

## Comment – Australian Institute of Quantity Surveyors

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The Australian Institute of Quantity Surveyors (AIQS) is the peak body for quantity surveying professionals in Australia. AIQS provides a home for and supports quantity surveying professionals working across a range of fields including cost estimating, cost planning, contract administration, asset management and construction management. Its principal mission is to establish and uphold professional standards, maintain uniformity in procedures, support industry education, and foster public faith in cost certainty and the quantity surveying profession overall.

AIQS is a company limited by guarantee and is an active member of the International Cost Engineering Council (ICEC) and Pacific Association of Quantity Surveyors (PAQS).

Quantity surveying professionals work closely with designers, engineers, project owners, developers, banks, contractors and builders to determine, analyse and manage the costs related to the construction, maintenance and operation of built assets. These assets span the full range of the construction industry including infrastructure, services, new build and refurbishment.

AIQS captures market intelligence through a structured mix of data collection, industry engagement and analysis tools. This intelligence helps our members stay informed on cost trends, contractor behaviour, supply chain changes, and market risks.

Our members come from across the state, from the Far North to the southern border with experience from a broad cross section of the industry including advisory consultancies, developers, contractors, sub-contractors, materials suppliers, government clients, financial institutions and academia and as such we believe that we are in a unique position to provide insights into Construction Cost drivers in Queensland with a lens that considers a wide range of factors influencing efficiency such as:

#### 1. Labour Costs

- Labour Shortages and Skill Gaps
- Wages and Conditions
- Addressing labour shortages through targeted training and workforce development will be important.

#### 2. Material Costs

- Transportation Costs for Materials
- Supply Chain.

#### 3. Weather and Environmental Conditions

- Climate Considerations impacting construction projects

#### 4. Regulatory and Compliance Costs

- State Building Codes and Local Regulations
- Environmental and Sustainability Standards
- Approval Processes

#### 5. Olympics

- Venue & Infrastructure Delivery

#### 6. Demand for Housing and Commercial Development

- Population Growth and Urbanisation

#### 7. Technological Innovation and Modern Construction Techniques

- Off Site Construction
- Building Information Modelling (BIM)
- New Technologies

#### 8. Procurement of Projects

- Collaboration
- Stakeholder Engagement

#### 9. Economic Factors

- Interest Rates and Financing Costs
- Government Funding

#### 10. Supply Chain Disruptions

An expanded version of the above bullet points is contained as an attachment and identifies the key factors impacting efficiency. Should our insights be of interest, representatives of our Queensland Chapter will be available for further consultation.

**Attention: Queensland Productivity Commission**

Angela Moody  
Productivity Commissioner and Chair  
Queensland Productivity Commission

Dr Karen Hooper  
Commissioner  
Queensland Productivity Commission

Submitted via Online Portal

**STAKEHOLDER FEEDBACK – REVIEW OF PRODUCTIVITY IN QLD CONSTRUCTION SECTOR**

Further to your recent request for feedback from industry stakeholders, I would like to confirm the Australian Institute of Quantity Surveyors (AIQS) interest in participating in the commissions inquiry reviewing the factors driving productivity in the Queensland construction sector.

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**1. Labour Costs**

- Labour Shortages and Skill Gaps: Queensland, like other parts of Australia, faces skill shortages in the construction industry, especially in trades like carpentry, plumbing, mechanical and electrical work.
- Wages and Conditions: Queensland's construction workforce is predominantly represented by unions, and wage agreements, worksite conditions, and overtime can have a significant impact on overall project costs.
- Addressing labour shortages through targeted training and workforce development will be important.

**2. Material Costs**

- Transportation Costs for Materials: Due to its vast size and diverse geography, transporting materials from supply hubs to projects often incur significant shipping and freight costs, particularly for rural and remote areas.
- Supply Chain Disruptions: Queensland has seen material shortages, particularly in timber and steel, due to global supply chain issues, weather events (floods, cyclones), and increased demand for infrastructure projects.



### 3. Weather and Environmental Conditions

- Climate: Queensland's vulnerability to cyclones and flooding, especially in coastal and northern regions, can result in higher construction costs for projects in those areas. Queensland's hot, humid, and sometimes tropical climate (particularly in the north) can also impact construction timelines (given the labour agreements in place for major projects across the state) which also has the effect of driving up construction costs.

### 4. Regulatory and Compliance Costs

- State Building Codes and Local Regulations: Queensland has strict building codes, especially related to flood resilience, wind loads (due to cyclones), and bushfire management in rural areas. These regulations can add to construction costs, particularly for residential developments.
- Environmental and Sustainability Standards: As demand for green buildings and sustainable designs rises, construction projects in Queensland may face higher upfront costs due to increased requirements for energy-efficient systems, low-carbon materials, and water-saving technologies.
- Approval Processes: The approval process for construction projects in Queensland, particularly in flood-prone or environmentally sensitive areas, can be lengthy. Delays in obtaining approvals can push back timelines and increase project costs.

### 5. Olympics

- It is anticipated that the preparation for the 2032 Olympics will require significant investment in Venues, Public Infrastructure and private sector projects which will apply more pressure on already overloaded resources such as labour and materials which will in turn drive increased construction costs.

### 6. Demand for Housing and Commercial Development

- Population Growth and Urbanisation: Queensland is experiencing strong population growth, particularly in the southeast corner (Brisbane, Gold Coast, Sunshine Coast). This increased demand for residential housing and commercial developments puts pressure on construction resources, drives up costs and pushes out programs.

### 7. Technological Innovation and Modern Construction Techniques

- Off Site Construction: Prefabricated homes and modular construction are becoming more common in Queensland due to the ability to reduce on-site labour and minimise delays. However, the initial cost of setting up such systems or purchasing prefabricated components can be higher than traditional construction methods.
- Building Information Modelling (BIM): More contractors are using BIM and advanced project management tools to streamline construction processes, improve efficiency, reduce errors and drive down costs.
- New Technologies: The adoption of new technologies, which has positively impacted other industries, has been slower in construction, leaving opportunities for innovation untapped.

### 8. Procurement of Projects

- Collaboration between government and industry is essential to deliver high quality public infrastructure.
- Fostering a more collaborative and less adversarial culture between stakeholders – particularly in contracting, procurement and risk management

### 9. Economic Factors

- Interest Rates and Financing Costs: Higher interest rates (as seen in recent years) have led to increased borrowing costs for developers and contractors which has resulted in higher project costs.

- Government Funding: Increased infrastructure spending (such as Health, Roads and rail Projects) can drive up demand for construction services, leading to increased competition for labour and materials, which in turn pushes up construction costs generally.

#### **10. Supply Chain Disruptions**

- Queensland is prone to natural disasters, such as cyclones, flooding, and bushfires. These events can disrupt the supply of materials and labour and cause delays / increase project costs.

Should our insights be of interest, representatives of our Queensland Chapter will be available for further consultation at your convenience.

Yours Faithfully



**Neil Gall, MAIQS, CQS, MRICS**  
President Queensland Chapter  
Australian Institute of Quantity Surveyors



**Andrew Brady, FAIQS, CQS**  
National President  
Australian Institute of Quantity Surveyors