirements and align with national standards where appropriate. We are actively participating in policy and regulatory reform working groups to ensure our internal strategies are aligned with external policy developments and to remain proactive in responding to regulatory change.

Inconsistent application of regulatory standards and requirements can undermine the effectiveness of, and confidence in, the agreed regulatory framework and create delays, unexpected costs, and unnecessary burdens. Any requirements or conditions applied by utility providers should align, as far as practicable, with existing agreed standards. Where they do not align, the utility provider should provide advance notice of any proposed changes and offer clear, transparent, and evidence-based justifications for any differing requirements imposed.

Better coordination may be required, particularly for greenfield developments

Stakeholders raised the issue of prolonged delays on project connections, which some argued exceeded statutory timeframes for delivery (Master Electricians Australia, sub. 37, p. 2; UDIA sub. IR96, p. 30). Stakeholders also provided examples from their members of inefficient processes and poor customer service, such as lengthy and duplicative requests for information and difficulty obtaining clear advice on compliance (Master Builders Queensland, sub. 43, pp. 23-25). Some stakeholders argued for:

- the establishment of key performance indicators and targeted timeframes for utility providers (including relevant government owned corporations) aimed at setting expectations for timely responses and the efficient connection of utilities (Master Builders Queensland, sub. 43; National Electricity and Communications Association, sub. IR59; UDIA, sub. IR96)
- the involvement of the Energy and Water Ombudsman in resolving disputes (Master Builders Queensland, sub. 43; UDIA, sub. IR96; Property Council of Australia, sub. IR97).

It was observed by some stakeholders that many delays are due to poor coordination between utility providers, developers, and local governments (UDIA, sub. IR96). Stakeholders noted that in many instances local governments worked in silos, with limited communication and collaboration with others. It was also noted developers and utility providers may operate on different schedules from each other, with developers wanting to fast-track construction, while utility providers may have longer lead times for planning and installing infrastructure.

However, stakeholders provided examples during the consultation period of more serious coordination issues. For example, a development had been planned for over a decade but was still waiting for key utilities to be connected in time for handover. This misalignment can delay the delivery of essential services, leaving completed developments without utilities or forcing a pause in construction.

These issues are likely to be more heavily felt in greenfield developments, which face different challenges in providing infrastructure, including utility connections, compared to infill projects. For example, data by the Urban Development Institute of Australia (2025a, p. 11) suggests 58 per cent of new homes on residential land in South East Queensland (compared to 33 per cent on average across Australia's major cities) have been stalled due to inadequate infrastructure.

As noted in the land use section of this report, evidence suggests that building new infrastructure in greenfield areas can be more costly than adapting infrastructure in established areas, as these areas often require entirely new infrastructure. These issues may be exacerbated by a lack of funding or cost recovery mechanisms for infrastructure provision (see Part C of this report for further discussion on this issue). On the other hand, increased demands from infill can also be strategically leveraged by the renewal of ageing assets, where new infrastructure investments are aligned with the replacement or upgrading of existing assets nearing the end of their useful life.

While the Queensland Government has sought to address some of these infrastructure issues through its Residential Activation Fund, appropriate coordination and collaboration between local governments and utility providers is required to ensure new dwellings are supported by the timely and efficient provision of utility services.

An existing tool that could be used to support this coordination is the Water Netserv Plans, which are currently used by water service providers operating in South East Queensland. These plans guide the planning and delivery of future water and sewerage infrastructure and can assist in aligning regional and local development priorities with planned utility provision.

In response to the issues raised in the Commission's Interim Report, Energy Queensland notes that it has continued to engage with industry on these matters and:

- has established a specialised team to provide further support to developers, including helping to simplify processes, reduce costs and shorten connection timeframes for subdivision connections⁷⁰
- will be introducing new processes and support mechanisms to improve connection approvals and design work timeframes, including working with the UDIA to map 'pain points' and working with third parties, such as local governments, on related challenges
- has put in place a 'Developer Charter' to support faster connections and prioritise developer projects as 'Priority Connection Projects' to fast-track approvals and design work in areas where there are major works and limited network capacity
- is currently developing a 'Local Government Charter' in collaboration with the Local Government Association of Queensland (LGAQ) to formalise commitment to collaborate with local governments across Queensland (Energy Queensland, sub. IR43).

Given stakeholder concerns of delays and poor coordination, 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, government should require utility providers to establish a clear framework for engagement and coordination to ensure connection milestones align with development approvals and construction sequencing.

⁷⁰ Energy Queensland is committing to at least a 30 to 45 per cent improvement in connection timeframe processes across Ergon Energy Network and Energex for subdivisions connections.

21.2 Recommendations

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.



22.0 **Energy Queensland**

22.1 Energy Queensland's Enterprise Bargaining Agreement

Since July 2024, Energy Queensland (EQL), which provides electricity distribution services across Queensland via the Energex and Ergon Energy networks, began operating under the *Energy Queensland Union Collective Agreement 2024* (EQL EBA) (Energy Queensland 2024). The EQL EBA applies until 2028.

A key change in the latest EQL EBA (2024, p. 186) is the amendment to schedule 9 (schedule 8 in the 2020 EQL EBA (2020, p. 161)), section 1.8 (b):

In addition, subdivisions work, public lighting work and major customer work that will become part of the Energy Queensland network assets will be subject to developers and others involved meeting all requirements as an accredited service provider including maintaining a rating under that framework. This includes rates of pay and allowances; and quality and safety of work standards that will become part of the Energy Queensland network assets which will be managed under the accredited service provider framework.

Stakeholders told us this effectively extends the definition of 'core works', such that, in practice, contractors and subcontractors carrying out contestable works⁷¹ on assets that will become part of the EQL network (gifted assets⁷²) are now required to become accredited service providers (ASPs). This accreditation requires ASPs to pay their employees in accordance with the EQL EBA rates of pay and conditions. Additionally, the changes now imply subcontractors to these ASPs are also required to pay their staff in accordance with EQL EBA rates of pay and conditions.

In discussions with EQL it was indicated that for assets that are gifted to EQL as part of contestable works projects, there is a need to ensure that the standards of safety, design and construction are monitored and maintained. However, it is not clear how imposing EBA conditions is an effective instrument [to] deliver those outcomes. (National Electrical Communications Association, sub. IR59, p. 7)

Of significant concern is that all contestable construction works (subdivisions, large customer connections, public lighting projects) will be specified as 'core works'. This will mean that for these works all accredited contractors must pay all their workers for all work undertaken in-line with Energy Queensland's current EBA. Effectively turning the electrical works on any contestable project into a union site. (Master Builders Queensland, sub. 43, p. 24)

This clause is a twofold requirement. The first is that contractors doing core works need to be accredited under EQ and the second is they must jump up their wages and allowances to the EQ EA. It should be noted that this applies not only to residential and industrial subdivisions but also to lighting on new infrastructure such as roads and bridges. (Civil Contractors Federation Queensland, sub. IR76, pp. 9–10)

A key concern is that the EBA broadens the types of workers that must be paid EQL EBA rates when performing 'core works' (such as new property connections and relocation projects) ... Whereas previously, only employees of Accredited Service Providers (ASPs) were required to be paid EBA rates, the 2024 EBA also includes employees of ASP subcontractors. (Master Electricians Australia, sub. 37, p. 15)

⁷¹ Contestable works refer to works that can be done by a third-party provider, compared to non-contestable works that can only be completed by EQL. Contestable works are 'contestable' in the sense that multiple providers can bid to complete these works.

⁷² Gifted assets are assets that will become part of the EQL network. Work done on gifted assets is work done for a client other than EQL, such as work done for a developer or local council.

EQL (sub. IR43, p. 4) disputed these stakeholder claims, indicating the requirement for ASPs to pay their staff working on gifted assets in accordance with EQL EBA rates of pay and conditions has been in place for many years. Similarly, the Electrical Trades Union (sub. IR68, p. 16) told the Commission the requirement for contractors to pay employees engaged in 'core works' in accordance with the EQL EBA rates of pay and conditions is not new.

Notwithstanding this, stakeholders, particularly in regional Queensland, have raised concerns regarding the requirement in the context of:

- increased costs and timeframes of infrastructure delivery
- scheduling difficulties when performing work on EQL assets and other customers
- being captured under EBA terms and conditions that they were not party to, and frustration that despite actively deciding not to tender for BPIC-related works, they have indirectly been captured by similar terms and conditions
- the disproportionate impact these changes will have in regional areas due to the limited number of skilled workers.

Numerous stakeholders told the Commission that the higher rates of pay and conditions will increase project costs and construction timeframes. The Housing Industry Association (sub. 32, p. 16) estimates that new housing allotments will be around \$10,000 more expensive, while the Urban Development Institute of Australia (UDIA) (sub. IR96, p. 34) indicated their members were reporting cost escalations of \$5,500–\$11,000 per lot for developments that will connect to Energex's grid. Master Builders Queensland (sub. 43, p. 24) also estimates that the changes will elicit significant cost increases:

This will see a 20-30 per cent increase in costs on all contestable projects and on the contestable portion of connection applications and relocation projects (generally limited to the trenching/conduit/civil works portion of these projects).

Master Builders Queensland (sub. 43, p. 24) flagged that these higher rates of pay and conditions may deter some builders from delivering contestable works, which may exacerbate project cost increases and delays due to dampened competition in the market.

Master Electricians Australia (sub. IR48, p. 64) said its members have raised concerns about the costs associated with demonstrating their employees are being paid the correct amount in order to comply with the new EQL EBA. They also mentioned that some subcontractors have created separate entities to engage workers on sites where they are required to pay employees in accordance with the EQL EBA rates of pay and conditions.

Similarly, UDIA (sub. IR96, p. 34) noted that one of their members was in complex discussions with Ergon about how to pay staff who only spend part of their time on 'core works'. The latest discussions indicated they were likely to pay staff in accordance with EQL EBA rates of pay and conditions for 56 per cent of their day.

Stakeholders also told the Commission that contractors and subcontractors have had to change their business processes and pricing structures (for example, Master Electricians Australia, sub. 37, p. 15). This has been a particular issue for firms delivering projects that are now covered under the EQL EBA alongside projects that are not covered.

According to stakeholders, these changes would effectively result in employees working on 'core works' being paid more than their colleagues on other projects for nearly identical work, leading to intracompany tension. To resolve this, firms are either being forced to provide all their employees conditions that match the EQL EBA, which leads to higher costs on projects that the EQL EBA does not apply to, or to coordinate their employees to spend similar time on 'core works'.

Stakeholders also reported the higher rates of pay and conditions on contestable works may have negative impacts on apprenticeships. On one hand, the higher rates of pay and conditions could distort the apprenticeship market by inflating demand from apprentices to work on these types of jobs, further exacerbating construction skills shortages in other areas. On the other hand, contractors and subcontractors may no longer consider the hiring of apprentices as commercially viable, leading to existing apprentices being let go and planned future intakes of apprentices being cancelled.

As EQL should be operating on a commercial basis and without restricting competition, the EQL EBA rates of pay and conditions should not be imposed on:

- contractors and subcontractors, except where required under law
- developers and others involved in subdivisions work, public lighting work, and major customer work on assets that are not yet part of the EQL network.

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

Core works

Stakeholders also informed the Commission the changes to the EQL EBA mean the definition of 'core works' now encompasses some civil engineering works, meaning civil engineering firms not involved in the electrical component of a job are required to become ASPs (and, consequently, pay their employees engaged in these civil engineering works in accordance with the EQL EBA rates of pay and conditions):

A new enterprise bargaining agreement has expanded 'contestable works' which means all contractors and subcontractors working on subdivisions will be covered by the agreement increasing wages for those not even employed by Energy Queensland. In some cases this covers non-electrical works such as retaining walls and excavating trenches. (Housing Industry Association, sub. 32, p. 16)

There is not an argument that contractors doing works on electrical assets should not be accredited. The issue is the extension of accreditation to non-electrical components of the works, civil works.

Traditionally, for contributed assets component of core works, civil contractors would install conduits and pits prior to the installation of the cables. Prior to connection an audit and compliance check would be done prior to energising, at the time the asset was handed over to Energex or Ergon. These are traditional civil works where the workforce is trained and skilled in installing. Similar works include installing NBN conduits, conduits for water services and gas services. Concrete pits are constructed for a range of assets such as storm water and communications. Safety and non-conformance risk is low. (Civil Contractors Federation Queensland, sub. IR76, p. 11)

The Civil Contractors Federation Queensland (sub. IR76, p. 11) stated that this requirement imposes the additional cost of gaining and maintaining accreditation, on top of paying staff in accordance with EQL EBA rates and conditions. They indicated this restriction on which contractors can provide certain civil works is likely to cause delays in regional Queensland. For example, only four firms are currently accredited to construct reinforced concrete pits, all of which are located in South East Queensland.

The Civil Contractors Federation Queensland (sub. IR76, pp. 11–12) suggested there may be a way for the definition of 'core works' to be amended outside of the EQL EBA, such that the EQL EBA would no longer apply to any civil engineering works. The Queensland Government should consider options to clearly define the scope of 'core works' to exclude civil engineering works, such as the installation of conduits and pits prior to the installation of electrical cabling.

22.2 Adjacent competition issues

Energex and Ergon Energy, which are wholly owned subsidiaries of EQL, have a unique role in the electrical connection market, whereby they both provide electrical connection services and undertake quality assurance on any electrical connection work delivered by an Accredited Service Provider (ASP). This quality assurance is undertaken by Energex and Ergon Energy since they are ultimately gifted any electrical network distribution assets upon completion of works, as Energex and Ergon Energy each hold a Distribution Authority⁷³ in Queensland.⁷⁴

The role of Energex and Ergon Energy as both distribution network service providers (DNSPs) and quality assurers of electrical connection services distorts their role in the market, as they are a market participant that also holds authority over their competitors. This has created two distinct distortions in the market:

- the number of ASPs of electrical connection services, and therefore the number of market competitors, is controlled by Energex and Ergon Energy via EQL, as the manager of the ASP framework
- EQL, the parent company of Energex and Ergon Energy, has become the price setter for both the companies they own and any ASPs looking to provide contestable works in Queensland, through the EQL EBA.

These distortions impact the price, and therefore the profitability, of electrical connection services in Queensland and have implications for the number of competitors in the electrical connection services market. This results in Energex and Ergon Energy, alongside any ASPs, having the ability to obtain a greater market share of electrical connection work than they would in a market free of distortions, and at a greater profit margin.

There are grounds for regulating the quality of electrical connection services in Queensland to ensure that electrical distribution assets are safe and reliable. However, the role of EQL in managing these quality assurance processes while also having a vested financial interest in Energex and Ergon Energy as DNSPs has implications for competition and consumers. While not given direct regulatory power, EQL has control over entry and pricing in the electrical connection services market and could make decisions that are favourable towards Energex and Ergon Energy (for example, by denying an application for a contractor to become an ASP).

Stakeholders reflected these risks to overall market competitiveness:

Given that Energex and Ergon are themselves competitors for this work, it is not fair and competitive for the DNSP to set the requirements of the ASP Framework itself. In this way, Energex and Ergon essentially control their competitors, including not just safety and assurance requirements but also the wages and conditions for their employees. In this way, the DNSPs have a profit motivator to set these requirements higher, limit competition, and keep more work and revenue to themselves. (Anonymous, sub. IR12, p. 2)

Energy Queensland's actions in requiring EBA pay rates to apply and imposing payroll audits of ASPs for specific contestable works amounts to a 'Restrictive Trade Practice' under the Competition and Consumer Act (2010). (National Electrical and Communications Association, sub. IR59, p. 6)

As noted in Chapter 21: Utility Connections, stakeholders also raised that the Queensland Electricity Connection Manual (QECM), which is written and published by EQL, sets more onerous standards for electrical connections in Queensland than in other jurisdictions. The impact of these higher standards on market competition is unclear; however, the role of EQL as both the standard setter and as a market participant (via Energex and Ergon Energy) may contravene the principles of competitive neutrality.

I suggest that EQL, as a market participant, does not have the correct incentives to set the QECM to properly balance productivity and safety, or any incentive to align to other jurisdictions. Rather, EQL has an incentive to raise standards for electrical connections to minimise its own expenses. (Anonymous, sub. IR12, p. 2)

⁷³ A Distribution Authority permits a company to operate and control an electricity network.

⁷⁴ Essential Energy is a New South Wales distributor which has a supply network that extends into Queensland near Goondiwindi. Essential Energy holds an authority to operate in Queensland and Origin Energy provides electricity as the retailer in this area.

The opportunity to introduce a greater level of competition into the electrical services market should be considered. This could be achieved by transferring several of EQL's regulatory responsibilities to an independent entity, such as control of the ASP framework, definition of contestable and non-contestable works, and publication of the QECM. Each of these responsibilities need not sit with the same entity, as they may require different types of expertise to manage.

Further advice should be sought from the Queensland Competition Authority in considering the need for greater competition in the electrical connection services market and the role of EQL as a market participant that also has a degree of market control and authority.

22.3 Recommendations

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.



Appendices

Appendix A: Terms of Reference

QUEENSLAND PRODUCTIVITY COMMISSION ACT 2025

Section 38

DIRECTION

Direction

Under sections 9(1)(a) and 38 of the Queensland Productivity Commission Act 2025, I direct the Commission to undertake an inquiry and provide a report in accordance with the Terms of Reference set out below.

TERMS OF REFERENCE

OPPORTUNITIES TO IMPROVE PRODUCTIVITY OF THE CONSTRUCTION SECTOR

Context

An efficient construction sector plays a key role in a competitive and productive economy. The Queensland construction sector contributed \$37.6 billion to total economic output and employed 279,000 people in 2023–24.

The construction sector is broad — it includes residential and commercial building, civil engineering and construction services. The productivity of the sector has a large impact on the state's housing market and housing affordability, the competitiveness of industries using construction inputs and the delivery and cost of important public infrastructure including transport, energy, education and health facilities.

Construction productivity growth over the last three decades has been weak compared to the broader economy in both Queensland and across Australia. Following the COVID-19 pandemic, the industry has been under substantial pressure, with surging construction input prices, rising insolvencies, and constraints on the supply of labour and materials. At the same time, the ongoing housing shortage and large Queensland Government capital program (including the delivery of Brisbane 2032 Olympics infrastructure) mean lifting construction productivity to deliver increased market capacity is more important than ever.

To ensure the construction sector can meet Queensland's infrastructure and housing needs, the inquiry will examine policy and regulatory factors that are affecting the productivity of the construction sector in Queensland.

The Crisafulli government has a stated aim of delivering one million new dwellings across Queensland by 2044 (approx. 50,000 per year). Recent annual completions have been below 35,000 dwellings per annum which is in line with completion levels in 1980s when population was half of today's levels. To meet this target the sector will need to improve its level of productivity.

Further, vacancy rates across the state for rental properties sit around 1 per cent across the major centres. It is imperative that Queensland has the correct regulatory environment and policy settings in place to support productivity and address housing supply and affordability issues and support delivery of public infrastructure projects.

The Inquiry

The Queensland Productivity Commission (QPC) is directed to undertake an inquiry reviewing the factors driving productivity in the Queensland construction sector and make recommendations for reform to improve productivity without compromising quality and safety outcomes.

Without directing the QPC as to the contents of its advice or recommendations in the report, I direct the QPC to investigate and report on:

- current conditions in the housing market, residential development sector, infrastructure delivery and construction sector in Queensland, including in both housing and non-residential construction as they relate to the delivery of additional housing supply and housing affordability

- key trends in the sector including input costs, prices, competition, supply chain developments, productivity, and relevant comparisons with other jurisdictions and, where possible, across Queensland regions
- productivity on residential, commercial and infrastructure construction sites, across a range of typologies and locations, relative to productivity performance in other States
- factors shaping Queensland's productivity performance including commonwealth, state and local government legislation and regulation, industrial relations matters, procurement policies and labour force needs (individually, cumulatively or through duplication) and opportunities for improvement
- the opportunities for improvements in productivity in Queensland including regulatory and non-regulatory mechanism
- priority areas for reform for the Queensland Government to efficiently address identified challenges in the short, medium and long term (including but not limited labour availability, skills availability and market competition, the availability of suitably qualified head contractors and sub contractors etc)
- key recommendations and themes from other relevant productivity reviews, including those undertaken by the Australian Government Productivity Commission
- impact on small and medium scale subcontractors in regional areas to compete for government tenders due to regulatory requirements
- flow on effect across the industry of government regulations to compete for labour and resources on both wages and work conditions
- factors that limit the availability of suitable labour for building and civil construction, skills development of the labour force, and matching of labour supply with sector demand, and how policy settings can be improved
- how government procurement and contracting arrangements, including Best Practice Industry Conditions, affect productivity in the construction sector, and how practices and policy settings can be improved
- barriers to entry, investment and innovation in the sector, and potential options to address those impediments
- key issues to be considered in implementing reform options identified and views on how recommendations could be prioritised.

In considering policy responses, the inquiry should focus on the key systemic policy and regulatory settings that impact construction sector productivity. Similarly, the inquiry should primarily focus on those areas that can be influenced by the Queensland Government. However, where there are critical issues that fall within the scope of local government or Australian Government policy, the inquiry should identify such issues and provide options to inform the Queensland Government's engagement on these matters.

Consultation

Under section 38(2)(c) I direct the QPC to undertake wide public consultation with stakeholders, including with the general public, industry peak bodies, unions, construction businesses, sub-contractors and consultants, professionals and their associations, customer, business and community advocates, the finance and insurance sectors and regulatory bodies and Queensland Government agencies.

Participants will be granted the option to submit to the inquiry on a confidential basis in writing.

Reporting

The QPC must deliver a report within 6 months of the date of this direction.

For the report, the QPC should consult widely and may issue interim or draft reports for stakeholder feedback to ensure all evidence and views are included in the final report.

Appendix B: Stakeholder consultations

Table B.1 Initial input - Public submissions

Submission no.	Submitted by
S-001	Stakeholder comments (Table B.2)
S-002	Bill LeMass
S-003	Australian Network for Universal Housing Design
S-004	Modscape & Modbotics
S-005	Cement Concrete & Aggregates Australia
S-006	Dr John McPherson
S-007	Anonymous
S-008	Myna Australia Pty Ltd
S-009	Sandy Bolton MP
S-010	UrbanTech Plus
S-011	Greater Brisbane
S-012	Camalee Investments Pty Ltd
S-013	Planning Institute of Australia
S-014	Local Government Association of Queensland
S-015	Association of Consulting Architects
S-016	Australian Institute of Quantity Surveyors
S-017	Department of Trade, Employment and Training
S-018	John Tozer – Consulting Engineer Pty Ltd
S-019	Simon McCarthy
S-020	Hughes et al.
S-021	Energy Queensland
S-022	Melbourne Disability Institute
S-023	Fire Protection Association Australia
S-024	BuildSkills Australia
S-025	Health Infrastructure Queensland
S-026	Australian Institute of Architects
S-027	National Electrical and Communications Association
S-028	Consult Australia
S-029	Stockland
S-030	Workforce Advisory Lawyers

S-031	Strata Community Association
S-032	Housing Industry Association
S-033	Australian Glass and Window Association
S-034	John Grill Institute for Project Leadership, University of Sydney
S-035	Menzies Research Centre
S-036	Engineers Australia
S-037	Master Electricians Australia
S-038	Manufacturing Skills Queensland
S-039	Australian Constructors Association
S-040	AMPLIFY
S-041	National Electrical and Communications Association
S-042	Building Trusts
S-043	Master Builders Queensland
S-044	Infrastructure Association Queensland
S-045	Australian Steel Institute
S-046	National Fire Industry Association
S-047	Joint Submission – AMCA, NECA & NFIA
S-048	Project BA
S-049	Australian Institute of Building Surveyors
S-050	Dr Judy Matthews
S-051	Infrastructure Sustainability Council
S-052	integratedPRIVATE Pty Ltd
S-053	Water Services Association of Australia
S-054	Australian Flexible Pavement Association
S-055	Q Shelter
S-056	Plumbing Industry Climate Action Centre
S-057	The Summer Foundation
S-058	Australian Sustainable Built Environment Council
S-059	Queensland Unions
S-060	Project Legal
S-061	Australian Environmental Pest Managers Association
S-062	Master Plumbers Association Queensland
S-063	Queensland Law Society
S-064	Erin Dunn

S-065	Green Building Council of Australia
S-066	Queensland Major Contractors Association
S-067	Real Estate Institute of Queensland
S-068	Queensland Renewable Energy Council
S-069	Advantage Project Solutions Pty Ltd
S-070	Association of Wall and Ceiling Industries Australia
S-071	Autodesk [Confidential submission]
S-072	Built Queensland Pty Ltd [Confidential submission]
S-073	Queensland University of Technology
S-074	Construction, Forestry and Maritime Employees Union QLD/NT [Confidential submission]
S-075	Business Chamber Queensland
S-076	The PPW Group
S-077	Queensland Human Rights Commission
S-078	Property Council of Australia, Queensland Division

Table B.2 Initial input - Comments

Comment no.	Submitted by
C-001	Foundation Technologies Australia
C-002	Anonymous
C-003	Anonymous
C-004	Anonymous
C-005	Peter Cousins
C-006	Building Products Industry Council
C-007	Liz Woollard
C-008	Intellichoice
C-009	Irrigation Australia Ltd

Table B.3 Post-Interim Report feedback – Public submissions

Submission no.	Submitted by
IR-001	Stakeholder comments (Table B.4)
IR-002	Myna Australia Pty Ltd
IR-003	Daikin Australia
IR-004	Mr John Tozer
IR-005	Affiliated Insulation Industry Coalition

IR-006	Constructionarium Australia
IR-007	Dr John McPherson
IR-008	Insulation Council of Australia and New Zealand
IR-009	Building Products Industry Council
IR-010	Anonymous
IR-011	Australian Environmental Pest Managers Association
IR-012	Anonymous
IR-013	Council of the Ageing Queensland
IR-014	Pinsent Masons
IR-015	Building Energy Ratings & Advice Pty Ltd
IR-016	Mr Ain Kuru
IR-017	The Summer Foundation
IR-018	Institution of Civil Engineers
IR-019	Australian Glass and Window Association
IR-020	Mr Gerard de Valence
IR-021	Australian Institute of Architects
IR-022	Westbuilt Homes
IR-023	Ipswich City Council
IR-024	Queensland Independent Disability Advocacy Network
IR-025	Design Matters National
IR-026	Brisbane City Council
IR-027	Infrastructure Sustainability Council
IR-028	Q Shelter & Building 4.0 CRC
IR-029	Planning Institute of Australia
IR-030	Workforce Advisory
IR-031	Mr Peter Woods
IR-032	Gladstone Area Water Board
IR-033	Chartered Accountants Australia and New Zealand
IR-034	Solar Citizens
IR-035	PeakCare Qld Inc
IR-036	Standards Australia
IR-037	Australian Sustainable Built Environment Council
IR-038	prefabAUS
IR-039	Melbourne Disability Institute

IR-040	Commissioner for Electrical Safety (Keith McKenzie)
IR-041	Association of Consulting Architects
IR-042	Q Shelter
IR-043	Energy Queensland Limited
IR-044	Tenants Queensland Ltd
IR-045	Australian Network for Universal Housing Design
IR-046	Queensland University of Technology
IR-047	CPA Australia Ltd
IR-048	Master Electricians Australia
IR-049	Australian Constructors Association
IR-050	Office of the Cross-Border Commissioner
IR-051	Australian Institute of Quantity Surveyors
IR-052	Australian Institute of Building Surveyors
IR-053	Local Government Association of Queensland
IR-054	Gladstone Regional Council
IR-055	Dr Philippa England
IR-056	Before You Dig Australia
IR-057	Manufacturing Skills Queensland
IR-058	Australian Steel Institute
IR-059	National Electrical and Communications Association
IR-060	CFMEU Construction and General Division
IR-061	Energy Efficiency Council
IR-062	PPW Group
IR-063	Engineers Australia
IR-064	Anonymous
IR-065	Anonymous
IR-066	Business Chamber Queensland
IR-067	Guide Dogs Queensland Limited
IR-068	Electrical Trades Union
IR-069	Saltair Modular Pty Ltd
IR-070	Bundaberg Regional Council
IR-071	Queensland Council of Social Service (QCOSS)
IR-072	Queenslanders with Disability Network
IR-073	Master Builders Queensland

IR-074	Anonymous
IR-075	Joint Submission - AMCA, MPAQ, NFIA, NECA & Surveyors Australia
IR-076	Civil Contractors Federation Queensland Limited
IR-077	Roads Australia
IR-078	Water Services Association of Australia
IR-079	Energetic Communities Association
IR-080	Plumbing Industry Climate Action Centre
IR-081	Mr Graham Banks
IR-082	Australian Owned Contractors
IR-083	Anonymous
IR-084	Project Legal
IR-085	Housing Industry Association
IR-086	Consult Australia
IR-087	Queensland Small Business Commissioner
IR-088	Australian Competition and Consumer Commission
IR-089	Australian Mobile Telecommunications Association
IR-090	The Australian Industry Group
IR-091	Queensland Council of Unions
IR-092	Cement Concrete & Aggregates Australia
IR-093	Heuldins Group Pty Ltd
IR-094	Green Building Council of Australia
IR-095	Infrastructure Partnerships Australia
IR-096	Urban Development Institute of Australia Queensland
IR-097	Property Council of Australia, Queensland Division
IR-098	Construction Industry Culture Taskforce
IR-099	Infrastructure Association Queensland
IR-100	Brisbane Residents United & Spring Hill Community Group
IR-101	Insurance Council of Australia
IR-102	Queensland Major Contractors Association
IR-103	Project BA
IR-104	Mr Jonathan Sive
IR-105	Economic Development Queensland
IR-106	Queensland Renewable Energy Council
IR-107	Dr Andrea Sharam (RMIT) and Dr Lyndall Bryant (QUT)

IR-108	Tarkett Australia [Confidential submission]
IR-109	i-LEC Group [Confidential submission]
IR-110	Form Structures – KO Form [Confidential submission]
IR-111	Urban Utilities [Confidential submission]
IR-112	Knauf Insulation [Confidential submission]
IR-113	Arcadis Australia Pacific Pty Ltd [Confidential submission]

Table B.4 Post-Interim Report feedback – Comments

Comment no.	
IR-C001	HAUS Technologies Pty Ltd
IR-C002	Anonymous
IR-C003	Pete Atherton
IR-C004	Andy Grodecki
IR-C005	Anonymous
IR-C006	Jill Glenney
IR-C007	Cheryl Tonkin
IR-C008	Gavin Lenz
IR-C009	Jackie Henrion
IR-C010	Maria Elizabeth Zazzero
IR-C011	Deborah Hartman
IR-C012	Anonymous
IR-C013	Alison Adair
IR-C014	Catherine Retter
IR-C015	James McPeake
IR-C016	Peter Gillbank
IR-C017	Terrance Anderson
IR-C018	Dean Hollingworth
IR-C019	Bill Meyers, Brian Nixom, Brianna Hammond, David Dawes, David Pyles, Denise Smaron, Dominicus Tornqvist, Doug Cox, Fergus FitzGerald, Gerard Hope, Graham Englart, Helen Day, Jan McNicol, Jane Cochrane, Joerg Herrmann, John Gardner, John Sunter, Jozef Friedmann, Karen Holt, Kristen Ripper, Lee Jeffery, Lisa McKibben, Lu Ponton, Margaret Walshaw, Mary Maher, Michael Carden, Michael Mounteney, Nikki Baram, Paul Hurley, Peter Brown, Peter Hunt, Sandra Englart, Stephen Schlothauer, Stephen Simpson, Sue Sargent, Tom Simpson, plus ten Anonymous submitters
IR-C020	Brett Mason
IR-C021	Eli Sky

IR-C022	Michael Green
IR-C023	Steven Hopley
IR-C024	Suzanne Stallard

Table B.5 Meeting/discussions (including regional visits)

Stakeholder attendance
Advantage Project Solutions
Air Conditioning and Mechanical Contractors Association
Australian Constructors Association
Australian Flexible Pavement Association
Australian Industry Group
Australian Institute of Architects (QLD)
BHP Mitsubishi Alliance
Building Trusts
Construction, Forestry and Maritime Employees Union
Civil Contractors Federation Queensland
Community Housing Industry Association QLD
Department of Customer Services, Open Data and Small Business and Family Business (QLD)
Department of Education (QLD)
Department of Premier and Cabinet (QLD)
Department of State Development, Infrastructure and Planning (QLD)
Department of Transport and Main Roads (QLD)
Department of Housing and Public Works (QLD)
Department of Trade, Education and Training (QLD)
Department of Treasury and Finance (Victoria)
Engineers Australia
Erin Dunn
Feather & Lawry Design
Frankie Constructions
GMA Certification Group
Housing Industry Association
Housing Industry Association (Townsville)
Infrastructure Association of Queensland
Infrastructure Australia

Infrastructure Partnerships Australia
John Grill Institute for Project Leadership
Local Government Association of Queensland
Master Builders Queensland
Master Builders Queensland (North Queensland)
Master Electricians Australia
Master Plumbers' Association of Queensland
Melbourne Disability Institute
Multiplex
National Electrical and Communications Association
National Fire Industry Association Ltd
Office of Industrial Relations
Planning Institute of Australia
Plumbing Industry Climate Action Centre
PPW Group
Professor Tsunemi Watanabe
Property Council of Australia, Queensland Division
Q Shelter
Queensland Building and Construction Commission
Queensland Health
Queensland Major Contractors Association
Queensland Renewable Energy Council
Queensland Small Business Commission
Queensland Treasury
Queensland Unions
Queensland Urban Utilities
Dr Rachel Gallagher
Real Estate Institute of Queensland
Sims White Architects
Townsville City Council
Trade & Investment QLD
Urban Development Institute Australia
Urban Development Institute Australia (Gladstone)
Urban Development Institute Australia (Gold Coast)

Urban Development Institute Australia (Townsville)
Urban Development Institute Australia (Toowoomba)

Table B.6 Roundtables

Attendance
Australian Constructors Association
Australian Institute of Quantity Surveyors
Australian Workers Union
Brisbane City Council
Brisbane Housing Company
Brisbane Residents United
Buildskills Australia
Construction, Forestry and Maritime Employees Union
Civil Contractors Federation of Queensland
Consult Australia
CPB Contractors
Department of Housing and Public Works
Department of State Development, Infrastructure and Planning
Department of Transport & Main Roads
Dr Elizabeth Streten (Queensland University of Technology)
Dr Lyndall Bryant (Queensland University of Technology)
Greater Brisbane
Herron Todd White
Housing Industry Association
Hutchinsons Builders
Infrastructure Association of Queensland
John Holland
LendLease
Local Government Association of Queensland
Master Builders Queensland
Mirvac
Planning Institute of Australia
Property Council of Australia
Office of Industrial Relations (QLD)
Queensland Building and Construction Commission
Queensland Council of Unions
Queensland Health
Queensland Major Contractors Association
Queensland Small Business Commissioner
Real Estate Institute of Queensland
State Planner

Stockland
Urban Development Institute of Australia (Queensland)
<i>Two external roundtables on the Interim Report were hosted by:</i> • <i>Australian Institute of Company Directors</i> • <i>Committee for Economic Development of Australia.</i>

Appendix C: Modelling of BPICs

Introduction

Background

The stated purpose of Best Practice Industry Conditions (BPICs) is to ensure 'quality, safe workplaces for people engaged on major state government projects' by setting out the Queensland Government's expectations about wages and conditions on these sites (Queensland Government 2024n).

Box C.1 What are Best Practice Industry Conditions (BPICs) and how do they apply?

First introduced in 2018, BPICs initially applied to only parts of the Townsville Stadium project. Over time, the scope expanded to include Queensland Government construction projects valued at \$100 million or more and on 'declared' projects.

According to stakeholders, the ability for projects to be 'declared' resulted in the policy being extended down to smaller projects including the delivery of schools valued at \$20 million.

BPICs apply through a threshold/mandatory criterion as part of the tender process and apply to all subcontractors as well as the main tenderer. Key conditions include:

- wage rates, including specified penalty rates and allowances for different tasks, projects and building types
- 26 rostered days off (RDOs), requiring full site closure
- explicit stop work conditions relating to inclement weather conditions
- requirements for any changes to rosters, hours of work including overtime, and the selection of subcontractors, to be agreed in accordance with the relevant union.

In addition to these provisions, BPICs provide union delegates significant powers on building sites, including powers to call site meetings, cease work due to safety concerns and review building material and employment records to ensure compliance with the policy.

Contractors engaged on applicable Queensland Government projects are required to have in place legally binding and enforceable workplace arrangements with conditions of employment that meet or exceed the minimum conditions of employment set out in BPICs policies.

Head contractors and subcontractors have as a result entered into enterprise bargaining agreements (EBAs) with the same conditions as outlined in the BPICs policies.

According to stakeholders, BPICs-like conditions have become the industry standard for infrastructure projects in Queensland, because:

- As discussed above, tier 1 contractors and subcontractors tendering for BPICs projects, needed to have EBAs with BPICs-compliant provisions embedded in order to be eligible for government work. By default, these contractors are also required to provide these provisions to their workers across all projects, regardless of whether they are government projects or not.
- Secondly, the EBAs for tier 1 firms contain provisions which effectively mean that any subcontractors used by them, must also sign agreements with BPICs-like conditions, regardless of whether the project is for government.

Stakeholders have told us that most of these EBAs are in place until mid-2027.

Citing concerns about the impact of BPICs on the broader economy, on 14 November 2024, the Queensland Government suspended the use of BPICs on all new government funded construction projects. The temporary suspension applies to:

- all new major government-funded projects
- projects that have not reached the procurement stage
- projects in procurement, where future stages have not been finalised, or where there is no approved EBA (or industrial instrument) — on a project-by-project basis.

The temporary suspension is to remain in place until the Commission has completed an assessment of the economic impacts of BPICs and the government has responded (Queensland Government 2024g). However, BPICs still apply on many sites where work was already underway at the time the policy was paused.

The purpose of this appendix is to:

- provide a technical outline of the Commission's modelling used to assess the economic impacts of BPICs on government construction projects
- describe the main mechanisms through which the application of BPICs is likely to impose costs and benefits on the community
- present key results from the modelling.

Approach

This assessment uses a standard cost–benefit analysis (CBA) to estimate the potential impacts of BPICs and reflects the best evidence available to the Commission at the time the modelling was undertaken.

CBA is the most appropriate approach for analysing the impacts of reforms since it:

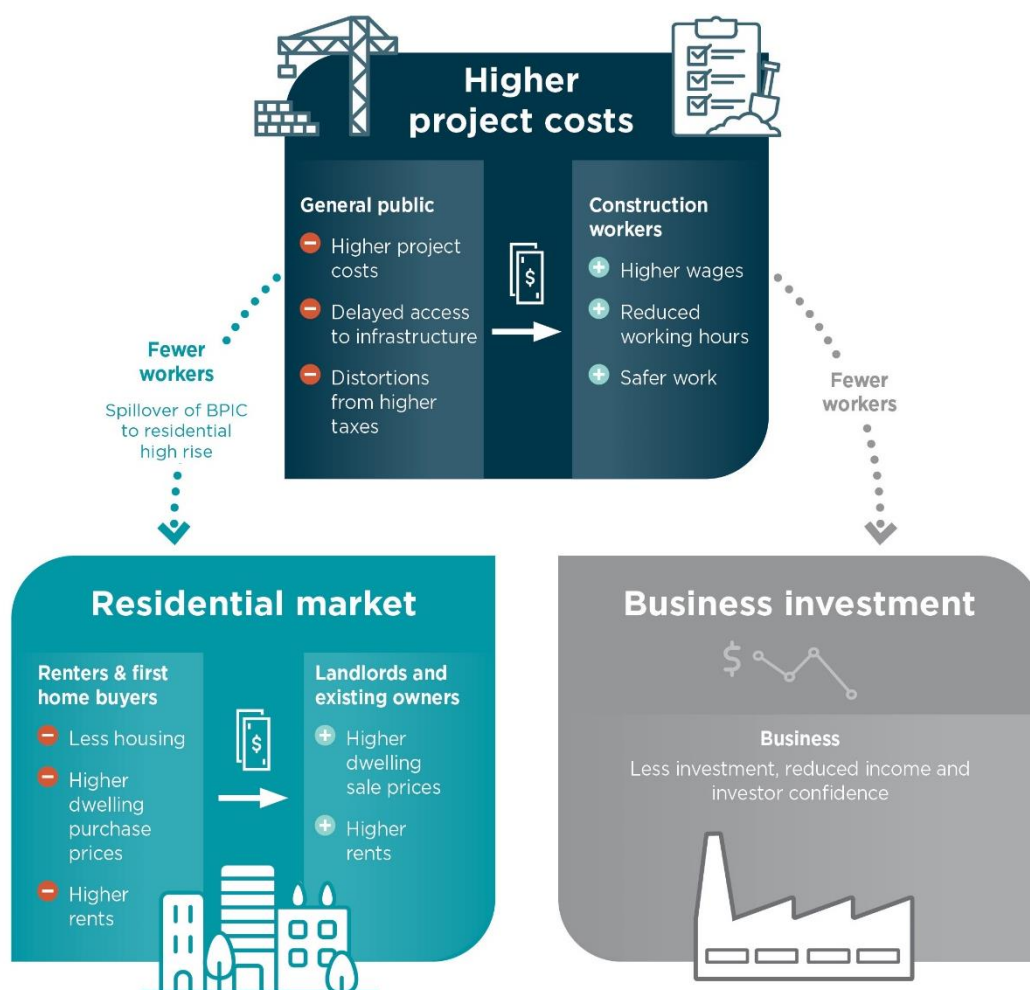
- allows consideration of impacts on all stakeholders
- provides a well-accepted framework for showing how costs and benefits accrue to stakeholders
- makes key assumptions transparent
- allows for consideration of public benefit.

The CBA looks at four broad impacts:

- the benefits of the policy to construction workers — these include benefits from enhanced wages and conditions, and improved safety outcomes
- the costs and benefits for the community — these include the costs of paying for higher construction costs, as well as costs (and benefits) from any changes in productivity and changes to project timeframes
- impacts on residential construction, and how this is likely to impact renters and first homebuyers
- impacts on other construction, and how this is likely to affect business investment.

The analysis has been conducted to provide an indication of the potential impacts of BPICs over the period 2024–25 to 2029–30 (assuming no pause had occurred). While the analysis has been informed by observed market performance and stakeholder evidence, it is not intended to provide a precise estimate of actual outcomes, but rather to illustrate how BPICs may impact the community if it applies in the future.

Figure C.1 Expected impacts of BPICs



Source: QPC.

Key assumptions

The model incorporates several assumptions:

- All impacts are measured against a counterfactual, which is a world without BPICs. There are significant uncertainties associated with estimating this counterfactual (see below), as the market has already been influenced by BPICs. For example, current EBAs for tier 1 construction firms reflect the same conditions as BPICs. However, current awards and regulations specify standard industry conditions, such as weather-related operating conditions, which are assumed to operate in the counterfactual (world without BPICs). The impacts from BPICs then, are the difference between the industry standards and the conditions in BPICs. That is, the analysis only considers the additional conditions imposed by BPICs.

- There are unavoidable costs associated with raising funds⁷⁵ to pay for any higher construction costs — these occur where higher project costs result in higher borrowing costs, increased taxation or higher electricity prices (in the case of energy projects). The modelling assumes any increase in the cost of the government's capital program is paid for through higher taxes, but the assumptions would be broadly similar if the modelling had assumed these costs were paid for through borrowings or passed on to consumers as higher energy prices.
- In line with research by Nassios et al. (2019), it is assumed that the excess burden of taxation⁷⁶ is 30 cents per dollar, that is, for every \$1 of tax raised, taxes are assumed to impose a cost of \$1.30 on the broader community. This assumption is consistent with other research on the excess burden of taxation, some of which estimate significantly higher excess burdens (for example see Murphy 2016; Tran & Wende 2017).
- In line with Australian Government guidelines (Office of Impact Analysis 2024), leisure time is valued at its opportunity cost — the trade-off between work and leisure time is approximated by the average hourly wage, including overtime, after tax. The modelling adopts the after tax, average hourly wage for construction workers (\$39.06 in 2024–25 dollars) as the value of any increased leisure time resulting from BPICs.
- Consistent with Queensland Government guidance (Queensland Government 2021) all costs and benefits are presented as net present values (NPV), discounted at 7 per cent, real (fiscal year 2024–25).

Further details on specific mechanisms and assumptions are provided below.

Dealing with uncertainty

There is some uncertainty concerning the impacts of BPICs on government sites because:

- the way many of the BPICs terms or conditions are implemented on the ground are uncertain and may vary from site to site
- there is ambiguity in the extent to which the conditions outlined in BPICs vary from award or industry standard conditions in practice
- there is uncertainty around how some negotiable terms are applied to sites where they are not mandatory — for example, BPICs state that conditions related to inclement weather should be negotiated in regions outside of South East Queensland (SEQ).

More broadly, the extent to which BPICs creates pressure on other building sites to adopt 'BPICs-like' conditions is unclear. Due to tightness in the labour market, sites competing for labour akin to those BPICs projects face pressure to lift wages and offer more worker-favourable conditions.

Lastly, there have been substantial increases in construction costs that are unrelated to BPICs. These have arisen from strong national demand for construction services and a series of international supply shocks. These factors make it difficult in some cases to completely disentangle the effects of BPICs from other underlying conditions in the construction industry.

Because of these difficulties, the modelling adopts a 'cautious' approach to attributing changes to BPICs. That is, the modelling tries to be conservative when it comes to assessing the likely impacts on wages and conditions.

To allow for uncertainty the modelling uses 'high' and 'low' scenarios to test a range of estimates.

Table C.1 provides an overview of the high and low scenarios, and the key assumptions used, with further details provided in later sections.

⁷⁵ The modelling could have assumed any extra costs would be paid for by reducing other expenditures, but this was considered unlikely. In any event, any reduced expenditures, such as fewer schools, police or hospitals, would likely impose even higher costs on the community than has been assumed in the modelling.

⁷⁶ Excess burdens from taxation arise for two reasons. Firstly, there is an administrative cost of raising taxes, both because government needs to administer its tax collection, and because individuals and firms need to establish systems to account for their incomes and expenditures and pay tax. Secondly, taxes impose costs on the community where they distort behaviour — taxes vary significantly in this regard, but state government taxes tend to be less efficient than for other levels of government. More information on these costs can be found in Nassios et al. (2019).

Table C.1 Summary of key assumptions

	Low scenario	High scenario
Interpretation of BPICs conditions	Flexible interpretation	Rigid interpretation
Uncertainty	Low-cost scenario	High-cost scenario
Key assumptions		
Wages (BPICs sites compared to industry standard)	30 per cent higher	50 per cent higher
Safety	BPICs close 75 per cent of the gap between construction industry WHS outcomes and the industry wide average	BPICs close 100 per cent of the gap between construction industry WHS outcomes and the industry wide average
Weather-related project delays	Temperature and humidity conditions only apply in SEQ, rain stoppages same as award	SEQ temperature and humidity conditions apply to all sites in Qld, strict interpretation for rain stoppages
Rostered days off (RDOs)	Additional 13	Additional 13, with additional impacts from inflexible use of remaining RDOs
Industrial stoppages	No additional stoppages, 2-hour union meeting per fortnight.	6 days lost to industrial action, 2 union meetings per week (2 hours per meeting)
Union involvement	Small productivity increase	Small productivity decrease
Residential	Small cost impacts, shorter delay times, smaller worker shortages	Large cost impacts, longer delay times, larger worker shortages
Commercial (business investment)	Smaller worker shortages	Larger worker shortages
Project delays	5 per cent longer construction times	20 per cent longer construction times

Source: QPC.

Key caveats

The results presented in this paper are intended to be illustrative — while all attempts have been made to ensure accuracy, there is significant uncertainty around many of the parameters used in the modelling. The 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.⁷⁷

⁷⁷ 'Jump up' provisions require subcontractors to provide the same BPICs wages and conditions to their employees as those afforded to head contractors' employees.

- There was some contention on the impact of BPICs on work stoppages, including weather-related stoppages and 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's modelling and key findings remain unchanged from the Interim Report. That is, BPICs established conditions that allowed significant declines in site productivity.

No assessment has been made of individual projects. Rather impacts are assumed to play out uniformly across all sites.

While every effort to consider impacts has been made, not all direct and indirect impacts have been estimated. For example, the indirect impacts of higher wages on demand have not been estimated. Similarly, any demand-side impacts from additional expenditures on BPICs projects have not been included in this analysis.

These excluded impacts are unlikely to significantly change the results of the modelling.

Projects in scope

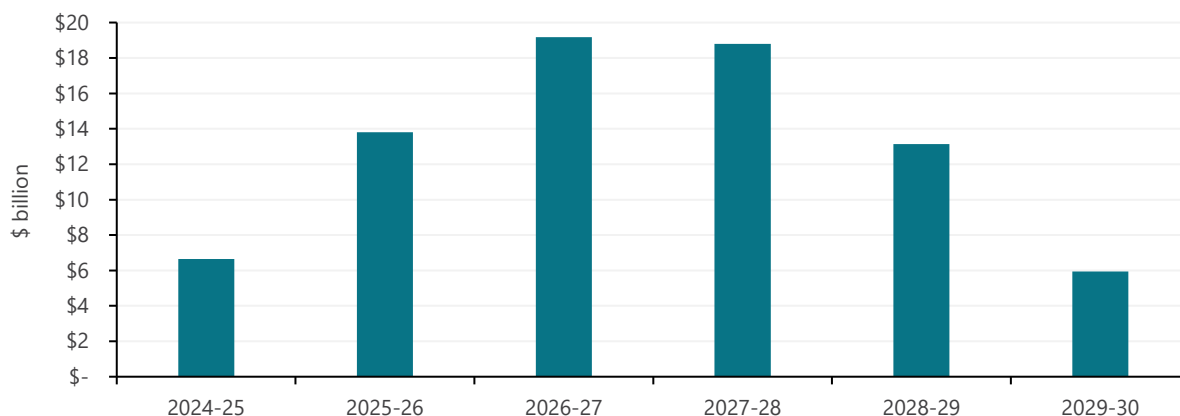
Given the indicative nature of the analysis, the modelling uses a possible pool of future projects to assess the impacts of BPICs. Given there are some uncertainties about which projects would have been covered by BPICs, and which projects are likely to proceed, there is some subjectivity about selecting projects to include in the modelling.

The following methodology has been used to determine the projects in scope:

- Only projects from 2024–25 to 2029–30 have been considered. Existing projects are included in the analysis, but only those expenditures occurring after 30 June 2023.
- Possible infrastructure projects for inclusion have been sourced from Deloitte Access Economics' (DAE) Investment Monitor for December 2024 (Deloitte Access Economics 2024) and were cross checked with publicly available information.
- BPICs are assumed to apply to all government projects where total construction costs are expected to exceed \$100 million or where the project had already been declared as a BPICs site.
- \$7.1 billion in Olympic and Paralympic Games infrastructure projects. The projects included are based on DAE's Investment Monitor, which predates the Games Independent Infrastructure and Coordination Authority's 100-day Olympic and Paralympic Games infrastructure review (Games Independent Infrastructure Coordination Authority 2025).
- All electricity generation projects under consideration from 2026 have been included in the assessment.
- Energy transmission and storage projects expected to commence after 2026 have also been included.
- All other Queensland Government projects in the DAE's investment list were assumed to be in scope whether they were listed as under construction, committed, under consideration or possible.
- Projects listed as possible, but that had not been costed, were excluded from the analysis.
- Project expenditures were allocated evenly across time based on their expected starting and completion times. Where start and completion times were not provided in the DAE Investment Monitor:
 - where available, expected commencement and completions times were sourced from relevant publicly available information (for example, press releases, Department of Transport and Main Roads planning summaries)
 - where no publicly available information was available, projects start times were chosen to provide a spread of expenditures over the out years (2028–2030).

Approximately \$77 billion in Queensland Government projects is assumed to be in scope (Figure C.2). This value is likely to underestimate projects that would have been subject to BPICs, given the 2025–26 State Budget estimates.

Figure C.2 Value of in-scope projects



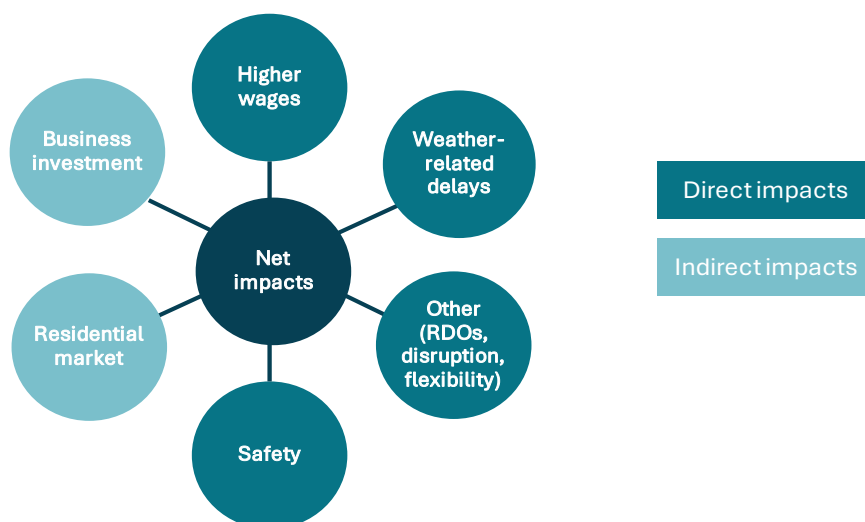
Source: QPC estimates based on Deloitte Access Economics 2024.

Approach for direct effects

Key channels considered

The key channels through which BPICs may impact project costs are shown in Figure C.3. Each of these channels are discussed in turn.

Figure C.3 Key channels for BPICs impacts



Source: QPC.

Higher-than-standard industry wages

BPICs specify higher wage rates than relevant awards and contain many provisions (such as loading for projects over a certain size) that are likely to result in wage rates significantly above industry norms.

Making a direct comparison between the wage rates listed in BPICs and the market standard is difficult because:

- BPICs contain a significant amount of detail, with specific allowances for different tasks, projects and building types
- detailed data on industry and occupation-specific wage rates is scarce, only available at a high level and subject to significant sampling error
- BPICs have influenced industry wage rates outside of government projects.

The approach used to approximate the magnitude by which BPICs will likely escalate wage rates on affected sites involves:

- building a series of case studies looking at BPICs conditions relative to the relevant award rates of pay
- considering how these case study examples compare with Australian Bureau of Statistics (ABS) data on average rates of pay (which should capture industry standard rates)
- considering public commentary, intelligence gathered by the Commission and outcomes from previous BPICs site builds to cross check assumptions.

A case study looking at wage rates on a BPICs site with a value between \$300 and \$400 million, with workers required to work at heights over 15 metres is provided in Table C.2 (details are provided in Appendix C1). The results of the case study suggest that BPICs wage rates may be more than double award rates.

Table C.2 Hourly wage rates for workers on projects valued at \$300–400 million, with height allowance over 15m on a multi-storey building over 15 levels, ordinary time earnings (2024–25 dollars)

	BPICs wage	Award wage	Difference
Electrician - apprentice, adult, year 2	\$52	\$27	95%
Electrician - grade 4	\$70	\$30	132%
Electrician - grade 7	\$81	\$34	138%
Electrician - grade 10	\$93	\$39	140%
Construction worker - apprentice, adult, year 2	\$51	\$24	110%
Construction worker - level 3	\$69	\$31	123%
Construction worker - level 6	\$75	\$33	125%
Construction worker - level 8	\$80	\$35	129%

Source: QPC estimates based on Queensland Government 2024m, Building and Construction General On-site Award 2020 (version 1 July 2024) and Electrical, Electronic and Communications Contracting Award 2020 (version 1 July 2024).

Industry wages are likely to be significantly higher than award wages, particularly given the current tight labour market for construction workers. There is, however, no standard measure for industry wage rates that provide a perfectly suitable comparison.

The Queensland Unions (sub. 59, p. 12) contends that industry wage rates are around 40 per cent above the award minimum rates of pay. This is consistent with ABS employee earning data, which although an imperfect measure, suggest that industry pay rates are above the minimum award rates (but lower than BPICs rates).

For example, the ABS employee earnings and hours for 2023 show that average construction trades workers' median total hourly cash earnings are in the order of \$43 (including overtime). For comparison, electrical and construction apprentices on BPICs sites in the case study above are paid \$52 and \$51 per hour, respectively, while mid-level electrical and construction workers receive an hourly wage rate of \$70 and \$69, respectively (all rates are ordinary time earnings).

The modelling assumes that wages on BPICs sites are between 30 and 50 per cent higher than the industry standard (Table C.3) — given the above, these values are considered conservative.

Table C.3 Assumed differences in wage rates on BPICs sites compared to industry rate for similar occupations and conditions

Low scenario	High scenario
30% higher	50% higher

Source: QPC estimates.

Higher wage rates are converted to project costs using average labour shares of output for the construction industry. These are sourced from the Victorian University Regional Model (VURM⁷⁸) for Queensland (see Adams et al. 2015 for a complete description).

Table C.4 Estimated labour share of total costs - construction industry

Labour share of total costs – construction industry
23%

Source: QPC estimates from the VURM model.

Safety

A key rationale for BPICs is improved safety outcomes for construction workers.

The quantifiable effect of BPICs on safety outcomes for workers is unclear as there are already a range of safety obligations in current awards and across various regulations — in many cases BPICs appear to duplicate these requirements. Further, there is no safety outcome data where direct comparisons can be made.

Nevertheless, the analysis considers two safety outcomes: worker fatalities and non-fatal serious injuries.

As shown in Table C.5, the construction industry has higher fatal and non-fatal injury claim rates than the whole-of-economy average.

Table C.5 Work related injury fatalities and serious claims, Queensland, 2021

	Construction	All industry average
Fatalities per 100,000 workers	2.1	1.6
Serious injury claims per 1,000 employees	19.2	13.3

Source: OIR 2022.

Based on those differences, the analysis considers two scenarios:

- In the high scenario, BPICs are assumed to bring fatalities and injuries down to the whole-of-economy average.
- In the low scenario, BPICs are assumed to reduce fatalities to within 75 per cent of the whole-of-economy average.

⁷⁸ VURM is a widely used Computable General Equilibrium model of the Australian and Queensland economies.

Under the high scenario, this translates to fewer serious injuries (equivalent to around 25–50 more worker-years available across the industry each year) and around 0.3 fewer fatalities per worker per year.

Conversion to monetary values

The reduction in adverse safety outcomes is converted into a monetary value for employees by valuing:

- the improvement to worker wellbeing due to avoided non-fatal injuries using the median compensation claim from SafeWork Australia (\$15,072 in 2023 dollars)
- the reduction in fatalities using the statistical value of life (\$5.1 million in 2023 dollars) (OBPR 2023).

All values are inflated to 2024 dollars using ABS consumer price index (CPI) data.

Weather-related delays

BPICs require that site works largely or wholly cease when certain weather conditions are met, including when:

- the site temperature reaches 35°C or site temperature reaches 29°C and 75 per cent humidity after three hours from commencement of a shift
- particulate matter (PM2.5) exceeds a threshold of 7 5µg/m³ or exceeds a threshold of 50µg/m³ for three consecutive hours
- during wet weather (there are requirements relating to work during wet weather in both BPICs and the industry award).

The temperature and humidity-related conditions apply only in SEQ and are to be negotiated by site for projects in the rest of Queensland.

While there are legitimate safety reasons for stopping work due to extreme weather conditions, the analysis identifies that the above conditions exceed the requirements in the *Work Health and Safety Act 2011* (WHS Act), the Building and Construction General On-site Award 2020 (the industry award) and Queensland Health's PM2.5 guidelines.

The analysis however makes no assessment of whether the WHS Act, the industry award and Queensland Health's PM2.5 guidelines are sufficient.

The analysis assumes the industry standard is equivalent to the weather-related conditions outlined in the WHS Act and industry award.

Scenarios

The extent to which weather-related work stoppage conditions may cause project delays and impact site productivity depends on:

- the degree to which weather-related conditions apply on sites outside SEQ
- the extent to which additional rain stoppages occur on BPICs sites relative to non-BPICs sites.

Given this uncertainty, two scenarios are modelled using the assumptions provided in Table C.6.

Table C.6 Weather-related assumptions used in BPICs assessment

Low scenario	High scenario
• Temperature and humidity conditions apply only to SEQ sites • No additional rain related stoppages above industry award • PM2.5 related conditions apply to all sites	• Temperature and humidity conditions apply on all sites (including outside SEQ) • Any amount of rain stops work immediately • PM2.5 related conditions apply to all sites

Source: QPC assumptions.

Data and technical approach

To model the impact of weather-related stoppages, the following approach was taken:

- Queensland weather station data containing hourly temperature, humidity, rainfall, and particulate matter levels was sourced from the Queensland Government's live air data portal.
- BPICs projects were matched to their nearest weather station.
- RDOs, weekends and scheduled holidays were removed from the data, and observations were limited to between 6am and 4pm.
- Weather conditions (for each scenario) were applied, such that if any relevant weather condition was met, work would stop for the remainder of the day.
- Data was aggregated to determine the total number of work hours lost as a share of the total number of hours available.

In some cases, relevant weather data was not available — for example, PM2.5 data is frequently not recorded. If data was not available it was assumed that no relevant stoppage occurred for that site (for example, if no PM2.5 is available for a site, it is assumed no material stoppages occurred).

Conversion to monetary values

The volume of reduced work hours was converted to monetary values by reducing the productivity of construction sites. That is, more labour and capital inputs are required to complete the same volume of work.

Other project delays

BPICs may also cause other project delays as they contain provisions for:

- 26 RDOs, rather than the industry standard of 13 RDOs per year
- less flexible RDO rostering, where RDOs on BPICs sites result in full site shutdowns
- employees to attend daily, two-hour union meetings and participate in other union activities.

The assessment of these provisions draws on observed market performance, evidence and feedback provided by stakeholders during the initial round of consultation and publicly available analysis, including industry reports.

For example, the Commission considered analysis, industry intelligence and stakeholder feedback to consider other impacts of BPICs on site productivity and delays. Based on this information it suggests that on BPICs sites (and sites where BPICs conditions have been adopted):

- RDOs must be all taken on the same day by all workers, meaning sites are shut down for 26 days per year. Prior to the introduction of BPICs, a worker was typically entitled to 13 RDOs, but it was common practice for workers to either not work the additional time required to accrue RDOs or to preference overtime payments over RDOs. There was also flexibility on when and how RDOs are taken so that full site shutdowns were not required.
- The use of work stoppage provisions (such as for union meeting attendance) is being used to disrupt work, and results in contractors increasing tender prices to allow for increased risk. For example, if a stoppage occurs in the middle of a concrete pour, this will result in the dumping of concrete and removal of any partially poured concrete.

Analysis received by the Commission suggests that, on affected sites, there were around 96 working days lost due to the BPICs provisions (not counting for weather-related delays) in 2023–24, whereas the modelling assumes between 19 and 55 working days are lost each year under the low and high scenarios, respectively.

The assumptions used in this analysis, for the low and high scenarios, are provided in Table C.7.

Table C.7 Assumptions used in BPICs assessment

	Assumption used	
	Low scenario	High scenario
Additional RDOs	13 site days lost	13 site days lost
Impact from less flexible RDOs	No impact	6.5 site days lost
Number of union meetings per week	0.5 (equivalent to 6 site days)	2 (equivalent to 24 site days)
Days lost due to increased union activity	No impact	6 site days lost
Days lost due to less flexible work arrangements (weekends)	No impact	4.8 site days lost
Total site days lost	19	55

Source: QPC assessment.

Under the low scenario, it is assumed there is much greater flexibility in the way the BPICs provisions are set on sites. Conversely, the high scenario assumes a much stricter interpretation. However, even under the high scenario, impacts may be lower than has been suggested by some industry stakeholders.

Site flexibility

BPICs also contains a range of other conditions that may be restricting site flexibility. These conditions include:

- enforced quotas on trainees and apprentices
- restricted use of overtime and shift work
- restricted use of subcontractors and labour hire
- reduced operation flexibility.

At the same time, one of the stated aims of BPICs is to facilitate positive, collaborative, and productive interactions among relevant stakeholders until successful project completion.

These conditions could therefore potentially have a positive impact on workplace productivity.

The literature on the impacts of unions on workplace productivity is mixed, with the evidence suggesting that unions harm productivity where they result in the sub-optimal deployment of labour, for example by excessively restricting on-site practices, but may enhance productivity where they promote workplace harmony, reduce turnover or allow improved communication between workers and management (Bath et al. 2020; Doucouliagos & Laroche 2003).

For this reason, the modelling assumes BPICs would either have a mildly positive effect or mildly negative impact, depending on how strictly the conditions are applied Table C.8.

Table C.8 Assumed productivity impacts (not already considered)

Low scenario	High scenario
1%	-1%

Source: QPC assumptions.

Approach for indirect effects

Residential housing market

There are two main mechanisms through which BPICs are likely to impact the residential market:

- because BPICs projects require more labour, all other things held fixed, they reduce the number of construction workers available to undertake residential construction work
- a flow-through of BPICs conditions to larger, competing construction sites — stakeholder feedback suggests that tight labour market conditions, and the fact that many firms operate the same workforce across both government and non-government projects, has meant that firms operating on high-rise projects have needed to enter into EBAs with the same conditions as BPICs.

The reduction in workers available to the residential market is estimated from the modelling of direct impacts discussed above. As noted above, there are numerous conditions where additional workers will be required to complete projects. For example, the requirement for additional RDOs under BPICs is assumed to result in additional demand for workers to keep projects progressing. Similarly, there are numerous requirements in BPICs for additional labour force to meet health and safety and union requirements (such as a requirement for separately employed union delegates).

The estimated workforce impacts of BPICs conditions are presented in Table C.9.

Table C.9 Estimated workforce impacts – per cent reduction in tradespeople for residential work

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Low scenario	0.6%	1.3%	1.9%	1.8%	1.2%	0.5%
High scenario	2.2%	4.9%	6.7%	6.3%	4.0%	1.6%

Source: QPC estimates.

Reductions in workforce availability are assumed to have a disproportionate effect on delay times. For example, if an electrician cannot attend a site, it can delay all other works. This means that delay times are likely to be greater than implied by any reduction in worker availability (that is the relationship is not one for one).

Given the current tightness in the construction market, the modelling assumes a 1 per cent decline in workforce causes residential construction times to increase by 2 per cent.⁷⁹

In line with evidence provided in stakeholder submissions, the modelling assumes BPICs encourage the roll-out of BPICs-like conditions onto high-rise residential construction sites.

Although it seems likely that BPICs have encouraged BPICs-like conditions to be taken up in other parts of the residential market, the modelling does not include any assessment outside of the high-rise market.

In the absence of other information, this analysis uses the cost and delay times for high-rise residential projects noted in stakeholder feedback.

These are listed in Table C.10 and are broadly in line with other market intelligence gathered by the Commission.

⁷⁹ To the best of the Commission's knowledge there are no empirical studies examining the relationship between trades shortages and construction times.

Table C.10 Project cost increases and delay times for affected high-rise residential projects

	Project cost increases	Project delay times
Low scenario	3%	17%
High scenario	33%	50%

Source: Queensland Economic Advisory Solutions 2024 as referred to in Master Builders Queensland, sub. 43, p. 11.

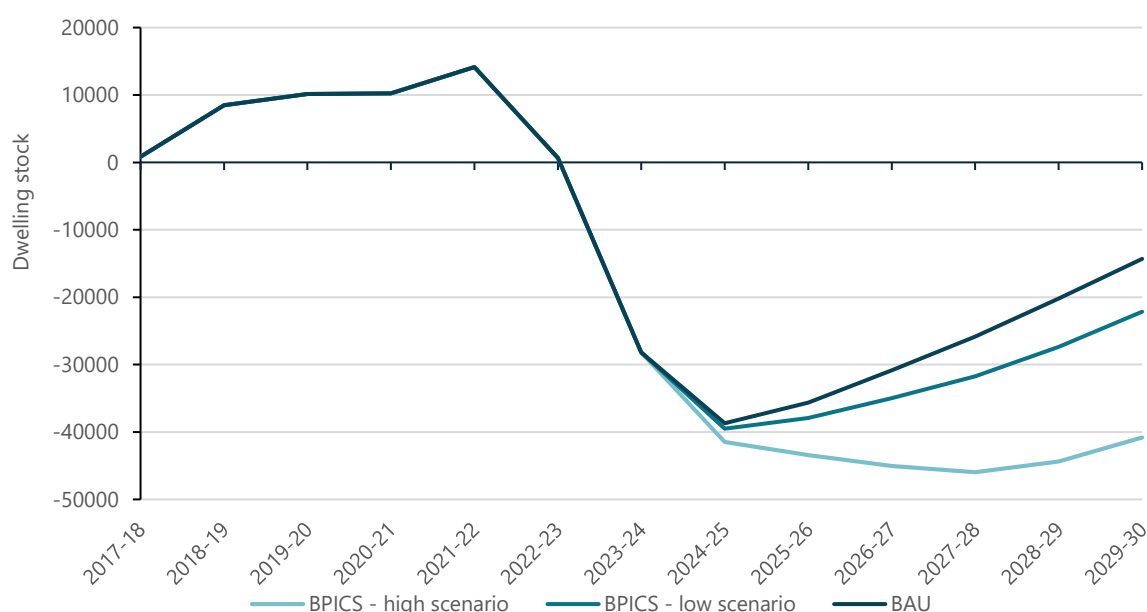
While BPICs-like conditions on high-rise building sites are likely to cause cost and time overruns, there is some doubt as to the extent to which these are directly attributable to BPICs. That is, it is likely that some project cost increases and delays would have eventuated even in the absence of BPICs. Therefore, the modelling assumes that some project cost increases and delays would have eventuated in the absence of BPICs, but these impacts are exacerbated by BPICs terms and conditions. The cost and time overruns outlined in Table C.10 assume 50 per cent of overruns can be attributed to BPICs.

Converting delay times to reductions in housing supply

A business as usual (BAU) (no BPICs) projection of future demand and supply for the housing market has been constructed.

Delays consistent with the assumptions outlined above were then included in the high and low BPICs scenarios.

As shown in Figure C.4, this results in significant reductions in the supply of dwellings relative to the business as usual (no BPICs scenario). Under the high scenario, BPICs prolong the current housing crisis, with supply projected to remain well below demand into 2029–30.

Figure C.4 Cumulative supply imbalance (difference between supply and demand) in Queensland


Source: QPC estimates.

Table C.11 Other assumptions used in estimating residential impacts

	Assumption	Source
Elasticity of supply (dwelling prices)	A 1 per cent decrease in dwellings increases dwelling prices by 2.5 per cent	Reserve Bank of Australia (RBA) model of the housing market (Saunders & Tulip 2019)
Elasticity of supply (rental prices)	A 1 percentage point change in the rental vacancy rate increases rents by 4.4 per cent.	QPC analysis (see Appendix C2 for model detail)
Proportion of dwellings turned over each year	6 per cent	QPC estimate from CoreLogic and Australian Bureau of Statistics (ABS) housing market data
Proportion of buyers who are first home buyers	25 per cent	CoreLogic
Total dwelling stock	2,205,900	ABS total value of dwellings, 2024
Average dwelling sale price	\$853,900	ABS total value of dwellings, 2024
Average rents	\$574 (attached), \$736 (detached)	SQM weekly asking rents, 2024

Source: QPC estimates.

Conversion to monetary values

The impacts of reduced supply are monetised in the modelling in the following way:

- shortage of dwelling stock increases dwelling prices and rents — this is estimated from empirical estimates and data on average dwelling prices and rents (see Table C.11)
- dwelling shortages are assumed to have a larger impact on the rental market
- higher rents are assumed to result in losses for renters and gains for landlords
- higher house prices are assumed to result in gains for existing homeowners selling during the period and losses for first homebuyers
- welfare impacts from fewer dwellings being available are assumed to reflect rents, that is, annual rents are assumed to provide a reasonable measure of the benefits housing provides to households.

The private benefits to construction workers are also included in the analysis. These accrue from the better conditions (predominantly from higher wages and increased leisure time) assumed to be induced by BPICs on high-rise residential building sites and are calculated in a way that is consistent with the direct impacts discussed in the residential housing market section above.

Box C.2 Explainer – dwelling and rental price estimates

Under the high scenario, the model estimates that around 26,500 fewer homes would be constructed than if BPICs did not exist.

The model assumes that 50 per cent of this shortfall is passed through to the rental market. That is, the model assumes this will result in 13,200 fewer rental properties than would otherwise be the case.

The impact on house prices is determined by applying an estimate of the elasticity of supply, sourced from the RBA (Saunders & Tulip 2019), which suggests that for each 1 per cent reduction in supply, dwelling prices will increase by 2.5 per cent.

The impacts on rental prices are determined in the same way, but the elasticity of supply was empirically estimated with respect to vacancy rates (see Appendix C2 for details on the model).

The BPICs-induced change to the vacancy rate is estimated by projecting historical rental stock and rental demand in the base case and then subtracting the BPICs-induced change in rental stocks (that is, the 13,200 fewer rental properties discussed above). Demand is assumed to be the same under the base case and BPICs scenarios.

Under the high scenario, these assumptions result in rents being 8.3 per cent higher than they would be otherwise.

Business investment

BPICs are likely to affect business investment in much the same way as the residential market. That is, BPICs-induced worker shortages and the spillover of BPICs-like conditions on commercial building sites is likely to introduce higher project costs and delays.

However, the Commission has not received to date any robust market intelligence to guide modelling assumptions for this sector. For this reason, impacts are limited to those arising from worker shortages due to BPICs-affected sites utilising more labour. Like residential impacts, these are calculated from the conditions in BPICs discussed above.

Reductions in investment reflect workforce-induced delays in residential construction activity.

Estimated reductions in business investment are provided in Table C.12. These are estimated using relationships sourced from the VURM (see Adams et al. 2015 for a complete description) — according to the VURM model, construction contributes 61 per cent of total business investment.

Reductions in business investment flow through to reductions in capital stock. Again, these are estimated from parameters in the VURM model reflecting industry specific investment, capital stocks and depreciation rates.

By 2029–30 capital stocks are estimated to be 0.2 and 0.7 per cent lower under the low and higher scenarios, respectively, than the base case.

These impacts are monetised as reductions in the income flowing from capital stocks, estimated from returns to capital stocks in the ABS state accounts.

Table C.12 Estimated impacts on business investment

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Low scenario	0.4%	0.8%	1.2%	1.1%	0.7%	0.3%
High scenario	1.4%	3.0%	4.1%	3.9%	2.5%	1.0%

Source: QPC estimates.

Project delays

Where BPICs results in project delays, these will impose costs on public infrastructure users (infrastructure users) because the realised benefits from the project will be delayed. For example, if a school or road is delayed, this will impose costs on infrastructure users in the form of reduced educational outcomes or increased congestion.

Ideally, the impact of project delays would be estimated on a case-by-case basis, since the impact of a school delay is likely to be different from the impact of a road delay. Estimating impacts on a case-by-case basis is, however, beyond the scope of this analysis.

Instead, project delay costs have been approximated by applying a single assumed benefit ratio to all projects. These have been estimated as follows:

- an average NPV of the expected future benefits for all projects is estimated with project benefits spread over a benefit time horizon (20 years)
- a project delay is introduced, pushing out benefits by the expected delay
- a new NPV of the future benefits is estimated
- the cost is the difference between the expected NPVs of future benefits.

Average project benefits are estimated from Infrastructure Australia's annual performance statement (2024a, p. 9), which provides an assessment of average expected project returns for projects in their portfolio.

Project delays are estimated to reduce project benefits by between 1 per cent (low scenario) and 3.9 per cent (high scenario).

Table C.13 Assumptions used to estimate costs to infrastructure users from project delays

	Low scenario	High scenario
Average project delay	5%	20%
Average project benefit-cost ratio	1.2	1.2
Average benefit horizon	20 years	20 years
Average construction time	3 years	3 years
Discount rate	7%	7%

Source: QPC assumptions.

Results

Project cost increases

The modelling implies that BPICs will increase project costs by 10.1 per cent for the low scenario (where BPICs are more loosely enforced and interpreted) and 24.6 per cent for the high scenario (where BPICs are more strictly enforced and interpreted).

The estimated cost increases for each component are shown in Table C.14.

Table C.14 Estimated impacts of BPICs on project costs

	Low scenario	High scenario
Higher than award wages	7.0%	11.6%
Weather related stoppages	0.7%	3.3%
Other stoppages (RDOs, union days etc)	2.9%	9.3%
Other (site flexibility)	-0.4%	0.4%
Total	10.1%	24.6%

Note: Numbers may not add due to rounding.

Source: QPC estimates.

Estimated benefits

The NPV of direct and indirect benefits from BPICs are estimated to be between \$7.4 billion and \$18 billion (Table C.15), with the largest components accruing to construction workers.

These benefits are mostly due to higher wages and reduced working hours resulting from the application of BPICs.

Although one of the primary rationales for BPICs is that it will improve safety outcomes for workers, the estimated benefits from increased safety are negligible, making up less than 0.2 per cent of the benefits accruing to construction workers.

Construction worker benefits are from both direct (accruing from government BPICs sites) and indirect (accruing from residential sites) effects.

The estimated benefits to landlords and existing homeowners (that sell during the analysis period) accrue from higher rents and house prices, respectively, which in turn are the result of fewer homes being built.

Table C.15 Estimated direct and indirect benefits, \$ million, NPV

	Low scenario	High scenario
Direct benefits:		
to construction workers		
higher wages	4,661	9,278
reduced working hours	695	1,042
safety	12	11
Indirect benefits:		
to construction workers		
higher wages	84	702
reduced working hours	54	71
to landlords	1,416	4,863
to existing homeowners	476	2,069
Total benefits	7,398	18,037

Source: QPC estimates.

Estimated costs

The NPV of the direct and indirect costs of BPICs are estimated to be between \$13.1 billion and \$38.6 billion (Table C.16).

The direct costs to the community total between \$8.2 billion (low scenario) and \$19.9 billion (high scenario) and result from:

- transfers between taxpayers and construction workers
- productivity losses
- the costs of raising funds to pay for BPICs (higher project costs).

The indirect costs from BPICs are likely to be large, estimated to be between \$4.9 billion and \$18.8 billion. These indirect effects are mainly from housing market impacts (\$2.8 billion to \$10.7 billion), although reductions in business investment (\$1.4 billion to \$5.1 billion) and infrastructure delays (\$0.7 billion to \$2.9 billion) also make sizable contributions.

Table C.16 Estimated direct and indirect costs, \$ million, NPV

	Low scenario	High scenario
Direct costs:		
to taxpayers		
higher wage costs	4,661	9,278
higher costs from productivity loss	1,629	5,996
deadweight loss from taxation	1,887	4,582
Indirect costs:		
housing market impacts		
to first home buyers	476	2,069
to renters	1,416	4,863
to purchasers of new units	168	1,405
to those missing out on housing	699	2,390
to businesses		
to investors	1,435	5,140
to infrastructure users		
infrastructure delays	725	2,901
Total costs	13,096	38,625

Source: QPC estimates.

Net impacts

BPICs create an estimated net economic cost to Queensland of \$5.7 billion to \$20.6 billion (Table C.17) over the period 2024–25 to 2029–30.

The main beneficiaries of the policy are construction workers and landlords, while those adversely impacted by the policy are the general public (as taxpayers and users of public infrastructure), renters, and first home buyers.

Even if spillover effects to the broader private construction market are ignored, benefits to construction workers are only around two-thirds to half of the costs borne by taxpayers.

Table C.17 Estimated net impacts, \$ million, NPV

	Low scenario	High scenario
Construction workers	5,506	11,104
Taxpayers	-8,177	-19,856
Infrastructure users	-725	-2,901
Landlords	1,416	4,863
Existing homeowners	476	2,069
Renters and first home buyers	-2,760	-10,727
Businesses	-1,435	-5,140
Total	-5,698	-20,588

Source: QPC estimates.

Sensitivity testing

Sensitivity testing has been conducted by varying model parameters within reasonable bounds. Depending on the variable chosen, this can have a sizable impact on the results. Uncertainty on the modelling inputs has been mainly dealt with by varying assumptions under the low and high scenarios.

However, as noted in the Interim Report, the Commission also conducted a sensitivity test where wage rates on BPICs sites were assumed to be no higher than on non-BPICs sites. This was undertaken in response to analysis provided to the Commission by the Queensland Unions (sub. 59) that suggested wage rates on BPICs sites were no higher than on non-BPICs sites.

The results of the Commission's further analysis show that even with wage impacts omitted, BPICs are expected to impose net economic costs on the community of between \$4.4 billion (under the low scenario) and \$18.4 billion (under the high scenario). See Section 4.2 of the Final Report for additional detail.

The Commission also varied other assumptions by + and – 20 per cent, while this varied the magnitude of impacts, it did not change the key findings of the modelling. That is, under all scenarios conducted, BPICs have a large and negative impact on the community, with net costs being imposed on the community.

Conclusion

While BPICs provide substantial direct benefits for construction workers — primarily in the form of higher wages and greater leisure time — modelling suggests these are more than offset by direct costs to the broader community from more expensive and delayed infrastructure. The safety benefits for construction workers are also small relative to other costs, benefits, and transfers.

More broadly, the negative impact on housing supply caused by BPICs is likely to impose costs on renters (facing higher costs and less secure housing) and prospective first home buyers (who face higher dwelling prices). In contrast, landlords accrue large benefits from increased dwelling prices and higher rents.

In aggregate, the net cost of the policy over the period from 2024–25 to 2029–30 is expected to be between \$5.7 billion and \$20.6 billion dollars (in NPV terms).

Despite significant uncertainty around the direct effects of BPICs, these results are sufficiently robust, as the Commission has conducted sensitivity analysis and uses inputs based on best available information and stakeholder feedback. Project cost escalations provided through consultation were consistent with the modelled results, and consistent with previously benchmarked project cost escalations.

Appendix C1: Comparison of wage rates for selected occupations – case study

The awards used in this case study are the Building and Construction General On-site Award 2020 (version 1 July 2024) and the Electrical, Electronic and Communications Contracting Award 2020 (version 1 July 2024).

	Award (\$) – 38 hour week		BPICs (\$) – 40 hour week	
	Weekly	Hourly	Weekly	Hourly
Electrician apprentice – Year 2 (adult)				
Wage	903.90	23.79	1,479.78	41.10
Travel allowance	42.30	1.11	315.00	7.87
Tool allowance	-	-	-	-
Industry allowance	38.20	1.005	-	-
Project over 300m allowance	-	-	200.00	5.00
Height allowance 15-23m	-	-	18.55	0.46
Multi-storey 16-30 floors	33.06	0.87	60.80	1.52
Redundancy payments	-	-	10.00	0.25
Total:	1017.46		2084.13	

	Award (\$) – 38 hour week		BPICs (\$) – 40 hour week	
	Weekly	Hourly	Weekly	Hourly
Electrician – Grade 4				
Wage	996.7	26.23	2,036.53	56.57
Licence allowance	37.16	0.98	-	-
Travel allowance	42.30	1.11	315.00	7.87
Industry allowance	38.20	1.005	-	-
Tool allowance	-	-	42.00	1.055
Project over 300m allowance	-	-	200.00	5.00
Height allowance 15-23m	-	-	18.55	0.46
Multi-storey 16-30 floors	33.06	0.87	60.80	1.52
Redundancy payments	-	-	126.00	3.15
Total:	1147.42		2798.88	

	Award (\$) – 38 hour week		BPICs (\$) – 40 hour week	
	Weekly	Hourly	Weekly	Hourly
Electrician – Grade 7				
Wage	1126.30	29.64	2489.56	69.15
Licence allowance	37.16	0.98	-	-
Travel allowance	42.30	1.11	315.00	7.87
Tool allowance	22.31	0.59	42.00	1.05
Industry allowance	38.20	1.005	-	-
Project over 300m allowance	-	-	200.00	5.00
Height allowance 15-23m	-	-	18.55	0.46
Multi-storey 16-30 floors	33.06	0.87	60.80	1.52
Redundancy payments	-	-	126.00	3.15
Total:	1299.33		3251.91	

	Award (\$) – 38 hour week		BPICs (\$) – 40 hour week	
	Weekly	Hourly	Weekly	Hourly
Electrician – Grade 10				
Wage	1305.1	34.34	2973.24	82.59
Licence allowance	37.16	0.98	-	-
Travel allowance	42.30	1.11	315.00	7.87
Industry allowance	38.20	1.005	-	-
Tool allowance (22.31/week Grade 5 and above)	22.31	0.59	42.00	1.05
Project over 300m allowance	-	-	200.00	5.00
Height allowance 15-23m	-	-	18.55	0.46
Multi-storey 16-30 floors	33.06	0.87	60.80	1.52
Redundancy payments	-	-	126.00	3.15
Total:	1478.13		3735.59	

	Award (\$) – 38 hour week		BPICs (\$) – 40 hour week	
	Weekly	Hourly	Weekly	Hourly
Construction worker apprentice – Year 2 (adult)				
Wage	774.225	20.37	1358.59	37.74
Travel allowance	93.25	2.45	255	6.38
Income protection	-	-	51	1.28
Multi-storey 16-30 floors	31.92	0.84	72.40	1.81
Project over 300m allowance	-	-	200	5
Redundancy payments	-	-	75.60	1.89
Payment to Building Employees Welfare Trust	-	-	12	0.30
Total:	915.85		2024.59	

	Award (\$) – 38 hour week		BPICs (\$) – 40 hour week	
	Weekly	Hourly	Weekly	Hourly
Construction worker – Level 3				
Wage	1032.30	27.17	1,984.10	55.11
Travel allowance	109.70	2.88	300	7.5
Income protection	-	-	51	1.27
Multi-storey 16-30 floors	31.92	0.84	72.40	1.81
Project over 300m allowance	-	-	200	5
Redundancy payments	-	-	126	3.15
Payment to Building Employees Welfare Trust	-	-	20	0.50
Total:	1173.92		2753.5	

	Award (\$) – 38 hour week		BPICs (\$) – 40 hour week	
	Weekly	Hourly	Weekly	Hourly
Construction worker – Level 6				
Wage	1126.50	29.64	2,240.64	62.24
Travel allowance	109.70	2.88	300	7.5
Income protection	-	-	51	1.27
Multi-storey 16-30 floors	31.92	0.84	72.40	1.81
Project over 300m allowance	-	-	200	5
Redundancy payments	-	-	126	3.15
Payment to Building Employees Welfare Trust	-	-	20	0.50
Total:	1268.12		3010.04	

	Award (\$) – 38 hour week		BPICs (\$) – 40 hour week	
	Weekly	Hourly	Weekly	Hourly
Construction worker – Level 8				
Wage	1186.9	31.23	2,435.48	67.65
Travel allowance	109.70	2.88	300	7.5
Income protection	-	-	51	1.27
Multi-storey 16-30 floors	31.92	0.84	72.40	1.81
Project over 300m allowance	-	-	200	5
Redundancy payments	-	-	126	3.15
Payment to Building Employees Welfare Trust	-	-	20	0.50
Total:	1328.52		3204.88	

Appendix C2: The relationship between rental growth and vacancy rates in Queensland

Median rents on new bonds by dwelling type (house, townhouse and flat), number of bedrooms, and SA3 are sourced from the Queensland regional database (QRSIS), where they are published as an annual rolling median.

Median rents data is considered preferable to advertised rents as it represents rents on leases agreed rather than rents sought by landlords. While rental bonds do not cover all properties, data on actual rents paid on the stock of dwellings is not available.

These rents are aggregated into a statewide index using a Törnqvist index, such that:

$$\Delta \log Rent_t = \sum_{i \in \{S \times D \times B\}} (\log R_{i,t} - \log R_{i,t-1}) \times \frac{1}{2} \left(\frac{R_{i,t} N_{i,t}}{\sum_{j \in S \times D \times B} R_{j,t} N_{j,t}} + \frac{R_{i,t-1} N_{i,t-1}}{\sum_{j \in S \times D \times B} R_{j,t-1} N_{j,t-1}} \right)$$

Where $R_{i,t}$ is the median rent for period t , and i is a tuple representing a specific region (in S), dwelling type (in D) and number of bedrooms (in B).

The two advantages of using a Törnqvist index are that it:

- better accounts for changes in the aggregate due to changes in the composition of the stock
- is smoother (as true medians tend to cluster at increments of \$25).

As a result, growth in the rental index is likely to be a more robust estimate of growth in rents without structurally differing from the median.

Vacancy rates are sourced from SQM Research and are seasonally adjusted using an X-13 ARIMA process. Seasonal adjustment is necessary to ensure consistency with the QRSIS data, which is already implicitly 'seasonally adjusted' by using a rolling period. These are resampled to a quarterly average.

The rent index is then regressed on the vacancy rate in a simple linear regression, such that:

$$\Delta \log R_t \sim \alpha + \beta \cdot \text{vacancy rate}$$

As expected, the relationship between rent growth and vacancy rates is negative and highly significant — an additional 1 percentage point increase in vacancy rates is associated with quarterly rental growth slowing by 1.1 percentage points. Parameter estimates do not significantly change when post-COVID data is excluded, or when growth in wages or broader consumer prices are included as regressors.

Appendix D: Costs and benefits of planning reforms

Introduction

To illustrate the potential benefits of planning reforms, the Commission has developed a stylised cost–benefit analysis (CBA). The analysis considers the effects of zoning reforms that increase development rights in South East Queensland (SEQ). The analysis does not consider other supply constraints and assumes increased development rights translate into more housing supply and greater density in higher demand locations.

As such, the modelling is not intended to provide a forecast or projection of future dwelling supply. Rather it provides an estimate of the *potential* benefits that could be achieved through planning reforms that increase development rights.

This appendix sets out key assumptions and results from that analysis.

This analysis was included in the Commission’s Interim Report and stakeholders did not raise significant issues with it. The analysis has not been significantly altered for this final report.

Methodological approach

CBA is the most appropriate approach for analysing the impacts of reforms since it:

- allows for consideration of impacts on all stakeholders
- provides a well-accepted framework for showing how costs and benefits accrue to stakeholders
- makes key assumptions transparent
- allows consideration of public benefit.

The CBA undertaken by the Commission provides analysis of two stylised reform options. In practice, specific reform options would need to be considered in more detail than has been assessed in this study.

The CBA scenarios are designed to provide a sense of the likely scale of impacts of various reform mechanisms and how the costs and benefits are likely to be distributed amongst key stakeholders.

The CBA covers only SEQ because:

- land use regulations are more binding in SEQ because of the scarcity of land available for greenfield development and restrictions that generally prevent increased density
- SEQ accounts for most of Queensland’s population (around 72 per cent) and has higher house prices
- data on approved planning supply is available in SEQ but not for other regions.

All scenarios cover the period 2023 to 2043. Full data was available up to 2023.

The base case

All results are presented relative to a base case. The base case reflects a 'business as usual' scenario, where no changes to zoning occur.

Core and alternate scenarios

Given the uncertainties around each policy, the base case involves two scenarios:

- a core scenario, which involves higher population growth and higher dwelling price growth, consistent with a tighter housing market
- an alternative scenario, which involves lower population growth and lower dwelling price growth.

The *alternate* scenarios assume that prices are more responsive to changes in dwelling supply. Population growth is sourced from the Queensland Government population projections under the medium growth scenario.

The higher price responsiveness and lower population projections in the alternate scenarios mean that fewer dwellings are required to remove 'disequilibrium' from the housing market — this makes policy responses more muted, and net benefits somewhat lower under the alternate scenarios.

Dwelling construction

New dwelling commencements are based on a 10-year historical average of detached and attached commencements per quarter.

Under the base case, dwelling stock is estimated to increase by roughly 577,000 dwellings by June 2043. Dwelling construction is assumed to be the same under both the core and alternative scenarios.

The spatial allocation of new dwellings is driven by historical trends but is constrained by planned capacity for each Local Government Area. Capacity constraints are sourced from the Land Supply and Development Monitoring (LDSM) report, and assumed to expand over time, based on historical trends.

Where projected supply hits a capacity constraint, dwellings are reallocated to the closest LGA with spare capacity.

As a result, some markets such as Brisbane are projected to exhaust planning supply, such that dwelling construction is reallocated to neighbouring LGAs with capacity.

It is also assumed that demolitions of existing stock continue to occur consistent with state trends.

New housing supply is disaggregated into attached and detached housing based on historical trends.

Population

Given uncertainties about future population growth and the responsiveness of dwelling prices to housing supply, a core and alternate scenario is considered for each policy option.

The CBA uses QGSO (2023) population projections for SEQ:

- Core scenario: QGSO's 'high' population projection series: the SEQ population is projected to grow from 4.0 million people in June 2023 to 6.0 million people in June 2043 (equivalent to 2.08 per cent per annum⁸⁰).
- Alternative scenario: QGSO's 'medium' population projection series: the SEQ population grows more slowly at 1.52 per cent annually to 5.4 million in June 2043.

Over time, the average SEQ household size is projected to continue to decrease in line with historical trends — decreasing by 0.1 persons by 2043 in both scenarios.

Price growth

As the number of dwellings supplied under both base case scenarios is the same, the differences in population growth underpin different price outcome assumptions. Given fixed industry supply in the base case, prices grow more slowly under the lower population growth scenario.

⁸⁰ SEQ population growth was 2.17 per cent over the past 20 years and 1.88 per cent over the past 10 years.

Key price assumptions are:

- Core scenario: Price index grows by 65 per cent on average of the historical price increase of 230 per cent that occurred from September 2000 to December 2022 (150 per cent).
- Alternative scenario: Price index grows by 65 per cent of the observed historical price increase 138 per cent, that occurred from September 2000 to September 2019 (90 per cent). The period of strong prices growth from September 2019 to December 2022 is excluded which reduces price growth in SEQ.
- Real prices are calculated by deflating growth in nominal prices by the Brisbane All Groups CPI. Price growth under the base case varies by LGA and dwelling type consistent with historical trends.

Base case results

Key base case results are shown in the table below.

Table D.1 Summary of base case results, SEQ, 2043

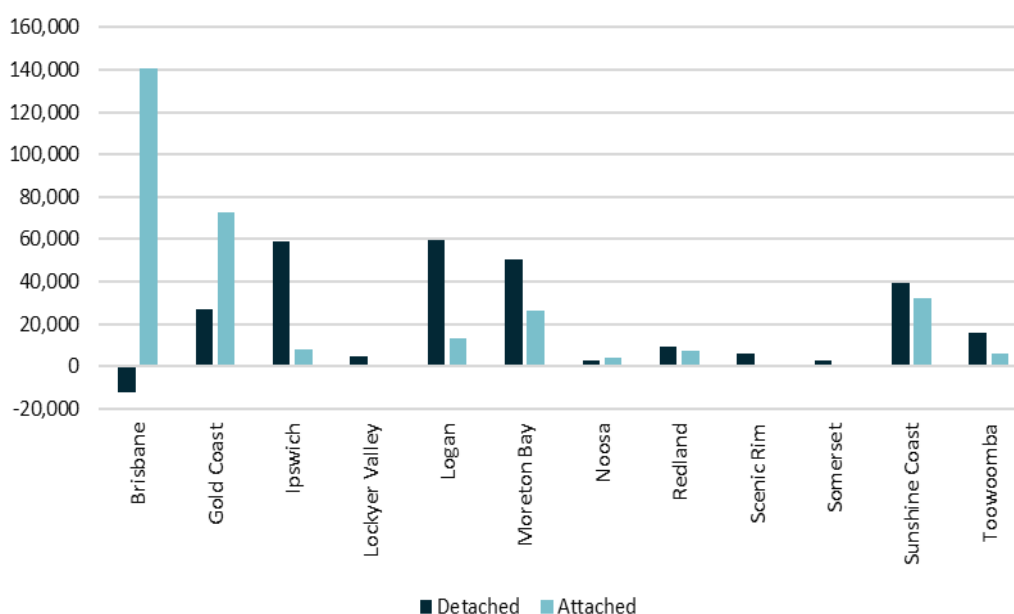
	Core scenario	Alternate scenario
Population change	2,019,402	1,388,377
Number of additional dwellings	577,000	577,000
Brisbane LGA population share	-5.4% pts	-4.1% pts
Real dwelling price index	150% increase	90% increase

Source: QGSO, QPC.

Note: A Fisher price index is used which assumes fixed quantity weights.

The spatial allocation of new dwellings is shown in the figure below. As discussed above, this spatial allocation reflects planning capacity constraints. These capacity constraints mean that only a small proportion (22 per cent) of new housing in SEQ can be accommodated in the Brisbane LGA.

Figure D.1 Base case dwellings projections, cumulative increase



Source: QPC.

Note: Housing demolitions and very little land for greenfield development, lead to Brisbane's detached housing stock declining.

The policy scenarios

In the base case, planning restrictions maintain dwelling construction at historically observed rates. Under this scenario, the market is unable to fully meet future housing demand.

Two policy scenarios are considered, each increasing development rights, which is assumed to translate into new housing:

- Policy 1: Planning reform targeted towards greater infill in well-located areas — this option involves easing zoning restrictions across Brisbane, Gold Coast, Sunshine Coast, Noosa, Moreton Bay, Logan, Ipswich and Redlands to allow for greater density.
- Policy 2: Dispersed planning reforms allowing both greater density and more greenfield development — this option involves easing zoning restrictions across all of SEQ. This scenario allows for more detached housing and less attached housing than policy 1.

Policy 1 increases housing supply relative to the base case, with a greater share of attached housing, and fewer new detached housing on the urban fringe. Policy 2 also increases housing supply, but assumes a more dispersed allocation of new supply, with more attached and detached housing in all regions, except Lockyer Valley, Scenic Rim and Somerset (compared to the base case).

Market responsiveness

The response of the market to the relaxation of planning restrictions is a key determinant of the number of dwellings supplied in each of the scenarios and the estimated net benefits (or costs) under each of the policy reform options.

While the experiences of other jurisdictions can provide some guidance, there remains significant uncertainty concerning the likely scale and nature of market responses to a relaxation of planning restrictions. To help determine the size of the market response, the following issues were considered:

- the scale of the market response (new dwellings supplied) and the extent to which it is consistent with likely demand for new dwellings given population projections and trends in household formation
- the extent to which the market response infers plausible changes to key characteristics of the housing markets in SEQ (such as implied changes to household size, the rate of unoccupied dwellings and rental vacancies)
- whether the scale of the response is consistent with observed responses in other jurisdictions that have undertaken similar reforms
- recent reforms in New Zealand have been well studied and provide a useful case for the possible initial impact of reforms on Queensland⁸¹
- the extent to which changes to dwelling prices and supply cost are reasonable
- The *core* scenario assumes prices respond to changes in dwelling stocks in line with estimates in the empirical literature.⁸²

⁸¹ In Auckland, where 75 per cent of land was upzoned, the number of attached dwellings consented per year in upzoned areas increased from under 1,000 in 2016 to nearly 10,000 by 2021, while detached dwellings increased from 2,000 to 4,500 (Greenaway-McGrevy & Phillips 2023, pp. 6–7). Building permits more than doubled across the region and additional supply was estimated to be equivalent to 5 per cent of the dwelling stock. The assumed policy responses are lower than the Auckland experience.

⁸² For example, Saunders and Tulip (2019) surveyed a range of studies and considered that a 1 per cent change in housing stock was associated with a 2.5 per cent fall in the cost of housing; across international studies compiled by Girouard et al. (2006) the average elasticity was 2.5 per cent, while, Abelson et al. (2005) estimated a 1 per cent increase in housing stock leads to a 3.6 per cent decrease in prices in Australia.

Other key assumptions

The following factors have been assessed in estimating the cost and benefits of each policy option:

- Changes to consumer surpluses⁸³ arising from changes to dwelling prices — the benefits that accrue to consumers from an increase in the number of dwellings and lower prices of dwellings. The changes to consumer surplus are calculated as the number of new dwellings due to the policy change, multiplied by the price change (relative to the base case). Changes in the prices of existing dwellings, however, are excluded since they result in transfers (see below).
- Infrastructure provision costs⁸⁴ — including road, water, sewerage, telecommunications, energy and other infrastructure. Base levels of infrastructure costs are sourced from Infrastructure Victoria (2019) and are inflated using ABS producer price indexes (ABS 2023b). Based on historical trends, infrastructure costs are assumed to grow at 0.2 per cent above CPI.
- Productivity impacts — the spatial distribution of population, and particularly increased density of population around employment centres has been shown to have a positive effect on productivity. Research shows economies of scale accrue as cities increase density (known as agglomeration effects) (Ahlfeldt & Pietrostefani 2019; Rosenthal & Strange 2004). This suggests a denser spatial distribution of dwellings closer to employment centres would increase productivity and income (including wages). In line with empirical research, it is assumed that each 1 per cent increase in density increases labour productivity by 0.04 per cent.
- Amenity — apart from loss of sunshine from increased density, the direction of benefits and costs from changes to amenity are not clear.⁸⁵ Given that the impact of overshadowing is likely to be a net cost, an estimate of the loss from overshadowing is included in the CBA. The estimate was derived by taking the estimated average loss per new property for Auckland developed by a PwC and Sense Partners (2021) study (\$8,435 undiscounted), adjusting for the number of new attached dwellings under each policy option.
- Transport costs — including travel-related greenhouse gas emissions, vehicle operating costs, air and noise pollution, and travel time. Transport costs are estimated based on empirical estimates in Trubka et al. (2008) and exclude infrastructure. Transport costs differ for inner city development and fringe development. Transport costs are inflated from 2008 by the transport component of CPI.
- Health benefits — higher density living typically allows more use of active transport (walking and biking). In line with estimates from Zapata-Diomedes et al. (2019), increases in medium density housing is assumed to result in health benefits relative to lower density housing.
- Carbon emissions — higher densities can reduce the carbon intensity of cities by reducing commuting times and reducing the energy use of dwellings. Consistent with the literature, we assume attached dwellings have lower emissions (Ahlfeldt & Pietrostefani 2019, p. 16; Urban Taskforce Australia 2022; Bai et al. 2022, p. 864; Manins et al. 2008). Based on empirical estimates, it is assumed that apartments have 20 per cent per capita lower emissions than detached dwellings, while townhouses, other dwellings and flats attached to other property have 10 per cent lower emissions per person.
- Implementation costs — are assumed to be \$8 million for all policy options. These costs are higher than have been assumed in other similar CBA studies (PWC & Sense Partners 2021).

The policy scenarios are also likely to provide benefits to the construction industry and related supply chains, since they allow for a large increase in construction productivity and activity. These benefits, however, are difficult to estimate without considering whole of economy effects.

⁸³ Consumer surplus is the benefit accruing to consumers from an ability to purchase goods for less than they are willing to pay. In this case, a consumer will derive a benefit if they can purchase a dwelling for less than they would be willing to pay. Given dwellings are a subsistence good, willingness to pay tends to be high.

⁸⁴ If it is provided efficiently, the provision of infrastructure should provide benefits at least as great as its cost. For this reason, the cost and benefits of any infrastructure associated with new housing is assumed to net out. However, where the same infrastructure can be provided more efficiently (such as when density rises), net benefits can arise since costs fall relative to benefits.

⁸⁵ For example, increased density can lead to reductions in greenspace in one area but gains in another.

The analysis does not quantify all costs and benefits, including labour mobility, increased access to services, loss of backyard space, changes to public greenspace, urban heat island effects and other social effects (such as crime effects). While the exclusion of these impacts may affect the headline estimates, the magnitude of the impact is likely to be small (relative to the headline net benefits).

Policy results

The two policies assume similar changes to dwelling supply in aggregate (up to 330,000 additional dwellings), but with a different allocation of dwellings across regions and dwelling types.

Table D.2 presents the impact of each policy option on dwelling stock and prices in SEQ over the twenty-year period to 2043.

Table D.2 Dwelling stock and price changes in SEQ, 2043

		Core scenario	Alternate scenario
Base case	Dwelling stock	2,170,601	2,170,601
	Per quarter additions	7,210	7,210
	Dwelling price change	+131%	+77%
Policy 1 — Zoning reforms in well-located places	Dwelling stock	2,500,774	2,425,000
	Per quarter additions	11,337	10,390
	Dwelling price change	+67%	+23%
Policy 2 — Dispersed zoning reforms	Dwelling stock	2,498,229	2,428,440
	Per quarter additions	11,305	10,433
	Dwelling price change	+75%	+20%

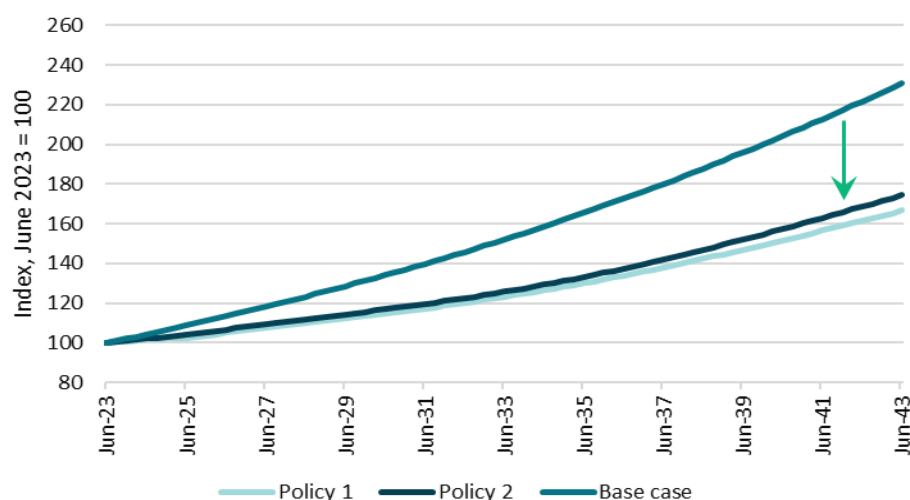
Source: QPC.

Note: Price changes are weighted averages from 2023 to 2043.

The additional dwellings supplied under each of the policy options results in an easing of dwelling price growth. Both policies have similar broad impacts in terms of reducing price growth compared with the base case. Options that provide mechanisms for larger increases in the number of dwellings, result in a greater easing of dwelling price growth.

Policy 1, under the core scenario, reduces the projected increase in real prices by 64 per cent, compared with 56 per cent for policy 2. These small differences are attributable to compositional differences. Policy 1 has a larger effect in tighter, higher demand markets — Brisbane, Gold Coast and Sunshine Coast.

Figure D.2 Real median dwellings prices, SEQ



Source: QPC.

Removing restrictive zoning constraints in both options results in a redistribution of population. Because they allow greater densities in LGAs that otherwise would hit capacity constraints, the changes allow a greater share of the population to reside in the Brisbane LGA, and fewer on the city fringe. Under policy 1, Brisbane LGA accounts for around 35 per cent of all new dwellings constructed to 2043 compared with 22 per cent in the base case.

Under these policy options there is also a significant shift in the share of people residing in attached dwellings (units, apartments and townhouses) compared to the base case scenario.

Table D.3 New and attached dwellings, core scenario, per cent

	Base case	Policy 1	Policy 2
Brisbane LGA share of SEQ new dwellings	22.3	34.9	25.4
SEQ new attached dwellings share of new dwellings	54.3	78.5	55.9

Source: QPC.

Net benefits

Policy options 1 (Zoning reforms in well-located places) and 2 (Dispersed zoning reforms) provide net benefits of between \$18 billion and \$48 billion. Both result in a more concentrated settlement pattern than the base case and contain more housing. Under the alternative scenario, which involves lower population growth and dwelling construction, benefits remain large for both policy scenarios.

Table D.4 Reform impacts, 2023-24 to 2042-43, net present value, \$billion

	Policy option 1	Policy option 2
Core scenarios	48.1	18.3
Alternate scenarios	41.7	17.8

Source: QPC.

Note: A discount rate of 7 per cent is assumed.

The net benefits for policy 2 are lower, however, because development is more dispersed, resulting in lower densities and lower infrastructure benefits.

For either policy option, there would be significant net benefits, even if the consumer surplus is excluded. This illustrates that the benefits from land use regulation reform accrue not just from more housing, but also from more efficient spatial patterns.

Table D.5 Reform impacts, core scenario, NPV, \$ million

	Policy option 1	Policy option 2
Consumer surplus	13,960	11,715
Infrastructure	27,246	6,393
Productivity	1,057	267
Environment	36	2
Transport	5,846	505
Health	1,312	118
Loss of sunshine	-1,364	-691
Implementation costs	-8	-8
Total NPV	48,086	18,303

Source: QPC.

Table D.5 shows that large benefits come from increases in consumer surplus. The increase in consumer surplus accrues because the additional dwellings provide benefits to consumers, both because dwellings are available at a lower price than in the base case, but also because there are additional dwellings available to meet consumer demand.⁸⁶

Larger infrastructure benefits accrue under policy 1 because changes to the spatial distribution of dwellings and increases in density allow more efficient use of infrastructure than there otherwise would have been. Benefits also accrue to policy 2, but these are smaller in scale due to the more dispersed dwelling pattern.

Benefits also accrue through improvements to productivity, transport and health. These arise because higher densities allow greater knowledge sharing and cooperation, reduced commute times and more physical activity.

These benefits are partially offset by some loss of amenity from overshadowing (loss of sunshine), which arises from increases in building heights.

Policy options 1 and 2 both provide similar benefits in terms of consumer surplus because they result in similar increases in dwelling stock, relative to the base case. However, policy 2 has lower infrastructure and other benefits because it results in a more dispersed distribution of population. Both reforms provide large net benefits (\$48 billion and \$18 billion, respectively) in NPV terms.

Transfers to home buyers and renters

Under each of the policy options, dwelling prices are lower than under the base case, which results in significant transfers from existing owners to home buyers and renters. Policy 2 involves more detached dwellings, which have higher prices and therefore larger transfer of surplus.

⁸⁶ As noted previously, buyers of existing properties are also likely to benefit, but this is offset by losses to existing owners.

Table D.6 Transfers to home buyers and renters, NPV, \$ billion

	Policy 1	Policy 2
Core scenario	202	220
Alternate scenario	188	231

Source: QPC.

As discussed earlier, the price reductions occurring in each of the policy scenarios provide two types of benefits:

- lower prices (relative to what they would have been) on new, policy induced dwellings
- lower prices on the existing stock of dwellings.

The latter benefit accrues to new buyers and renters but imposes an equivalent cost on existing property owners (since they now receive a lower price, relative to if the zoning restrictions were unchanged, for any sale). For this reason, the transfers between new buyers (and renters) and sellers (and landlords) net out and are not included in the headline net benefit estimates.

While not contributing to the headline CBA results, these transfers are likely to be of significant policy interest, particularly because regulations over several decades have altered the distribution of wealth and because they represent improvements in housing affordability.

Unquantified costs and benefits

Land use regulation reforms are likely to result in a range of impacts which cannot be readily quantified, due to a lack of data or a lack of consensus in the literature whether impacts are likely to be positive or negative.

For example, while costs due to overshadowing have been included in the CBA, other amenity impacts, while important, are uncertain, subjective and can be either positive or negative, depending on the nature of development.⁸⁷

One of the key concerns raised in relation to increased density is the impact on character values associated with low density traditional tin and timber homes in Queensland.

While potential impacts on character values have not been quantified, the impacts would have to be exceedingly large to offset the benefits estimated here. For example, every household in SEQ would need to be willing to pay around \$35,000 to prevent density in character areas to offset the net benefit for policy option 1.

Similarly, concerns about a loss of greenspace with increased density are likely to be misplaced, and may reflect concerns about how increases in density are achieved rather than increases in density per se. There is little evidence that regulatory restrictions on density have worked to preserve urban greenspace, and sprawl has seen significant loss of farmland, habitat and greenspace on the urban fringe. Further, most research shows that amenity is either unchanged or improves with greater density.

The CBA also does not consider benefits arising from more choice in housing markets or how increased density may increase access to jobs, particularly for women and young people.

Similarly, access to services, access to labour markets, social outcomes, availability of greenspace, impacts on commercial and industrial premises, and compliance and administrative costs associated with regulation have not been quantified.

⁸⁷ In general, the literature suggests increased density is associated with increased amenity. However, moving from low to high density can impose significant transitional costs.

If policy changes reduce housing prices and rents, and improve affordability, then a range of other government expenditure programs and policies may also be reduced (such as some housing assistance). Any deadweight taxation and other benefits from reducing government expenditure (both program and administrative expenditure) have not been quantified in this CBA.

Overall, the Commission's assessment of the literature suggests that unquantified impacts are likely to provide benefits greater than the costs.

Sensitivity testing

Sensitivity testing did not alter the key results — that is, that the policy scenarios produce large net benefits.

Sensitivity testing included adjustments to:

- the discount rate
- population growth assumptions
- initial estimates of the gap between dwellings prices and the marginal physical costs of supply (the degree of current inefficiencies in the housing market)
- dwellings price and cost growth assumptions under the base case
- demand and supply elasticities.

Conclusions

Queensland's housing market is currently experiencing high rents, vacancy rates at historic lows and home ownership increasingly out of reach for aspiring buyers. The fundamental reason for this is that housing supply is not keeping pace with demand.

While there are many reasons for the lack of supply in the housing market, a key reason is that current zoning and land use regulation constrain the ability of the market to supply new housing. It restricts where housing can be built, the forms of housing that may be built and the density.

The CBA presented here provides a stylistic analysis of policy options to relax land use regulation to permit higher density and increase the supply of dwellings in SEQ.

The primary purpose is to provide information on some of the trade-offs of different policy options, obtain a sense of the scale of *potential* net benefits, and explore the sensitivity of those net benefits to various assumptions.

The analysis shows two clear potential benefits of reform — increased dwelling stock, which improves housing affordability, and improved spatial distribution of housing, which improves productivity and reduces a range of costs, particularly in constructing infrastructure.

The quantified impacts provide a clear indication that policy changes that facilitate increased density would provide very large net benefits — depending on the policy option and the assumptions used, net benefits are estimated to be in the order of \$18 billion to \$48 billion. The results hold under widely varying scenarios and are robust to a range of assumptions.

Reforms would also likely benefit aspiring owners and renters, who would otherwise be facing significantly higher dwellings prices (and rents).

Slower growth in dwelling prices may impact existing homeowners, but these are offset by the gains to new homeowners and renters. These wealth transfers are likely to be in the order of \$200 billion depending on the policy option and assumptions adopted.

Large benefits from policy changes, in the order estimated in this paper, generally only ever arise where regulations have significantly impeded market responses to underlying changes in technologies, consumer preferences (valuations) and other conditions over a prolonged length of time. This is the case in the construction and housing markets.

References

ABCB 2011, *NCC 2011 (Volume One & Volume Two)*, Australian Building Codes Board.

— 2018, *Fire safety in new Class 2 and Class 3 residential buildings*, Regulation Impact Statement for Final Decision, November.

— 2020, *Australian Building Codes Board Intergovernmental Agreement*.

— 2023, *NCC 2022 state and territory adoption dates*, viewed 3 October 2025, <<https://www.abcb.gov.au/ncc-2022-state-and-territory-adoption-dates>>.

— 2024a, *National Construction Code 2025 Public Comment Draft*, viewed 30 April 2025, <<https://consultation.abcb.gov.au/engagement/ncc-2025-public-comment-draft/>>.

— 2024b, *Prefabricated, modular and offsite construction*.

— 2025, *National Voluntary Certification Scheme for Manufacturers of Modern Methods of Construction*, Issues paper, July.

Abelson, P, Joyeux, R, Milunovich, G & Chung, D 2005, 'Explaining House Prices in Australia: 1970-2003', *Economic Record*, vol. 81, no. s1, pp. S96–S103.

ABS 2011, *Census of Population and Housing*.

— 2021, *Census of Population and Housing*.

— 2022, *Regional population*.

— 2023a, *Population Projections, Australia*, 3222.0.

— 2023b, *Producer price indexes, Australia*.

— 2023c, *Total value of dwellings*.

— 2024a, *Australia National Accounts: State Accounts, 2023-24 financial year*.

— 2024b, *Australian National Accounts: National income, expenditure and product, Australia, September quarter 2024*.

— 2024c, *Australian system of National Accounts, 2023-24 financial year*.

— 2024d, *Average weekly earnings, Australia, May 2024*.

— 2024e, *Consumer Price Index, Australia, September quarter 2024*.

— 2024f, *Innovation in Australian Business, 2022-23 financial year*.

— 2025a, *Average Weekly Earnings, Australia, November 2024*, 20 February.

— 2025b, *Building activity, Australia, March 2025*.

— 2025c, *Building approvals, Australia*.

— 2025d, *Counts of Australian Businesses, including Entries and Exits*.

— 2025e, *Engineering construction activity, Australia, March 2025*.

— 2025f, *Estimates of industry multifactor productivity, 2023-24 financial year*.

— 2025g, *Job vacancies, Australia, May 2025*.

— 2025h, *Labour account Australia, December 2024*.

— 2025i, *Labour force, Australia, December 2024*.

— 2025j, *Labour force, Australia, detailed, February 2025*.

— 2025k, *Labour force, Australia, detailed, May 2025*.

— 2025l, *National, state and territory population, March 2025*.

— 2025m, *Producer price indexes, Australia, March quarter 2025*.

ACCC 2008, *Report of the ACCC inquiry into the competitiveness of retail prices for standard groceries*.

— 2025, *Supermarkets inquiry*.

ACIL Allen 2022, *National Construction Code 2022: Decision Regulation Impact Statement for a proposal to increase residential building energy efficiency*, 25 August.

ACT Government 2025, *Setting a new standard for culture in construction*.

Adams, D 2022, *Australian businesses now delaying invoice payments by a week longer than six months ago, report says*.

Adams, P, Dixon, J & Horridge, M 2015, *The Victorian University Regional Model (VURM): technical documentation*, Centre of Policy Studies, Victorian University.

Advance Cairns 2025, *Advance Cairns 2025-26 Queensland Budget Submission*.

- Ahlfeldt, G & Pietrostefani, E 2019, 'The Economic Effects of Density: A Synthesis', *Journal of Urban Economics*, vol. 111.
- Ai Group 2016, *Ai Group submission - Queensland Parliament inquiry into the practices of the labour hire industry in Queensland*, 7 April.
- Alster, T 2024, 'How Israel turned homeowners into YIMBYs', *Works in Progress*.
- AMGC 2020, *New Prefab Innovation Hub to boost jobs and economy*, 31 July.
- Anagol, S, Ferreira, F & Rexer, J 2021, 'Estimating the economic value of zoning reform', *NBER Working Paper*.
- ASIC 2024, *Insolvency statistics*.
- Asquith, B, Mast, B & Reed, D 2019, 'Supply shock versus demand shock: The local effects of new housing in low-income areas', *Upjohn Institute Working Paper*.
- ATO n.d., *Foreign resident investments*, viewed 7 October 2025, <<https://www.ato.gov.au/individuals-and-families/investments-and-assets/foreign-resident-investments>>.
- Australian Constructors Association 2023a, *Nailing construction productivity*.
- 2023b, *Trust deficit - Why project bank accounts are a hammer in search of a nail*, October.
- Australian Federation of Employers and Industries 2018, *Submission to Safe Work Australia 2018 Review of the model WHS laws*, April.
- Australian Government 2006, *Rethinking Regulation: Report of the Taskforce on Reducing Regulatory Burdens on Business*.
- 2019, *Report of the Migrant Workers' Taskforce*, March.
- 2024a, *Infrastructure Australia Act 2018, C2024C00152 C09*.
- 2024b, *Intergovernmental Agreement on national competition policy*, November.
- 2025a, *Budget 2025–26*.
- 2025b, *Government Response to the Review of Security of Payment Laws*, March.
- 2025c, *Infrastructure Australia (Board)*.
- n.d., *Delivering the National Housing Accord*, viewed 20 March 2025, <<https://treasury.gov.au/policy-topics/housing/accord>>.
- Australian Small Business and Family Enterprise Ombudsman 2017, *Barriers to Investment: A study into factors impacting small to medium enterprise investment*, November.
- 2018, *Cascading deemed statutory trusts in the construction sector*, November.
- 2023, *Review of the implementation of the 1 July 2022 changes to the Commonwealth Procurement Rules*.
- Australian Treasury 2023, *Insights into foreign purchases and sales of residential real estate 2021–22*.
- 2024, *Federation Funding Agreement - Affordable Housing, Community Services and Other*, December.
- 2025a, *Australia's Foreign Investment Policy*, 14 March.
- 2025b, *Building Ministers' Meeting: Communiqué October 2025*, viewed 23 October 2025, <<https://treasury.gov.au/media-release/building-ministers-meeting-communique-october-2025>>.
- Bai, X, Blanco, H, Gurney, K, Kilgis, S, Lucon, O, Murakami, J, Pan, J, Sharifi, A & Yamagata, Y 2022, 'Urban systems and other settlements', in *IPCC, Climate Change 2022: Mitigation of Climate Change. Contribution of Working Group III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change*.
- Bakhtiari, S 2020, 'Trends in Market Concentration of Australian Industries', *The Australian Economic Review*, vol. 54, no. 1.
- Banks, G 2003, 'The good, the bad and the ugly: economic perspectives on regulation in Australia'.
- BCC 2025a, *Brisbane City Council Plan 2014 v33*.
- 2025b, *Brisbane City Council planning scheme*.
- BCQ 2023, *Efficient Regulation Report 2023*, viewed 23 December 2024, <<https://shop.businesschamberqld.com.au/product/efficient-regulation-report-2023/01tJ3000000MHKsIAO>>.
- Bertram, N, Fuchs, S, Mischke, J, Palter, R, Strube, G & Woetzel, J 2019, *Modular construction: From projects to products*, June, McKinsey & Company.
- Better Regulation Taskforce 2017, *Better Regulation Taskforce: Industry Review Report*, August, Queensland Small Business Advisory Council.
- Bicknell, T 2019, *New residential fire sprinkler requirements in NCC 2019*.
- BITRE 2016, *Lengthy commutes in Australia*.

- Boland, M 2018, *Review of the model Work Health and Safety laws*, Final Report, December.
- Bona, JM 2011, 'The Antitrust Implications of Licensed Occupations Choosing Their Own Exclusive Jurisdiction', p. 25.
- Bowman, J, Hambur, J & Markovski, N 2024, *Examining the macroeconomic costs of occupational entry regulations*, TRP24-25, NSW Treasury and Reserve Bank of Australia.
- BPEQ 2025, *Become a RPEQ*.
- Bratu, C, Harjunen, O & Saarimaa, T 2023, 'JUE insight: City-wide effects of new housing supply: Evidence from moving chains', *Journal of Urban Economics*, vol. 133.
- Building 4.0 CRC 2025, *Project 21: Regulatory Reform for Industrialised Construction*, Final report, 30 April.
- Building Commission NSW 2025, *Insurance cover for building work*.
- Building Industry Fairness Reforms Implementation and Evaluation Panel 2019, *Building Fairness: An Evaluation of Queensland's Building Industry Fairness Reforms*, March.
- Building Queensland 2017, *Cross River Rail business case*, August.
- 2021, *Building Queensland Final Report*.
- BuildSkills Australia 2024, *Labour Market Projections*.
- 2025a, *Housing workforce capacity study - Housing workforce data dashboard*.
- 2025b, *Minimum Australian Context Gap Training for Migrant Plumbers*.
- Built Offsite 2016, *Built Offsite*, 2.
- 2025, *NSW pattern book creates new entry point for prefab if suppliers engage early*, 18 July, viewed 21 July 2025, <<https://builtoffsite.com.au/news/nsw-pattern-book-creates-new-entry-point-for-prefab-if-suppliers-engage-early/>>.
- Burn-Murdoch, J 2024, 'What Texas can teach San Francisco and London about building houses', *Financial Times*.
- Business Queensland 2025, *Recognition of interstate or NZ gas licences*, Queensland Government.
- Callinan, R 2024, 'Moreton Bay development delayed after government drags out application approval over year', *ABC News*.
- Cavalleri, M, Cournede, B & Ozsogut, E 2019, *How responsive are housing markets in the OECD? National level estimates*, OECD.
- CBA 2025, *CBA backs prefabricated construction industry to boost housing supply*, 31 January.
- CCIQ 2017, *Red tape survey 2017*, viewed 22 February 2021, <<https://www.cciq.com.au/assets/Advocacy/Red-Tape/CCIQ-Red-Tape-Survey-2017-screen.pdf>>.
- CEDA 2022a, *Housing affordability and labour mobility*, Submission to the Employment White Paper.
- 2022b, *Skills recognition*, submission to the Employment White Paper.
- 2025a, *Size Matters: Why Construction Productivity is so Weak*.
- 2025b, *Towards a more seamless Australian economy*.
- CFMEU 2016, *Submission to the Finance and Administration Committee of the Queensland Parliament Inquiry into the practices of the labour hire industry in Queensland*.
- Chalmers, J 2024, *National agreement to revitalise competition – for consumers, businesses and our economy*, Australian Government.
- Christensen, MJ, Park, D & Ha Kwon, J 2025, *Non-FIDIC standard form construction contracts*, 12 August, Global Arbitration Review.
- CIE 2012, *Benefits of building regulation reform: From fragmentation to harmonisation*, Final Report, 4 December.
- 2021, *Proposal to include minimum accessibility standards for housing in the National Construction Code*, February.
- 2025, *Costs of Housing Regulation in Queensland*, 5 September.
- COAG 2007, *Best Practice Regulation: A guide for Ministerial Councils and National Standards Setting Bodies*, Council of Australian Governments.
- Coates, B 2025, 'Sydney remains ground zero for Australia's housing crisis', paper presented at Housing New! Conference, Sydney.
- Coates, B & Wiltshire, T 2024, *How migration could help fix the housing crisis*, Grattan Institute.
- Coglianese, C 2015, *Listening, Learning, Leading: A Framework for Regulatory Excellence*, University of Pennsylvania Law School.

- Compton, J & Pollak, R 2014, 'Family proximity, childcare and women's labour force attachment', *Journal of Urban Economics*, vol. 79.
- Construction Industry Culture Taskforce 2025, *A Culture Standard for the Construction Industry*.
- Council of Australian Governments National Licensing Steering Committee 2013, *Decision regulatory impact statement - Proposal for national licensing of the property occupations*.
- Cox, C & Foster, S 1990, *The Costs and Benefits of Occupational Regulation*, Federal Trade Commission.
- Cox, J 2025, *Addressing Australia's productivity problem: CORE blueprint to unshackle productivity*, Analysis Paper, 85, August, The Centre for Independent Studies, Level 1, 131 Macquarie St, Sydney NSW 2000.
- Crisafulli, D 2024, *Governor's opening speech*, Record of Proceedings (Hansard), Queensland Parliament, 27 November 2024.
- 2025, *\$2 billion Residential Activation Fund to unlock thousands of new homes across Queensland*, Media Statement, Queensland Government.
- Crook, D & Tessler, A 2021, *The cost of doing nothing*, May, BIS Oxford Economics.
- CSQ 2024a, *CSQ Industry Outlook 2024-25*.
- 2024b, *CSQ training plan 2024-25*.
- 2025a, *Apprentice Chartpack: QLD Snapshot*.
- 2025b, *Building and Construction Industry Training Fund (QLD) - Financial Statements for the Year ended 20 June 2025*.
- 2025c, *CSQ FAQs About Us*.
- 2025d, *CSQ Horizon 2032: Imagining Queensland's construction workforce*.
- Curtin Business School & Hames Sharley 2013, *The housing we'd choose: A study for Perth and Peel*, Commissioned by the WA Departments of Housing and Planning.
- Daley, J, Coates, B, Wiltshire, T, & Grattan Institute 2018, *Housing affordability: re-imagining the Australian dream*, viewed 13 November 2019, <<https://grattan.edu.au/report/housing-affordability-re-imagining-the-australian-dream>>.
- D'Amico, L, Glaeser, E, Gyourko, J & Kerr, W 2023, *Why Has Construction Productivity Stagnated? The Role of Land-Use Regulation*, Working paper, 33188, NBER.
- Davidson, G, Phibbs, P, Legacy, C, Liu, E, Han, H, Nouwelant, R, Darcy, M & Piracha, A 2013, *Understanding and addressing community opposition to affordable housing development*, AHURI.
- Davis, SJ 2019, *Rising Policy Uncertainty*, Working Paper, 26243, September, NBER working paper series, National Bureau of Economic Research.
- DCCEEW 2023, *National greenhouse gas inventory quarterly update: September 2022*.
- DCHDE 2021, *Social Housing Design Guideline*.
- De Gruyter, C, Hooper, P & Foster, S 2023, 'Do apartment residents have enough car parking? An empirical assessment of car parking adequacy in Australian cities', *Journal of Transport Geography*, vol. 107.
- Deloitte 2022, *Safer, healthier, wealthier: The economic value of reducing work-related injuries and illnesses*, October, Commissioned by Safe Work Australia.
- Deloitte Access Economics 2016, *Analysis of security of payment reform for the building and construction industry: Prepared for the Queensland Department of Housing and Public Works*, 8 November.
- 2024, *Investment Monitor June 2024*.
- Department of Planning, Lands and Heritage (WA) 2024, *Residential Design Codes Volume 1*.
- Department of Transport and Planning (Vic) 2025a, *Single home code*.
- 2025b, *Small second homes*, viewed 16 October 2025, <<https://www.planning.vic.gov.au/guides-and-resources/strategies-and-initiatives/small-second-dwellings>>.
- Deringer, H, Erixon, F, Lamprecht, P & van der Marel, E 2018, *The Economic Impact of Local Content Requirements: A Case Study of Heavy Vehicles*, p. 11.
- DEWR 2023a, *National labour hire regulation: Towards a single national scheme*.
- 2023b, *Previous Incentives*.
- 2024a, *A new approach to VET qualification design*.
- 2024b, *Mutual recognition*.
- 2024c, *Skills for tomorrow: Shaping the future of the Australian apprenticeship: Strategic Review of the Australian Apprenticeship Incentive System 2024 Final Report*, Department of Employment and Workplace Relations.

- DHA 2024, *BP0068 Migration Program, Expert Panel (Family) and Child Outcomes, 2014-15 to 2023-24*.
- 2025, *Migration Program planning levels*.
- DHLGPPW 2024, *Distinctly Queensland Design Series*.
- 2025, *State Facilitated Development database*.
- DHPW 2025a, *Building Reg Reno*.
- 2025b, *Minimum financial requirements*.
- 2025c, *Procurement compliance: audit, complaints and investigation*.
- 2025d, *Queensland Housing Code*.
- Dick, C 2020, *Queensland to retain veto on automatic mutual recognition*.
- DJAG 2023, *IAS exemption - Property agents mandatory continuing professional development for property agents in Queensland - Decision regulatory impact statement*.
- Dolezal, G 2023, 'NCC 2022 Changes Explained', *Timber Trader News*, 2 June, viewed 29 April 2025, <<https://www.timbertradernews.com/2023/06/02/ncc-2022-changes-explained/>>.
- Douglas, S 2024, *Submission to Senate Economics References Committee in regards to the inquiry on financial regulatory framework and home ownership*, Submission, 26 September, SMATS Group.
- DPC 2024, *Public interest map policy*.
- DSDILGP 2017, *Community engagement toolkit for planning*.
- 2021a, *Cost benefit analysis guide*.
- 2021b, *Planning framework snapshot report: 2019-20 financial year*, Queensland Government.
- 2022, *Land supply and development monitoring report*, Queensland Government.
- DSDIP 2022, *Local planning schemes*, viewed 24 September 2025, <https://www.planning.qld.gov.au/planning-framework/plan-making/local-planning/local-planning-schemes?SQ_VARIATION_52105=0>.
- 2024, *Infrastructure Productivity and Workforce: Action Plan*, July.
- 2025a, *Coordinator-General*, viewed 1 July 2025, <<https://www.statedevelopment.qld.gov.au/coordinator-general>>.
- 2025b, *State Development Assessment Provisions*, viewed 17 October 2025, <<https://www.planning.qld.gov.au/planning-framework/state-assessment-and-referral-agency/state-development-assessment-provisions-sdap>>.
- DTET 2025, *Travel and Accommodation Allowance: Policy Statement and Guidelines*, March.
- Duranton, G & Puga, D 2020, 'The economics of urban density', *Journal of Economic Perspectives*, vol. 34, no. 3.
- EDQ 2015, *Accessible Housing: PDA guideline no. 02*, Department of Infrastructure, Local Government and Planning.
- Energy Queensland 2020, *Energy Queensland Union Collective Agreement 2020*.
- 2024, *Energy Queensland Union Collective Agreement 2024*.
- European Investment Bank 2016, *Breaking Down Investment Barriers at Ground Level: Case studies and other evidence related to investment barriers under the third pillar of the Investment Plan for Europe*, 29 November.
- Evans-Greenwood, P, Hillard, R & Williams, P 2019, *Digitalizing the construction industry: A case study in complex disruption*, 26 February, Deloitte Insights.
- EY 2022, *Assessing the effectiveness of Queensland's minimum financial requirements for building practitioners - Final report for Master Builders Queensland*, April.
- 2025, *The performance and efficacy of Queensland's trust account framework - Report for Master Builders Queensland*, 4 July.
- Falta, M & Gallery, N 2011, 'Unintended consequences of regulatory reporting requirements for small and medium size construction entities: Australian evidence', *Construction Management and Economics*, vol. 29, no. 11, pp. 1121–35.
- Farmer, D 2020, *Media Statement: New beds to come online at Brisbane Youth Detention Centre*.
- Federal Financial Relations 2024, *National labour hire scheme – project office*.
- Forsyth, A 2019, 'Regulating Australia's "Gangmasters" through Labour Hire Licensing', *Federal Law Review*, vol. 47, no. 3, pp. 469–493.

- Francis, C 2024, 'Foreign buyer taxes have domino effect on rentals, property development', *Australian Property Investor*.
- Fulton, W 2020, 'The "Z" Word', *Planning Magazine*.
- Gali, J & Taplin, B 2012, *The macroeconomic effects of lower capital inflow*, Australian Treasury.
- Gallagher, R, Sigler, T & Liu, Y 2020a, "'Protect the Brisbane backyard!' (Except from subdivision for additional house construction)", *Australian Planner*, pp. 1–12.
- 2020b, 'Targeted urban consolidation or ad hoc redevelopment? The influence of cadastral structure and change on the urban form of Brisbane, Australia', *Urban Geography*, vol. 41, no. 2, pp. 183–204.
- 2023, 'Character contradiction: the exclusionary nature of preservationist planning restrictions', *Urban Studies*.
- Gallagher, R, Sigler, T, Wyeth, S & Liu, T 2025, 'Building to the lowest common denominator: How uncertainty of approval, cost and delays discourage housing diversity in infill development projects', *Cities*, vol. 165.
- Games Independent Infrastructure Coordination Authority 2025, *100 Day Review of Brisbane 2032 Olympic and Paralympic Games Infrastructure*.
- Garcia, D & Molloy, R 2023, *Can measurement error explain slow productivity growth in construction?*, 2023–052, Finance and Economics Discussion Series, Washington: Board of Governors of the Federal Reserve System.
- Garvin, N 2023, *The effect of housing supply on prices: Expectations versus reality*, e61 Institute.
- Gauder, M, Houssard, C & Orsmond, D 2014, *Foreign investment in residential real estate*, RBA.
- Geck, M & Mackay, S 2018, *Housing in Queensland: Affordability and preferences*, staff research paper, QPC.
- Gilbert & Tobin 2023, *Build-to-Rent - Financing considerations*.
- Girouard, N, Kennedy, M, van den Noord, P & Andre, C 2006, *Recent House Price Developments: The Role of Fundamentals*, OECD Economics Department Working Papers, 475.
- Glaeser, E & Gyourko, J 2018, 'The Economic Implications of Housing Supply', *Journal of Economic Perspectives*, vol. 32, no. 1, pp. 3–30.
- Goodrum, P, Haas, C & Glover, R 2002, 'The divergence in aggregate and activity estimates of US construction productivity', *Construction Management and Economics*, vol. 20, no. 5, pp. 415–423.
- Goolsbee, A & Syverson, C 2023, *The strange and awful path of productivity in the U.S. construction sector*, Working Paper, 30845, NBER.
- Greenaway-McGrevy, R 2023a, *Can zoning reform reduce housing costs? Evidence from rents in Auckland*, Working Paper, 016, May, Economic Policy Centre, The University of Auckland Business School.
- 2023b, *The impact of upzoning on housing construction in Auckland: Update and extended results*, Working paper, 015, Economic Policy Centre, The University of Auckland Business School.
- Greenaway-McGrevy, R & Jones, A 2023, *Can zoning reform change urban development patterns? Evidence from Auckland*, Economic Policy Centre, The University of Auckland Business School.
- Greenaway-McGrevy, R & Phillips, P 2022, *The impact of upzoning on housing construction in Auckland*, Cowles Foundation Discussion Paper, Cowles Foundation.
- Greenaway-McGrevy, R & Phillips, P 2023, 'The Impact of Upzoning on Housing Construction in Auckland', *Journal of Urban Economics*, vol. forthcoming.
- Greiner, N, McCluskey, S & Stewart-Weeks, M 2017, *Independent Review of the NSW Regulatory Policy Framework final report*, final report, August.
- Guest, R & Rohde, N 2017, 'The Contribution of Foreign Real Estate Investment to Housing Price Growth in Australian Capital Cities', *Abacus*, vol. 53, no. 3.
- Gurran, N, Gilbert, C, Gibb, K, van den Nouwelant, R, James, A & Phibbs, P 2018, 'Supporting affordable housing supply: inclusionary planning in new and renewing communities', *AHURI Final Report*, no. 297, viewed 13 November 2019, <<https://www.ahuri.edu.au/research/final-reports/297>>.
- Gurran, N, Hulse, K, Dodson, J, Pill, M, Dowling, R, Reynolds, M & Maalsen, S 2021, *Urban productivity and affordable rental housing supply in Australian cities and regions*, AHURI.
- Gurran, N & Phibbs, P 2016, 'Boulevard of Broken Dreams': Planning, Housing Supply and Affordability in Urban Australia', *Built Environment*, vol. 42, no. 1, pp. 55–71.

- Gurran, N, Phibbs, P, Gilbert, C, Bramley, G & Austin, T 2012, *Quantifying planning system performance and Australia's housing reform agenda: an Investigative Panel*, AHURI.
- Haarhoff, E, Beattie, L & Dupuis, A 2016, 'Does high density housing enhance liveability? Case studies of housing intensification in Auckland', *Cogent Social Sciences*, vol. 2.
- Hall, J 2025, 'Qld's property tax change offers foreign investor relief', *Australian Financial Review*.
- Hambur, J 2021, *Product market power and its implications for the Australian economy, 2021–03*, Australian Treasury.
- Hamilton, C & Kellett, J 2017, 'Cost comparison of infrastructure on greenfield and infill sites', *Urban Policy and Research*.
- Hamilton, E 2021, 'Inclusionary zoning and housing market outcomes', *Cityscape*, vol. 23, no. 1.
- Harper, I, Anderson, P, McCluskey, S & O'Bryan, M 2015, *Competition Policy Review*, final report, March, Australian Government.
- Henderson, D & Ginger, J 2008, 'Role of building codes and construction standards in windstorm disaster mitigation', *The Australian Journal of Emergency Management*, vol. 23, no. 2.
- Henry, K, Australia, Treasury, & Australia's Future Tax System Review Panel 2010, *Australia's future tax system: report to the Treasurer: Consolidated Report*, Australia's Future Tax System Review Panel: The Treasury, Canberra.
- HIA 2017, *Submission on Regulation of the Labour Hire Industry 2016 Issues Paper*, 3 February.
- 2019, *Submission to the Department of Housing and Public Works: Proposed amendments to the Building Industry Fairness (Security of Payment) Act 2017 (BIF Act) & Queensland Building and Construction Commission Act 1991 (QBCC Act)*, Submission, 19 December.
- 2022a, *Housing Australians: Queensland Home Warranty Scheme Review Submission*, Submission, 6 May.
- 2022b, *Regulatory barriers associated with prefabricated and modular construction*, Final Report.
- 2024a, *All hands on deck: HIA's plan to build the workforce to house all Australians*, October.
- 2024b, *BPICs announcement will help to build more homes in Queensland*.
- 2024d, *Submission on the Productivity Commission's research project*.
- Hilber, C & Rober-Nicoud, F 2013, 'On the origins of land use regulations: Theory and evidence from US metro areas', *Journal of Urban Economics*, vol. 75, no. 1.
- Hsieh, C & Moretti, E 2019, 'Housing constraints and spatial misallocation', *American Economics Journal: Macroeconomics*, vol. 11, no. 2.
- Hsu, Y, Hawken, S, Seapasgozar, S & Lin, Z 2022, 'Beyond the backyard: GIS analysis of public greenspace accessibility in Australian metropolitan areas', *Sustainability*, vol. 14, no. 8.
- Husic, E 2024, *Media release: Investor roundtable to help unlock investment in national priorities*, 22 November, Minister for Industry and Science.
- IMF 2025, 'Improving the Efficiency of Public Investment in Infrastructure in Belgium', vol. 2025, no. 70.
- Independent Commission Against Corruption South Australia 2024, *Buying Trust - Corruption risks in public sector procurement*.
- Industry Commission 1995, *Work, Health Safety: An Inquiry into Occupational Health and Safety*, Report, 47.
- Infrastructure Australia 2012, *Infrastructure Planning and Delivery: Best Practice Case Studies Volume 2*, February.
- 2017, *Project Evaluation Summary: Cross River Rail*, 19 July, viewed 19 February 2025, <<https://www.infrastructureaustralia.gov.au/sites/default/files/2019-06/20170727-Cross-River-Rail-Summary.pdf>>.
- 2018, *Infrastructure Decision-making Principles*.
- 2021, *Reforms to meet Australia's future infrastructure needs: 2021 Australian infrastructure plan*, August.
- 2024a, *Annual Performance Statement*.
- 2024b, *Infrastructure market capacity 2024 report*.
- n.d., *What we do*.
- Infrastructure Charges Taskforce 2011, *Recommended reform of local government development infrastructure charging arrangements*, Final report.

- Infrastructure NSW 2024, *Infrastructure Investor Assurance Framework*.
- 2025a, *Infrastructure NSW Expert Advice*.
- 2025b, *NSW Infrastructure Pipeline*.
- n.d., *Infrastructure NSW Board*.
- Infrastructure Victoria 2019, *Infrastructure provision in different development settings: Metropolitan Melbourne volume 2 technical appendix*.
- 2023, *Our home choices: How more housing options can make better use of Victoria's infrastructure*.
- n.d., *About Us - Infrastructure Victoria*.
- International Transport Forum 2021, *Developing Strategic Approaches to Infrastructure Planning*, ITF Research Reports, OECD Publishing, Paris.
- Jobs and Skills Australia 2024a, *Occupation shortage list*.
- 2024b, *VET Workforce Study*, October.
- 2025, *Occupation and industry profiles*.
- Johnston, N & Reid, S 2019, 'An Examination of Building Defects in Residential Multi-owned Properties'.
- Joint Committee on Human Rights 2017, *Human Rights and Business 2017: Promoting responsibility and ensuring accountability*, UK House of Lords and House of Commons.
- Kelly, J & Mares, P 2013, *Productive cities: Opportunity in a changing economy*, Grattan Institute.
- Kelly, J, Weidmann, B & Walsh, M 2011, *The housing we'd choose*, Grattan Institute.
- Kendall, R & Tulip, P 2018, *The Effect of Zoning on Housing Prices*, Reserve Bank of Australia.
- Kleiner, MM 2006, *Licensing Occupations: Ensuring Quality or Restricting Competition?*, W.E. Upjohn Institute for Employment Research, Kalamazoo, Michigan.
- Kleiner, MM & Soltas, EJ 2019, *A Welfare Analysis of Occupational Licensing in U.S. States*, working paper no. 26383, National Bureau of Economic Research, USA.
- Klok Advisory 2025, *Queensland Government Capacity Expansion Program Independent Review Report*, April.
- KPMG 2025, *Bridging the housing gap: Strategies for enabling affordable housing development*.
- Lambers, R, Lamari, F, Skitmore, M & Rajendra, D 2024, 'Key residential construction defects: a framework for their identification and correlated causes', *Construction Innovation*, vol. 24, no. 6, pp. 1425–1459.
- Li, F & Guo, Z 2021, 'How does an expansion of mandatory inclusionary housing affect housing supply?', *Journal of the American Planning Association*, vol. 88, no. 1.
- Lia, D 2022, 'Will NCC 2022 Worsen Housing affordability?', *Sourceable*, 20 October, viewed 9 May 2025, <<https://sourceable.net/will-ncc-2022-worsen-housing-affordability/>>.
- Lingard, H, Nette, A, Harley, J, Pirzadeh, P, Clarke, J, Yazidjoglou, A, Strazdins, L & Sargent, GM 2021, *Triple wins: Work hour cultures for health, safety and gender equality in construction*, RMIT University.
- Lingard, H, Turner, M, Pirzadeh, P, Clarke, J, Chan, K, Sun, Y, Strazdins, L, LaBond, C, Galea, N & Wilson, A 2025, *Culture in Construction: Final Report*, RMIT University.
- Liu, B 2025, "'Cheaper, easier, faster" the clarion call for rolling back housing standards - as Queensland mulls following the trend', *The Fifth Estate*, 30 January.
- Longbottom, J, Robinson, L, Schneiders, B, Welch, D & Chwasta, M 2025, 'Hundreds of homes for people with disability sit empty at expense of NDIS participants and investors', *ABC News*, 25 August, viewed 25 September 2025, <<https://www.abc.net.au/news/2025-08-25/specialist-disability-accommodation-sda-empty-homes-four-corners/105685946>>.
- Ludlow, M 2023, 'Growing pains set to worsen as Games near', *AFR*.
- MacLennan, D, Long, J, Pawson, H, Randolph, B, Aminpour, F & Leishman, C 2021, *Housing: Taming the elephant in the economy*, A report to the Housing and Productivity Research Consortium.
- Maheen, H, Taouk, Y, LaMontagne, A, Spittal, M & King, T 2022, 'Suicide trends among Australian construction workers during 2001-2019', *Scientific Reports*, vol. 12.
- Maltman, M 2024, 'Can zoning reform increase construction productivity? Suggestive evidence from New Zealand.', *One Final Effort*, 14 September.
- 2025a, *The Federal Government may need to look beyond freezing the National Construction Code to improve construction productivity*, September.
- 2025b, 'Zoning Reform and Construction Sector Productivity', *SSRN Electronic Journal*.

- Maltman, M & Greenaway-McGrevy, R 2024, *Going it alone: The impact of upzoning on housing construction in Lower Hutt*, Economic Policy Centre.
- Mandel, M & Carew, DG 2013, 'Regulatory Improvement Commission: A Politically-Viable Approach to U.S. Regulatory Reform', p. 24.
- Manins, P, Cope, M, Hurley, P, Newton, P, Smith, N & Marquez, L 2008, *The impact of urban development on air quality and energy use*, CSIRO.
- Marcelo, D, Mandri-Perrott, C, House, S & Schwartz, J 2016, *An Alternative Approach to Project Selection: The Infrastructure Prioritization Framework*, Working paper of the World Bank Public-Private Partnership Group.
- Martin, A 2023, 'Houston, we have a solution', *Works in Progress*.
- MBA 2024a, *The cost of letting productivity slip*.
- 2024b, *The Future of the Workforce: Apprentices in building and construction*.
- MBQ 2017a, *Building Industry Fairness (Security of Payment) Bill 2017- submission to Public Works and Utilities Committee*, Submission, 7 September.
- 2017b, *Regulation of the labour hire industry 2016*, 7 February.
- 2017c, *WHSQ Best Practice Review Discussion Paper: Master Builders Queensland Submission*.
- 2022, *Submission: Home Warranty Scheme Review*, Submission, 10 May.
- 2024, *Industry busting BPIC myths as election countdown continues*.
- 2025a, *Gold-medal-standard productivity vital for Games legacy*, 25 March.
- 2025b, *Queensland Government Procurement - Master Builders Position Paper*.
- McIlroy, T & Commins, P 2025, 'Rapid overhaul of Australia's environment laws among flurry of pledges from productivity roundtable', *The Guardian*, 21 August, viewed 28 September 2025, <<https://www.theguardian.com/australia-news/2025/aug/21/key-outcomes-economic-reform-roundtable-australia>>.
- McKenna, K 2025, 'Queensland construction industry needs thousands of workers for 2032 Olympic and Paralympic Games', *ABC News*, 27 March.
- McKinsey Global Institute 2017, *Reinventing construction: a route to higher productivity*.
- Metcalf, G 2018, *Sand castles before the tide? The affordable housing in expensive cities*, *Journal of Economic Perspectives*.
- Migration Queensland n.d., *2024–25 State nominated migration program allocation*.
- n.d., *Building and construction workers*.
- n.d., *Skilled visa options*, viewed 10 October 2025c, <<https://www.migration.qld.gov.au/visa-options/skilled-visas>>.
- Mukhija, V, Das, A, Regus, L & Tay, S 2015, 'The tradeoffs of inclusionary zoning: What do we know and what do we need to know?', *Planning Practice & research*, vol. 30, no. 2.
- Murphy, C 2016, *Efficiency of the tax system: a marginal excess burden analysis*, Working paper, Australian National University, Crawford School of Public policy.
- NAB 2024, *NAB quarterly Australian residential property survey Q4 2023*.
- Naidu, R & Frazer, K 2024, *Glossary of VET*, NCVER, Adelaide.
- Nall, C, Elmendorf, C & Oklobdzija, S 2022, 'Folk economics and the persistence of political opposition to new housing'.
- Nassios, J, Madden, J, Giesecke, J, Dixon, J, Tran, N, Dixon, P, Rimmer, M, Adams, P & Freebairn, J 2019, *The Economic Impact and Efficiency of State and Federal Taxes in Australia*, CoPS Working Paper, G-289, April, Victoria University.
- National Construction Industry Forum 2025, *Blueprint for the future: A building and construction industry that works for everyone*.
- National Painting and Decorating Institute 2018, *Submission to Easy and transparent trading consultation paper*.
- NCVER 2025a, *Apprentice and trainee outcomes 2024: completer outcomes by occupation*.
- 2025b, *Apprentices and trainees 2024 - December quarter*.
- New Zealand Government 2022a, *National Policy Statement on Urban Development 2020*.
- 2022b, *New Zealand Infrastructure Commission/Te Waihangā Act 2019*.

- New Zealand Infrastructure Commission Te Waihangā 2022, *Economic performance of New Zealand's construction industry*, Te Waihangā Research Insights series.
- n.d., *Our team - New Zealand Infrastructure Commission*.
- New Zealand Ministry of Business, Innovation & Employment 2025, *Registration approved for New Zealand's first standalone private sector building consent authority*, New Zealand Government.
- New Zealand PC 2012, *Housing affordability inquiry*.
- 2014, *Regulatory institutions and practices*, June.
- 2017, *Better urban planning*.
- Newton, P, Newman, P, Glackin, S & Thomson, G 2022, *Greening the greyfields: New models for regenerating suburbs of low-density cities*.
- NHFIC 2022, *State of the nation's housing 2021-22*, Australian Government.
- NSW Government 2023a, *Infrastructure NSW Act 2011*.
- 2023b, *Transport orientated development SEPP*.
- 2024a, *Building work*.
- 2024b, *Environmental Planning and Assessment (Statement of Expectations) Order 2024*.
- 2024c, *Transport orientated development*.
- 2025a, *Artificial intelligence in NSW Planning*.
- 2025b, *Council league table*, NSW Government, viewed 7 March 2025, <<https://www.planning.nsw.gov.au/policy-and-legislation/housing/faster-assessments-program/council-league-table>>.
- 2025c, *Financial incentives for councils*.
- 2025d, *Housing targets*, Department of Planning, Housing and Infrastructure.
- 2025e, *Secondary dwellings: Housing SEPP*, viewed 29 September 2025, <<https://www.planning.nsw.gov.au/policy-and-legislation/housing/housing-sepp/secondary-dwellings>>.
- 2025f, *The Codes SEPP: Housing Code*, NSW Planning Portal, viewed 29 September 2025, <<https://www.planningportal.nsw.gov.au/development-assessment/codes-sepp/housing-code>>.
- NSW ICAC 2024a, *Inquiry into procurement practices of government agencies in New South Wales and its impact on the social development of the people of New South Wales*.
- 2024b, *Risk management*.
- NSW PC 2021, *White Paper 2021, Rebooting the economy*.
- 2022, *New thinking on continuing professional development*.
- 2023, *Building more homes where infrastructure costs less*, Research report.
- 2024, *What we gain by building more homes in the right places*.
- Nwadike, AN & Wilkinson, S 2021, 'Building code amendment and building resilience: perspective of building code users in New Zealand', *Built Environment Project and Asset Management*, vol. 11, no. 4, pp. 643–659.
- Nygaard, C, Parkinson, S & Reynolds, M 2021, *Agglomeration effects and housing market dynamics*, AHURI.
- OBPR 2023, *Best practice regulation guidance note: Value of statistical life*, Australian Government.
- O'Connor, S & Wilson, J 2025, *Joint Media Release: Cool relief on the way for Queensland social housing tenants*.
- OECD 1997, *The OECD Report on Regulatory Reform: Synthesis*, Paris.
- 2008, *OECD Guiding Principles for Regulatory Quality and Performance*, OECD Publishing, Paris.
- 2011, *Regulatory Policy and Governance: Supporting Economic Growth and Serving the Public Interest*.
- 2014, *The Governance of regulators*, OECD Publishing, Paris, viewed 25 March 2021, <<https://www.oecd-ilibrary.org/docserver/9789264209015-4-en.pdf?expires=1616651662&id=id&accname=guest&checksum=A7232ACAFCE0BBB01350F12270EE0A62>>.
- 2015, *Policy Framework for Investment 2015 Edition*, OECD Publishing, Paris.
- 2019, *Local content requirements*, February, OECD Trade Policy Brief, OECD Publishing, Paris.
- 2020, *Transport Bridging Divides*, OECD Urban Studies.

-
- 2021, *OECD Regulatory Policy Outlook 2021*, viewed 26 October 2021, <https://www.oecd-ilibrary.org/governance/oecd-regulatory-policy-outlook-2021_38b0fdb1-en>.
- 2025, *Productivity by industry*, 2023.
- Office of Fair Trading 2025, *Continuing professional development for the property industry*.
- Office of Impact Analysis 2024, *Regulatory Burden Measurement Framework*, Department of Prime Minister and Cabinet, Canberra.
- Office of Regulation Review 1998, *A Guide to Regulation (second edition)*, December.
- Office of the Victorian Government Architect 2023, *Program alliance case study*, viewed 17 September 2025, <<https://www.ovga.vic.gov.au/program-alliance-case-study>>.
- OIR 2017, *Labour Hire Licensing Scheme Decision Regulatory Impact Statement*.
- 2018, *Compliance Monitoring and Enforcement Policy*, December.
- 2022, *Key work health and safety statistics Queensland 2022*, Queensland Government.
- 2023, *It's about time: Fifth anniversary report of Queensland's labour hire licensing scheme*.
- 2025, *Building and construction Code of Practice 2000*, Queensland Government.
- O'Neill, C & Watt, M 2025, *Joint media release: Action on red tape and approvals to build more homes, more quickly*.
- ONS 2021, *An investigation into productivity growth and its drivers for the UK construction industry*, UK Government.
- OQPC 2025a, *Planning Act 2016 (QLD)*, Office of the Queensland Parliamentary Counsel.
- 2025b, *Planning Regulation 2017 (QLD)*, Office of the Queensland Parliamentary Counsel.
- Paris, T 2025, 'Steaks and Stalemates: Onsite Culture Wars Drag Down Productivity', *The Urban Developer*.
- Parliament of Victoria 2025, *Building Legislation Amendment (Buyer Protections) Bill 2025*.
- Pawson, H 2024, 'The housing crisis hit Queensland hard. Jolted into action, the state has raised its game', *The Conversation*, 3 June.
- PC 2000, *Review of legislation regulating the architectural profession*, 13.
- 2004, *First Home Ownership*.
- 2006, *Conservation of Australia's Historic Heritage Places*, inquiry report no. 37, April, Canberra.
- 2011a, *Economic Structure and Performance of the Australian Retail Industry*, 56, 4 November.
- 2011b, *Identifying and evaluating regulation reforms*, research report, December, Canberra.
- 2011c, *Performance benchmarking of Australian business regulation: planning, zoning and development assessments*, research report, May, Productivity Commission.
- 2013, *Regulator engagement with small business: Productivity Commission research report*.
- 2014, *Public infrastructure*, 71.
- 2015, *Workplace Relations Framework*.
- 2017a, *Shifting the dial: 5 year productivity review*, inquiry report no. 84, August, Canberra.
- 2017b, *Shifting the dial: 5 year productivity review: Realising the productive potential of land*, Supporting paper no. 10.
- 2020a, *Foreign investment in Australia*, Research paper, Canberra.
- 2020b, *National Agreement for Skills and Workforce Development Review*, December.
- 2020c, *Regulatory Technology - Information Paper*, viewed 4 February 2021, <<https://www.pc.gov.au/research/completed/regulatory-technology>>.
- 2022, *In need of repair: The National Housing and Homelessness Agreement*, Study report.
- 2023a, *5-year Productivity Inquiry: A more productive labour market*.
- 2023b, *5-year Productivity Inquiry: Australia's data and digital dividend Vol. 4*, Inquiry Report, 100, 7 February, Canberra.
- 2023c, *Advancing Prosperity: From Learning to Growth*.
- 2023d, *Towards Levyathan? Industry levies in Australia*.
- 2024a, *National Competition Policy: modelling proposed reforms*, 1 November.
-

-
- 2024b, *Trade and Assistance Review 2022-23*.
- 2025a, *Building a skilled and adaptable workforce*.
- 2025b, *Housing Construction Productivity: Can We Fix It?*, Research paper, Productivity Commission, Canberra.
- 2025c, *National Competition Policy analysis 2025*, Request for advice, March.
- 2025d, *National Competition Policy analysis 2025 - Interim report*, July.
- PCA 2017, *Cutting the Costs: Streamlining state agency approvals*, Sydney.
- 2024a, *Queensland pauses BPIC to boost construction productivity*.
- 2024b, *Time for a fair go: How un-Australian taxes are hurting Queenslanders*.
- 2025a, *Measuring the economic impact of Victoria's foreign purchaser additional duty and absentee owner surcharge*, January.
- 2025b, *Smarter Incentives, More Homes*, March.
- Perinotto, T 2024, 'Architects and property owners speak up on Dutton's plan to freeze the National Construction Code', *The Fifth Estate*, 30 October.
- PlanGrid & FMI 2018, *Construction disconnected: Rethinking the management of project data and mobile collaboration to reduce costs and improve schedules*.
- Pollack, M 2024, *Business Risk Index - Tough start to 2025 ahead for Australian businesses; sector outlook worst for hospitality*.
- prefabAUS n.d., *Australia's Smart Building Revolution: A Prefabrication Industry Roadmap 2023-2033*.
- PWC, (PricewaterhouseCoopers) & Sense Partners 2021, *Cost-Benefit Analysis of proposed Medium Density Residential Standards*.
- QBCC 2018, *Adjudicator Referral Policy*, November.
- 2021a, *All other trade licences*.
- 2021b, *Commercial payment dispute*.
- 2021c, *Domestic Building Contracts: General Information for Owners and Contractors*, March.
- 2021d, *Trust accounts*.
- 2021e, *What are minimum financial requirements?*
- 2021f, *When you need a licence*.
- 2022, *Technical qualifications for licensing*, V9.
- 2024a, *Exclusion due to insolvency*.
- 2024b, *Occupational plumber and/or drainer*.
- 2024c, *What's changed in the BIFOLA Act?*
- 2025a, *How is the QBCC improving the customer experience for licensees?*, viewed 23 September 2025, <<https://www.qbcc.qld.gov.au/news/how-qbcc-improving-customer-experience-licensees>>.
- 2025b, *Important update: Changes to Queensland Home Warranty Scheme correspondence*, viewed 23 September 2025, <<https://www.qbcc.qld.gov.au/news/important-update-changes-queensland-home-warranty-scheme-correspondence>>.
- 2025c, *New hub helps owners get it right from the start*.
- 2025d, *QBCC Strategic Plan 2023-2027 (revised for 2025-26)*.
- 2025e, *Trustee Guide: Project Trusts*, April.
- 2025f, *Trustee guide: Retention trusts*, April.
- QCA 2015, *Industry Assistance in Queensland*, final report, Volume 1, July.
- QGSO 2023, *Queensland Government population projections*.
- Qiao, Y, Fricker, JD & Labi, S 2019, 'Effects of bundling policy on project cost under market uncertainty: A comparison across different highway project types', *Transportation Research Part A: Policy and Practice*, vol. 130, pp. 606–625.
- QMCA 2024, *Unshackling Queensland's Infrastructure Potential: Enabling productivity, innovation and vision*, September.
- QPC 2021, *Improving regulation*, Research Paper, March.
- QRO 2024a, *Land tax threshold and rates for foreign companies and trusts*, viewed 14 October 2025, <<https://qro.qld.gov.au/land-tax/calculate/foreign-company-trust/>>.
- 2024b, *Types of foreign persons for additional foreign acquirer duty*, 27 September.
- 2025a, *Apprentice and trainee rebate for payroll tax*.
- 2025b, *Assessing and calculating additional foreign acquirer duty*, viewed 14 October 2025, <<https://qro.qld.gov.au/duties/investors/afad/assessing/>>.
-

- Queensland Economic Advisory Solutions 2024, *Economic analysis of the impact of the CFMEU Queensland EBA on Queensland apartment construction prices*.
- Queensland Government 2016, *Queensland Budget 2016-17: Budget Speech*, Budget Paper, 1, 14 June.
- 2017, *State Planning Policy*, July, viewed 20 December 2019, <<https://dsdmipprd.blob.core.windows.net/general/spp-july-2017.pdf>>.
- 2019a, *Building Queensland Act 2015*.
- 2019b, *Local benefits test*, March.
- 2019c, *Mechanical services regulation - Decision regulatory impact statement*.
- 2021, *Cost benefit analysis guide: Business case development framework*, Release 3, 2021, Department of State Development, Infrastructure and Planning.
- 2022, *SARA Key Performance Indicators and Customer Satisfaction Survey Report 2021-2022*, Department of State Development, Infrastructure, Local Government and Planning.
- 2023a, *Queensland Government Building Policy Guideline*, November, Department of Energy and Public Works.
- 2023b, *Shaping SEQ: South East Queensland regional plan 2023*, Department of State Development, Infrastructure, Local Government and Planning.
- 2023c, *Supplier Code of Conduct 2023*.
- 2024a, *2024-25 Queensland Budget: Budget Paper No. 3*.
- 2024b, *Building Policy Framework*, 24 December, Department of Housing and Public Works.
- 2024c, *Codes of practice for work health and safety*.
- 2024d, *Ethical Supplier Mandate 2024*.
- 2024e, *Guidelines: Ethical Supplier Mandate 2024*.
- 2024f, *Guidelines: Ethical Supplier Threshold 2024*.
- 2024g, 'Media Statement: Construction productivity boosted with BPIC pause', 14 December.
- 2024h, *QBCC Governance Review – Implementation Report*, 31 December.
- 2024i, *Queensland Government Building and Construction Training Policy*, 10 December.
- 2024j, *Queensland Procurement Policy 2023*.
- 2024k, *Queensland Procurement Strategy 2023*.
- 2024l, *Queensland Renewable Energy Procurement Policy - Creating Local Jobs*, April.
- 2024m, *Standard Best Practice Industry Conditions - Building Construction Projects 2023-2027*.
- 2025a, *2032 Delivery Plan*.
- 2025b, *Best Practice Industry Conditions temporary suspension - Frequently asked questions*.
- 2025c, 'Commissions of Inquiry Order (No. 2) 2025', vol. 399.
- 2025d, *Employer incentives and subsidies for apprenticeships and traineeships*.
- 2025e, *Future procurement opportunities for suppliers*, viewed 3 October 2025, <<https://www.data.qld.gov.au/dataset/forward-procurement-pipeline/resource/d3968658-dbb7-4732-bc19-467c49de23de>>.
- 2025f, *How does planning work*, How does planning work?, viewed 24 September 2025, <<https://www.planning.qld.gov.au/planning-overview/how-does-planning-work>>.
- 2025g, *Media Statement: New Bill to give tradies more time on the tools*, 27 June.
- 2025h, *Media Statement: New leadership to fix building watchdog*.
- 2025i, *Plan-making*, viewed 24 September 2025, <<https://www.planning.qld.gov.au/planning-framework/plan-making>>.
- 2025j, *Proclamation – Building Industry Fairness (Security of Payment) Act 2017*, Explanatory notes for SL 2025 No. 3.
- 2025k, *Queensland Energy System Planning - what is changing?*, viewed 15 July 2025, <<https://www.energyandclimate.qld.gov.au/energy/energy-system-planning/what-is-changing>>.
- 2025l, *Queensland Government response to the Capacity Expansion Program Independent Review Report*.
- 2025m, *Queensland Housing Code - Queensland Development Code Part 1.1*.
- 2025n, *State Budget 2025-26, Capital Statement: Budget Paper No. 3*.
- 2025o, *What is the Prequalification (PQC) System?*

- n.d., *Buying categories*, viewed 11 July 2025a, <<https://www.forgov.qld.gov.au/finance-procurement-and-travel/procurement/buy-for-queensland-government/buying-categories>>.
- n.d., *Removing or disposing asbestos - prohibited activities*.
- Queensland Parliament 2011, *Explanatory Notes: Work Health and Safety Bill 2011*, Queensland Government.
- 2016, *Inquiry into the Practices of the Labour Hire Industry (Report No 25 of the 55th Parliament, June 2016)*, June.
- 2024, *Question on Notice No. 1173-2024*.
- Queensland Rail 2024, *Queensland's Big Build in full swing with major train upgrades (Ministerial statement)*.
- Queensland Training Ombudsman 2022, *Review of support provided to Queensland Apprentices and Trainees, with a focus on female apprentices in male dominated occupations*, January.
- Queensland Treasury 2023, *The Queensland Government Better Regulation Policy*.
- 2025a, *2025-26 Queensland Budget: Budget Paper No. 2*.
- 2025b, *Mid-Year Fiscal and Economic Review 2024-25*.
- Raineri, A 2003, 'The evolving scope of workplace health and safety legislation in Queensland'.
- RBA 2018, *Box C: Spillovers from Public Investment*.
- Rennie, E 2022, *Northern NSW left behind in interstate tradie scheme as 'stubborn' Qld decries 'substandard licensing'*, ABC News.
- RLB 2024, *Construction market update — Australia / New Zealand*.
- RNZ 2025, 'Government launches new private building consent authority'.
- Rogers, D, Wong, A & Nelson, J 2017, 'Public perceptions of foreign and Chinese real estate investment: intercultural relations in Global Sydney', *Australian Geographer*.
- Rosenthal, S & Strange, W 2004, 'Evidence on the nature and sources of agglomeration economies', in *Handbook of regional and urban economics* 4, pp. 2119–2171.
- Rowley, S, Leishman, C, Olantunji, O, Zuo, J & Crowe, A 2022, *Understanding how policy settings affect developer decisions*, AHURI.
- SA Department for Trade and Investment 2024, *National Planning Reform Blueprint: South Australia September 2024 progress report*.
- Safe Work Australia 2014, *Improving the model Work Health and Safety laws Issue Paper and Consultation Regulation Impact Statement*, July.
- 2024, *Work-related fatalities*.
- 2025a, *Model WHS Act cross-comparison table*, 30 January.
- 2025b, *Workers' compensation*, viewed 14 October 2025, <<https://data.safeworkaustralia.gov.au/interactive-data/topic/workers-compensation>>.
- 2025c, *Work-related fatalities*.
- n.d., *Construction*.
- Samios, Z & Macdonald, A 2025a, 'Heavyweight Star investors land in Brisbane as casino teeters on brink', *Australian Financial Review*, 20 January.
- 2025b, 'Star Entertainment extends Salter Brothers \$750m deal deadline', *Australia Financial Review*, 25 March.
- Saunders, T & Tulip, P 2019, 'A Model of the Australian Housing Market', *SSRN Electronic Journal*, viewed 13 November 2019, <<https://www.ssrn.com/abstract=3350872>>.
- Schiff, A 2022, *Case study: Construction industry and migration*, May.
- Schuetz, J, Meltzer, R & Been, V 2011, 'Silver bullet or trojan horse? The effects of inclusionary zoning on local housing markets in the United States', *Urban Studies*, vol. 48, no. 2.
- Seyfarth Shaw 2018, *Review of aspects of the Work Health & Safety Regulatory Framework in the Building and Construction Industry*, 1 November, Seyfarth Shaw.
- SGS Economics & Planning 2016, *Comparative costs of urban development: A literature review*.
- Shomos, A, Turner, E & Will, L 2013, *Forms of work in Australia*, Productivity Commission Staff Working Paper, Canberra.
- Shoory, M 2016, 'The Growth of Apartment Construction in Australia', *Reserve Bank of Australia Bulletin*, vol. June quarter 2016, p. 8.

- Stacy, C, Davis, C, Freemark, Y, Lo, L, MacDonald, G, Zheng, V & Pendall, R 2023, 'Land-use reforms and housing costs: Does allowing for increased density lead to greater affordability?', *Urban Studies*, vol. 1, no. 22.
- Standards Australia n.d., *What is a Standard?*, viewed 1 May 2025, <<https://www.standards.org.au/standards-development/what-is-standard>>.
- Staples, R 2025, *Queensland Transport and Roads Investment Program (QTRIP) - Strategic Independent Review*, June.
- State Planning Commission (SA) & Department for Trade and Investment (SA) 2024, *Planning and Design Code*, PlanSA.
- StatsNZ 2024, *Productivity statistics: 1978-2023*.
- Suljanovic, A 2024, 'New home sales drop following construction code changes: HIA', *Broker Daily*, 20 June.
- Susan McKinnon Foundation 2023, *Understanding attitudes towards housing in Australia*, McKinnon Poll.
- Sweeney, N 2025, 'Changes to building standards urged as extreme weather hits more often', *Australian Financial Review*, 7 March.
- Terrill, M 2016, *Cost overruns in transport infrastructure*, 13, Grattan Institute.
- Terrill, M, Emslie, O & Moran, G 2020, *The rise of megaprojects: Counting the costs*, Grattan Institute, Melbourne.
- Thurairajah, N, Rathnasinghe, A, Ali, M & Shashwat, S 2023, 'Unexpected Challenges in the Modular Construction Implementation: Are UK Contractors Ready?', *Sustainability*, vol. 15, no. 10.
- Tran, C & Wende, S 2017, *On the overlapping excess burden of taxation in an overlapping generations model*, Working Paper, 7/2017, Tax and Transfer Policy Institute, Crawford School of Public Policy, ANU.
- Transport and Public Works Committee 2018, *Report on the Plumbing and Drainage Bill 2018*, 03, 56th Parliament, Queensland Parliament.
- Trubka, R, Newman, P & Bilsborough, D 2008, *Assessing the costs of alternative development paths in Australian cities*, Curtin University Sustainability Policy Institute Fremantle.
- Tulip, P & Lanigan, Z 2021, *Does high-rise development damage neighbourhood character?*, Policy Paper, 40, The Centre for Independent Studies.
- Tulipwood Economics 2024, *Easy Labour: Identifying construction cost drivers in Queensland*.
- UDIA 2025a, *Fast-Track Housing Delivery*, March.
- 2025b, *UDIA State of The Land 2025*, March, Urban Development Institute of Australia, viewed 18 March 2025, <https://udia.com.au/wp-content/uploads/2025/03/State-Of-The-Land-Report-2025-Final-Report_.pdf>.
- UK Government 2022, *The construction playbook: Government guidance on sourcing and contracting public works projects and programmes*, September.
- 2025, *National Infrastructure and Service Transformation Authority Memorandum of Understanding*.
- Underhill, E 2016, *Submission to Inquiry into the practice of the labour hire industry in Queensland*.
- Urban Taskforce Australia 2022, *Standing tall: High rise buildings to help Sydney become a green metropolis*, Urban Ideas.
- Van den Nouwelant, R, Crommelin, L, Herath, S & Randolph, B 2016, 'Is deteriorating housing affordability reducing lower income central city worker supply and productivity?', *AHURI*.
- Vaughan, E & Turner, J 2013, *The Value and Impact of Building Codes*.
- VCEC 2010, *Local government for a better Victoria: an inquiry into streamlining local government regulation*, draft report, April.
- 2011, *Victorian Manufacturing: Meeting the Challenges*, September, viewed 31 August 2016, <<http://www.vcec.vic.gov.au/Inquiries/Completed-inquiries/Manufacturing-industry/Final-Report>>.
- Victorian Government 2017, *Infrastructure Victoria Act 2015*.
- WA Government 2024a, *Development Assessment Panel Reforms and Significant Development Pathway*, viewed 21 March 2025, <<https://www.planning.wa.gov.au/planning-reform/current-reform-initiatives/development-assessment-panel-reforms-and-significant-development-pathway>>.
- 2024b, *Guide to Best Practice Planning Engagement in Western Australia*, viewed 17 March 2025, <<https://www.planning.wa.gov.au/planning-reform/planning-reform-progress/guide-to-best-practice-planning-engagement-in-western-australia>>.

- WA Planning Commission 2024, *Development Assessment Panel Reforms and Significant Development Pathway*, viewed 20 October 2025, <<https://www.planning.wa.gov.au/planning-reform/current-reform-initiatives/development-assessment-panel-reforms-and-significant-development-pathway>>.
- 2025, *Part 11B Significant Development Pathway*.
- Watson, G 2025, *Violence in the Queensland CFMEU*, CFMEU Administrator.
- Watt, M 2025, 'Roundtable consensus drives fast-tracking of EPBC reform', *Minister for the Environment and Water*.
- Wellington City Council 2025, *Decision making and status of provisions*.
- West, E 2024, 'Up-zoning New Zealand: The localisation of a globally mobile policy idea'.
- West, E & Garlick, M 2023, *Upzoning in New Zealand*, Works in Progress.
- WHSQ 2021, *Painting undamaged low density asbestos fibre board*, Queensland Government.
- 2022, *Guide to the Work Health and Safety Act 2011*.
- 2024, *WHSQ Priority Plan 2024-2030*.
- WHSQ & ESO 2024, *Our Regulatory Approach*, Version 1, August.
- Wilkie, D, Devlin, L, Lamers, B, Maharaj, K, Kelly, B & Chen, J 2024, *Build to rent: regulatory change paving the way for foreign and domestic investment*, Clayton Utz.
- Wokker, C & Swieringa, J 2016, *Foreign Investment and Residential Property Price Growth*, Working paper, Australian Treasury.
- WorkCover Queensland 2023, *How to reduce your premium*.
- WorkSafe 2017, *Working with lead-based paint*, Queensland Government.
- 2020, *Interstate and New Zealand electrical work licence holders*.
- Wurm, D 2019, *Painters licensing*.
- Yeh, C 2025, *Five Decades of Decline: U.S. Construction Sector Productivity*, 25–31, Economic Brief, Federal Reserve Bank of Richmond.
- Zaghloul, R & Hartman, FT 2002, 'Construction contracts and risk allocation', paper presented at Project Management Institute Annual Seminars & Symposium, San Antonio, TX, Newtown Square, PA.
- Zapata-Diomedes, B, Boulange, C, Giles-Corti, B, Phelan, K, Washington, S, Veerman, J & Gunn, L 2019, 'Physical activity-related health and economic benefits of building walkable neighbourhoods: A modelled comparison between brownfield and greenfield developments', *International Journal of Behavioural Nutrition and Physical Activity*.
- Zhang, Y, Pan, M, Pan, W, Yang, Y & Wu, J 2024, 'Enhancing modular construction supply chain: Drivers, opportunities, constraints, concerns, strategies, and measures', *Developments in the Built Environment*, vol. 18.
- Zheng, SS 2023, *Australians paying \$6 billion for unused apartment parking*, Centre for Urban Research, RMIT.

