AUSTRALIAN FLEXIBLE PAVEMENT ASSOCIATION

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Submission to the Queensland Productivity Commission

Inquiry into Opportunities to Improve Productivity of the Construction Sector

27 May 2025

The Commissioner
Queensland Productivity Commission
Brisbane QLD

RE: Submission to the Inquiry into Opportunities to Improve Productivity of the Construction Sector

Dear Commissioner,

On behalf of the Australian Flexible Pavement Association (AfPA), I am pleased to submit the enclosed response to the Queensland Productivity Commission's inquiry into productivity within the construction sector.

As the peak body representing Queensland's flexible pavement and bituminous surfacing industry, AfPA brings a critical perspective from the **horizontal infrastructure construction industry**, particularly in flexible pavement and road surfacing. Our members play a foundational role in delivering and maintaining the state's transport network—an essential enabler for housing, industry, and regional economic development.

We are the industry stakeholders that deliver on horizontal construction rather than vertical and critical in moving people and goods on our extensive Queensland road network. AfPA members are predominantly Tier 2 contractors who specialise in the delivery of horizontal infrastructure—particularly road surfacing and maintenance—within larger infrastructure projects typically managed by Tier 1 contractors.

Our AfPA submission directly addresses the Terms of Reference outlined by the Commission. Drawing on detailed analysis of over $68 million in recent project data, workforce performance metrics, and the practical experience of our members, we identify productivity constraints, policy misalignments, and evidence-based opportunities for reform.

While the Best Practice Industry Conditions (BPIC) policy has recently been paused by the Queensland Government, we have retained our analysis of its previous implementation to illustrate how industrial policy settings—when not tailored to sector-specific realities—can unintentionally suppress productivity. These insights remain highly relevant to future policy development.

We commend the Queensland Government's commitment to unlocking construction productivity to meet its infrastructure and housing ambitions. AfPA stands ready to collaborate further with the Commission, the government, and other stakeholders to implement pragmatic reforms that enhance value, build capability, and support sustainable growth.

Yours sincerely,

Mark Piorkowski
Executive Director – QLD/NT
Australian Flexible Pavement Association
[redacted]

Executive Summary

The Australian Flexible Pavement Association (AfPA) welcomes the opportunity to contribute to the Queensland Productivity Commission's inquiry into construction productivity. As the representative body for Queensland's civil bituminous surfacing industry, AfPA provides evidence-based insights specific to non-residential horizontal infrastructure construction—an essential but often overlooked enabler of housing supply and economic competitiveness and a critical contributor to the overall infrastructure eco-system in Queensland.

Key Submission Highlights:

- **Sector Distinction:** The flexible pavement industry operates differently from residential and commercial construction—characterised by >80% permanent skilled employment, mobile crews, material-intensive projects, and continuous service delivery. Residential and vertical development is on the other hand characterised teams which are disbanded at the end of project. These features require tailored policy responses
- **BPIC Policy Impacts:** While now paused, the previous Best Practice Industry Conditions (BPIC) policy imposed training ratios and compliance obligations misaligned with our sector's labour profile, increasing project delivery timeframes by 10–15% and inflating government project wages by up to 25%.
- **Workforce Productivity:** Our members demonstrate above-average workforce stability (regulatory burdens, compliance costs, fragmented procurement frameworks, and rigid training systems divert resources from productive activity—costing up to 3% of project value.
- **Regional Disadvantage:** 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.
- **Reform Opportunities:** Adjust training ratios to reflect actual labour intensity
    - Streamline procurement and approvals for routine and emergency works
    - Establish framework agreements to improve investment certainty
    - Incentivise innovation and technology adoption
    - Develop regional training and capability infrastructure

Alignment with Terms of Reference:

This submission responds comprehensively to all aspects of the Commission's Terms of Reference:

- Current market conditions across housing and infrastructure
- Key trends in costs, labour, competition, and regional variation
- Comparative productivity performance and regulatory impacts
- Procurement settings and their influence on labour and innovation
- Regional contractor challenges and labour supply constraints
- Prioritised reforms with short-, medium-, and long-term implementation options

AfPA welcomes ongoing engagement with the Commission and the Queensland Government to shape practical reforms that reflect the flexible pavement industry's operational realities and unlock its full productivity potential.

Australian Flexible Pavement Association Response to Queensland Productivity Commission Inquiry

1. Current Conditions in Queensland Construction Market

1.1 Housing Market and Infrastructure Delivery Context

While AfPA members operate primarily in horizontal construction and maintenance of road assets statewide rather than vertical construction or residential housing in both regional and urban areas, our industry's productivity directly impacts Queensland's ability to deliver the supporting infrastructure essential for new housing developments and urban growth. The state's ambitious target of one million new dwellings by 2044 requires not just housing construction capability, but efficient delivery of roads, utilities, and supporting civil infrastructure.

Current Industry Conditions:

- Operations span urban and regional Queensland across multiple market segments
- Projects typically range from $3–8.6 million with rapid mobilisation requirements
- Work often conducted at night to minimise traffic disruption
- High dependency on weather conditions requiring operational flexibility
- Crews typically consist of 8–9 specialised personnel per unit

AfPA members operate as Tier 2 specialist contractors, typically engaged by Tier 1 project managers and head contractors to deliver road surfacing, rehabilitation, and maintenance services within larger infrastructure projects. This positioning means our members focus specifically on:

- Bituminous surfacing and road rehabilitation
- Ongoing road maintenance and emergency repairs
- Final surfacing layers within new road construction projects
- Specialised pavement services requiring technical expertise and mobile plant operations"

1.2 Non-Residential Construction Performance

Queensland's flexible pavement industry contributes significantly to non-residential construction output through:

- State government major projects and highway construction
- Local government road maintenance and rehabilitation programs
- Private sector development supporting infrastructure
- Emergency response and disaster recovery road repairs

Operational Characteristics Affecting Productivity:

- Mobile operations across multiple sites simultaneously
- Continuous service delivery rather than project-based work
- Integration with broader transport infrastructure planning
- Regional employment supporting local communities

2. Key Trends in Input Costs, Prices, and Competition

2.1 Cost Structure Analysis

AfPA analysis of 13 recent TMR projects (total value >$68 million) reveals distinct cost structures that differentiate civil infrastructure from residential construction:

Detailed Cost Breakdown:

- Direct labour costs: Range from 3.1% to 13.7% of total project value (average 6.81%)
- Materials and equipment: Typically 80%+ of project costs
- Overhead and management: Concentrated in permanent, skilled workforce
- Project values: Individual projects ranged from $3–8.6 million

This cost structure reflects the specialised nature of road surfacing operations, where expensive materials (bitumen, aggregates) and specialised plant equipment represent the majority of project costs, contrasting with general construction where labour costs typically dominate.

Comparative Analysis: This contrasts significantly with residential construction where labour represents 30–40% of costs. The material-intensive nature of flexible pavement industry means that policies designed for labour-intensive construction (such as training ratios based on workforce size) create disproportionate compliance burdens without corresponding productivity benefits.

2.2 Input Cost Pressures

Material Cost Challenges:

- Volatility in bitumen and aggregate pricing linked to global markets
- Supply chain constraints affecting specialised construction materials
- Transportation costs for materials to regional project sites
- Storage and inventory management costs for continuous operations

Labour Cost Factors:

- Competition for skilled technical personnel across sectors
- Regional skills premiums due to limited local workforce availability
- Training and certification costs for specialised equipment operation
- Recruitment costs for attracting workers to regional locations

2.3 Competition and Market Structure

Interstate Comparisons:

- Queensland's dispersed population creates unique logistical challenges
- Higher transportation costs compared to more concentrated southern markets
- Regional market fragmentation affecting economies of scale
- Limited competition in specialised horizontal infrastructure segments

Regional Variations:

- Urban markets: Higher competition but increased regulatory complexity
- Regional markets: Limited contractor availability but stable ongoing work
- Remote markets: Higher costs but essential service delivery requirements

3. Productivity Performance Relative to Other States

3.1 Workforce Stability Advantages

Unlike project-based vertical construction employment common in other states, Queensland's flexible pavement industry maintains superior workforce stability:

Detailed Turnover Analysis:

- Ave annual staff turnover: 18% (compared to construction industry average of 30–40%)
- Wages staff turnover: 23%
- Salary staff turnover: Even lower in regional operations due to employment stability
- Permanent employment: >80% of workforce (significantly higher than project-based construction)

Productivity Impact Quantification:

- Reduced recruitment costs: Estimated savings of $8,000–$12,000 per avoided recruitment
- Training investment retention: Lower turnover enables greater investment in skills development
- Project continuity: Experienced teams reduce rework and quality issues by estimated 15–20%
- Safety performance: Stable workforce correlates with improved safety outcomes and reduced incidents

3.2 Operational Efficiency Measures

Queensland-Specific Productivity Factors:

- Night work capabilities minimising traffic disruption
- Multi-site operations enabling resource optimisation
- Integrated maintenance and construction service delivery
- Regional depot networks supporting rapid response

Challenges Affecting Comparative Performance:

- Regulatory complexity across multiple jurisdictions
- Weather-related work disruptions unique to Queensland's climate
- Extended travel distances for regional project delivery

4. Factors Shaping Queensland's Productivity Performance

4.1 Regulatory and Legislative Factors

Commonwealth Level Issues:

- Skills recognition across state boundaries
- Interstate labour mobility constraints
- National training package misalignment with industry needs

State Government Policy Impact:

- Multiple overlapping regulatory frameworks
- Training policy frameworks designed for building construction don't align with civil infrastructure needs
- Environmental approval processes creating project delays

Best Practice Industry Conditions (BPIC) Policy Impact:

- While the new government has paused the BPIC policy, AfPA's detailed analysis during its implementation demonstrated significant productivity impacts:

Quantified Training Policy Impacts:

- BPIC training ratio of 0.03% was double the industry-appropriate level of 0.015% based on actual labour intensity
- "New entrant" requirements of 60% were triple the industry turnover rate of 20–30%
- Administrative compliance costs averaged 2–3% of project values (equivalent to $60,000–$180,000 per $3–6M project)
- Workforce disruption: Artificial wage competition drew skilled workers from private projects to public ones, reducing overall sector productivity and increasing expectations of equal pay rates across all infrastructure projects.

Specific Productivity Measurements:

- Project delivery delays: Average 10–15% increase in delivery timeframes due to compliance requirements
- Resource diversion: Estimated 20–25% of management time allocated to compliance rather than operational efficiency
- Skills development misalignment: 40–50% of training resources directed to meeting regulatory ratios rather than actual skills needs
- Cost inflation: Government project wages inflated 15–25% above market rates, creating sector-wide wage pressure

The pause of BPIC provides an opportunity to develop evidence-based policy frameworks that align regulatory requirements with actual industry operations and productivity objectives.

Local Government Variations:

- Inconsistent application of policies across different market segments
- Varying procurement and approval processes between councils
- Different safety and environmental compliance requirements

4.2 Industrial Relations Matters

Current Framework Challenges:

- Award structures not aligned with specialised civil infrastructure operations
- Limited flexibility for regional and remote work arrangements
- Skills classification systems not recognising technical specialisations

Opportunities for Improvement:

- Industry-specific enterprise agreements recognising operational requirements
- Flexible working arrangements supporting regional service delivery
- Skills-based classification systems reflecting technical competencies

4.3 Procurement Policies

Current Procurement Challenges:

- Procurement processes designed for major construction don't suit maintenance and rehabilitation work
- Limited recognition of whole-of-life value in tender evaluation
- Administrative requirements disproportionate to project scale
- Inconsistent evaluation criteria across government agencies

Queensland Procurement Framework Alignment:

- Current Queensland Procurement Policy and Best Practice Principles remain in force following BPIC pause
- Ancillary procurement documents create layered compliance requirements for Tier 2 contractors
- Need for clearer alignment between procurement policy objectives and horizontal infrastructure delivery requirements
- Opportunity to review procurement strategy implementation for infrastructure maintenance and specialised services

Impact on Productivity:

- Extended tender preparation times reducing operational efficiency
- Focus on lowest cost rather than best value outcomes
- Limited use of performance-based contracting
- Fragmented procurement across multiple agencies

4.4 Labour Force Needs

Skills Requirements:

- Specialised technical skills for plant operation and quality control
- Safety certification for working in traffic environments
- Regional deployment capability and licensing requirements
- Continuous professional development for emerging technologies

Workforce Development Challenges:

- Limited availability of experienced personnel for regional operations
- Extended training periods for specialised roles requiring significant investment
- Competition from other sectors during high activity periods
- Skills recognition and transferability between jurisdictions

5. Opportunities for Productivity Improvements

5.1 Regulatory Mechanisms

Immediate Opportunities:

- Harmonise training and employment regulations across government levels
- Develop industry-specific policy frameworks recognising operational differences
- Streamline environmental and safety approval processes for routine maintenance work
- Create fast-track approval pathways for emergency repairs

Expected Benefits with Quantified Outcomes:

- Reduced project delivery times: 15–20% improvement through streamlined approvals
- Administrative cost savings: 2–3% of project values (equivalent to $60,000–$180,000 per typical $3–6M project)
- Enhanced responsiveness: 50% reduction in emergency repair response times
- Resource optimisation: 20–25% improvement in management time allocation to productive activities

5.2 Non-Regulatory Mechanisms

Industry-Led Initiatives:

- AfPA's Industry Skills Card program demonstrating innovation in workforce development
- Technology integration in training delivery and competency assessment
- Transferable qualifications promoting workforce mobility
- Industry-specific competency standards

Collaboration Opportunities:

- Industry-government partnerships for skills development
- Research and development initiatives for sustainable construction techniques
- Regional capability development programs
- Performance measurement and benchmarking systems

6. Industry Proposed Priority Reform Areas

6.1 Short-term Priorities (0–2 years)

1. Training Policy Reform with Evidence-Based Ratios

- Adjust training ratios to reflect actual labour intensity: recommend 0.015% vs previous BPIC requirement of 0.03% (based on 13 TMR projects with ave 6.81% labour content)
- Reduce "new entrant" requirements to reflect industry turnover: recommend 20–30% vs previous 60% requirement (based on documented 18% average annual turnover)
- Expand recognition of off-site training representing 40–50% of actual skills development
- Streamline compliance reporting: reduce administrative burden from current 2–3% of project costs

2. Procurement Streamlining with Measurable Improvements

- Develop maintenance-specific procurement frameworks: target 30–40% reduction in tender preparation costs
- Implement regional framework agreements: reduce tender frequency from project-by-project to 3–5 year agreements
- Establish performance-based contracting: focus on asset outcomes with 15–20% improvement in long-term value
- Create streamlined processes for emergency response: reduce approval timeframes from weeks to days

3. Regulatory Harmonisation

- Align safety and environmental standards across jurisdictions
- Create industry-specific guidance materials
- Establish single-point contact for regulatory queries
- Develop consistent approval processes for routine maintenance

4. Queensland Procurement Policy Framework Review

- Review QLD Procurement Strategy, Policy and ancillary documents to identify areas for simplification, including clearer guidelines on commitments, compliance and audits
- Streamline procurement documentation requirements for routine maintenance and emergency response work
- Develop sector-specific guidance materials for horizontal infrastructure procurement
- Establish consistent interpretation and application of Best Practice Principles across government agencies
- Target 25-30% reduction in administrative burden for Tier 2 contractors through simplified compliance frameworks

6.2 Medium-term Priorities (2–5 years)

1. Technology Integration Support

- Incentivise adoption of digital project management systems
- Support sustainable materials and construction techniques
- Develop data sharing platforms for asset management
- Promote automated plant and equipment technologies

2. Workforce Development Enhancement

- Expand industry skills card program across Queensland
- Develop regional training centres in partnership with TAFE
- Create career pathway programs connecting with tertiary institutions
- Implement recognition of prior learning systems

3. Market Structure Improvements

- Review competition policy settings affecting regional markets
- Support local capability development through procurement preferences
- Enhance framework agreements providing investment certainty
- Develop prequalification systems recognising capability and performance

6.3 Long-term Priorities (5+ years)

1. Industry Transformation

- Support transition to circular economy principles in materials use
- Integrate with broader transport and infrastructure planning
- Develop advanced manufacturing capabilities for specialised materials
- Promote international best practice adoption

2. Innovation Ecosystem Development

- Research and development partnerships with universities
- Technology commercialisation support for industry innovations
- Advanced materials research and development programs
- Integration with smart infrastructure and connected vehicle technologies

7. Impact on Small and Medium Scale Tier 2 Road Surfacing Contractors in Regional Areas

7.1 Current Challenges

Regulatory Compliance Burden:

- Disproportionate administrative requirements for smaller regional contractors
- Complex qualification processes favouring larger metropolitan firms
- Limited resources for compliance management and documentation
- Difficulty meeting training and certification requirements
- Complex Queensland Procurement Policy framework requiring specialised interpretation across multiple ancillary documents
- Inconsistent application of Best Practice Principles across different government agencies and project types
- Limited access to procurement policy guidance and support services in regional areas

Market Access Barriers:

- High tender preparation costs relative to project values
- Limited technical resources for complex proposal requirements
- Disadvantage in competing against larger contractors with dedicated proposal teams
- Restricted access to major government frameworks and panels

7.2 Specific Regional Impacts

Geographic Disadvantages:

- Higher travel and accommodation costs for tender presentations
- Limited local professional services support (legal, accounting, technical)
- Reduced networking and relationship building opportunities
- Difficulty accessing training and professional development programs

Capacity Constraints:

- Limited working capital for extended payment cycles
- Difficulty managing cash flow during tender preparation periods
- Reduced ability to invest in new technologies and equipment
- Limited succession planning and business development resources

7.3 Recommended Solutions

Regulatory Simplification:

- Streamlined qualification processes for regional contractors
- Proportionate compliance requirements based on project scale
- Electronic submission systems reducing travel requirements
- Standardised documentation across government agencies

Market Access Improvements:

- Regional procurement preferences recognising local employment benefits
- Framework agreements providing work continuity and investment certainty
- Mentoring programs connecting regional contractors with larger firms
- Collaborative tendering arrangements enabling regional participation

8. Flow-on Effects of Government Regulations on Labour and Resources

8.1 Wage Competition Effects

Market Distortion Impact with Quantified Analysis: Previous BPIC policy created measurable artificial wage inflation in government projects:

- Government project wages: 15–25% above market rates during BPIC implementation
- Workforce migration: Estimated 20–30% of skilled workers moved from private to government projects
- Private sector productivity decline: 10–15% reduction in available skilled workforce for private projects
- Regional impact: Wage pressures particularly acute in regional markets with limited workforce pools
- Skills shortage intensification: 25–30% increase in reported skills shortages in non-government work

Resource Allocation Inefficiencies:

- Concentration of skilled workers on government projects reduced productivity in private sector
- Equipment/materials diverted to meet compliance requirements rather than productive use
- Administrative resources allocated to compliance rather than operational improvements
- Training resources focused on meeting regulatory requirements rather than skills development

8.2 Work Conditions Competition

Regulatory Complexity:

- Different conditions across government and private projects created compliance challenges
- Workers preferred government projects due to enhanced conditions, reducing private sector productivity
- Contractors required separate management systems for different project types
- Reduced flexibility in workforce deployment across mixed project portfolios

Impact on Innovation:

- Focus on compliance reduced resources available for innovation and technology adoption
- Risk-averse approaches to project delivery due to regulatory uncertainty
- Reduced investment in new equipment and processes due to regulatory costs
- Limited collaboration between sectors due to different regulatory frameworks

8.3 Recommendations for Balanced Policy Settings

Market-Based Approaches:

- Consistent regulatory frameworks across government and private sectors
- Performance-based standards rather than prescriptive requirements
- Recognition of industry-specific operational needs and constraints
- Incentive-based policies encouraging productivity improvements

9. Labour Availability and Skills Development

9.1 Factors Limiting Labour Availability

Skills Specialisation Requirements:

- Technical competencies for specialised plant operation
- Safety certifications for working in traffic environments
- Quality control and testing qualifications
- Regional deployment capabilities and licensing

Geographic Challenges:

- Limited population base in regional areas for recruitment
- Competition from mining and other resource sectors
- Lifestyle factors affecting worker retention in remote locations
- Limited training infrastructure in regional centres

Industry Perception Issues:

- Limited awareness of career opportunities within flexible pavement industry
- Perception of construction as low-skilled when industry requires high technical competency
- Limited promotion of stable employment opportunities compared to project-based work
- Lack of clear career progression pathways

9.2 Skills Development Challenges

Training System Misalignment:

- National training packages designed for vertical construction don't reflect horizontal construction industry needs
- Limited recognition of on-the-job learning and mentoring
- Prescription training ratios inappropriate for material-intensive operations
- Insufficient recognition of transferable skills from other industries

Regional Training Access:

- Limited TAFE and training provider presence in regional areas
- High cost and travel requirements for accessing training programs
- Inflexible delivery modes not suited to continuous operations
- Limited industry-specific training options

9.3 Policy Improvements for Labour Supply and Demand Matching

Training System Reform:

- Industry-specific training packages reflecting civil infrastructure operations
- Flexible delivery modes including online and workplace-based learning
- Recognition of prior learning from related industries (mining, agriculture, transport)
- Regional training hubs developed in partnership with industry

Workforce Development Initiatives:

- Career pathway programs connecting schools with industry
- Apprenticeship and traineeship programs tailored to industry needs
- Mentoring programs pairing experienced workers with new entrants
- Industry skills cards providing portable qualifications

Regional Workforce Strategies:

- Targeted recruitment programs for regional areas
- Housing and lifestyle support for workers relocating to regional centres
- Partnerships with regional development agencies

10. Government Procurement and Contracting Arrangements

10.1 Current Procurement Impacts on Productivity

As Tier 2 contractors within larger project delivery frameworks, our members face unique challenges where procurement processes designed for Tier 1 head contractors create disproportionate administrative burdens for specialised surfacing services. Notably for example while Best Practice Industry Conditions have been paused, the underlying Queensland Procurement Policy and Best Practice Principles continue to create compliance frameworks that affect productivity.

The current policy structure includes primary procurement policy requirements, ancillary guidance documents creating additional compliance layers, varying interpretation across different government agencies, and limited sector-specific guidance for horizontal infrastructure delivery. This multi-layered framework contributes to the 2-3% administrative compliance costs documented in our analysis, particularly affecting smaller Tier 2 contractors who lack dedicated compliance resources.

Process Inefficiencies:

- Procurement processes designed for major construction projects don't suit maintenance and rehabilitation work
- Extended tender timeframes reducing operational efficiency
- Administrative requirements disproportionate to project scale
- Limited use of performance-based contracting focusing on outcomes

Cost Structure Misalignment:

- Focus on lowest cost rather than best value outcomes
- Limited recognition of whole-of-life asset management principles
- Fragmented procurement across multiple agencies creating duplication
- Inconsistent evaluation criteria reducing predictability

10.2 Best Practice Industry Conditions Analysis

Productivity Impact Assessment with Detailed Metrics: During the implementation of BPIC policy, AfPA documented comprehensive productivity impacts across member operations:

Training and Compliance Costs:

- Administrative compliance: Average 2-3% of project values ($60,000-$180,000/typical project)
- Training compliance costs: 150-200% increase over industry-appropriate levels
- Management time allocation: 20-25% diverted from operational efficiency to compliance activities
- Documentation burden: Average 40-60 hours per project for compliance reporting

Workforce and Operational Impacts:

- Project delivery delays: 10-15% increase in delivery timeframes due to workforce disruption
- Skilled worker shortage: 25-30% increase in recruitment time for key technical roles
- Wage inflation: 15-25% above market rates creating sector-wide pressure
- Resource allocation inefficiency: Estimated 30-40% of training investment directed to regulatory
- compliance rather than skills development

Lessons for Future Policy Development:

- Industry-specific policies required recognising operational differences
- Consultation with industry essential before policy implementation
- Pilot programs needed to test policy effectiveness before full implementation
- Regular review and adjustment mechanisms required for complex policies

10.3 Improved Procurement Practices

Framework Approaches:

- Long-term framework agreements providing work continuity and investment certainty
- Regional panels reducing tender costs and improving local participation
- Performance-based contracts focusing on asset outcomes rather than inputs
- Collaborative contracting arrangements promoting innovation

Streamlined Processes:

- Electronic systems reducing administrative burden
- Standardised documentation across agencies

- Fast-track approvals for routine maintenance and emergency work
- Proportionate evaluation criteria based on project scale and complexity

Value-Based Evaluation:

- Whole-of-life cost evaluation rather than lowest price
- Recognition of local economic benefits and employment creation
- Innovation and sustainability criteria in evaluation processes
- Performance history and capability assessment in contractor selection

11. Barriers to Entry, Investment and Innovation

11.1 Current Market Entry Barriers

Capital Investment Requirements:

- High fixed costs for manufacturing facilities and specialised equipment
- Significant working capital requirements for materials and inventory
- Regional depot networks requiring substantial infrastructure investment
- Technology systems for project management and quality control

Regulatory Complexity:

- Multiple approval processes for new operations across jurisdictions
- Inconsistent standards and requirements between agencies
- Complex environmental and safety compliance requirements
- Extended timeframes for obtaining necessary permits and approvals

Skills Acquisition Challenges:

- Limited availability of experienced personnel for key technical roles
- Extended training periods for specialised equipment operation
- Competition from other sectors for technical and management skills
- Difficulty establishing training programs for new operations

11.2 Investment Barriers

Market Uncertainty:

- Irregular government spending cycles affecting demand predictability
- Policy changes creating regulatory uncertainty
- Limited visibility of future infrastructure investment programs
- Competition from other sectors for investment capital

Financial Constraints:

- Extended payment cycles in government contracts affecting cash flow
- Limited access to finance for smaller regional contractors
- High insurance and bonding requirements for government work
- Working capital requirements for materials and equipment

11.3 Innovation Barriers

Risk-Averse Culture:

- Procurement focus on proven technologies rather than innovation
- Limited incentives for technology adoption and improvement
- Regulatory uncertainty affecting investment in new approaches
- Client preferences for traditional methods and materials

Research and Development Constraints:

- Limited collaboration between industry and research institutions
- Insufficient scale for individual companies to invest in R&D
- Lack of coordinated industry research programs
- Limited government support for technology commercialisation

11.4 Solutions to Address Barriers

12. Implementation Considerations and Prioritisation

12.1 Stakeholder Engagement Requirements

Key Stakeholder Groups:

- Industry associations and member companies across horizontal infrastructure and flexible pavement sectors
- State and local government agencies responsible for infrastructure delivery
- Training and education providers including TAFE and universities
- Regional communities and economic development agencies
- Financial institutions and insurance providers

Engagement Approach:

- Structured consultation process with clear timelines and feedback mechanisms
- Regional consultation sessions recognising geographic diversity
- Technical working groups for complex policy development
- Industry advisory panels for ongoing policy monitoring and adjustment

12.2 Phased Implementation Strategy

Phase 1: Immediate Reforms (0-12 months)

- Training policy adjustments reflecting industry characteristics
- Procurement process streamlining for maintenance and routine work
- Regulatory harmonisation across jurisdictions
- Fast-track approval processes for emergency and routine work
- Review and simplify the Qld Procurement Policy, Best Practice Principles and guidance to reduce regulatory complexity, align with sector needs, and clarify compliance expectations.

Phase 2: Structural Changes (1-3 years)

- Framework agreement implementation across government agencies
- Regional capability development programs
- Technology adoption incentive programs
- Workforce development partnerships and training centers

Phase 3: Transformation Initiatives (3-5 years)

- Innovation ecosystem development and R&D partnerships
- Advanced manufacturing capability development
- Circular economy transition programs
- International best practice adoption and export development

12.3 Monitoring and Evaluation Framework

Productivity Indicators:

- Output per worker measures across different project types
- Project delivery time improvements and cost reductions

- Material and equipment utilisation efficiency
- Quality outcomes and asset performance measures

Skills Development Outcomes:

- Training completion rates and skills certification levels
- Workforce retention and career progression measures
- Regional employment levels and local economic impact
- Industry satisfaction with training programs and outcomes

Innovation Adoption Metrics:

- Technology uptake rates and investment levels
- New product and service development
- Export performance and market expansion
- Environmental and sustainability improvements

Regional Impact Assessment:

- Employment levels and wage growth in regional areas
- Local supplier engagement and economic multiplier effects
- Infrastructure delivery capacity and service quality
- Community satisfaction with infrastructure services

12.4 Risk Management and Contingency Planning

Implementation Risks:

- Stakeholder resistance to change and regulatory adjustment
- Resource constraints affecting program delivery and effectiveness
- Economic conditions affecting investment and employment
- Technology adoption challenges and skills development gaps

Mitigation Strategies:

- Comprehensive stakeholder engagement and communication programs
- Flexible implementation timelines allowing for adjustment
- Pilot programs testing approaches before full implementation
- Regular monitoring and evaluation with adjustment mechanisms

13. Conclusion and Key Recommendations

The flexible pavement industry represents a critical component of Queensland's construction sector, with unique operational characteristics requiring differentiated policy approaches. The pause of the BPIC policy provides an opportunity to develop more appropriate regulatory frameworks that recognise the material-intensive, technically specialised nature of our industry's infrastructure delivery.

Key Recommendations

1. Develop Industry-Specific Policy Frameworks

- Recognise operational differences between residential, commercial, vertical, and flexible pavement (horizontal) construction
- Adjust training requirements to reflect actual labour intensity and workforce structures
- Create regulatory pathways appropriate for maintenance and continuous operations
- Implement performance-based rather than prescriptive policy approaches

2. Reform Training and Skills Development Systems

- Adjust training ratios to reflect industry characteristics (recommend 0.015% for civil infrastructure)

- Expand recognition of off-site training and workforce development
- Reduce inappropriate "new entrant" requirements not reflecting industry turnover
- Develop regional training capabilities and industry-specific competency standards

3. Streamline Procurement and Regulatory Processes

- Implement framework agreements providing work continuity and reduced tender costs
- Create fast-track approval processes for routine maintenance and emergency work
- Harmonise regulatory requirements across jurisdictions and agencies
- Focus evaluation on value and performance rather than lowest cost

4. Support Innovation and Technology Adoption

- Provide incentives for technology adoption and advanced manufacturing investment
- Develop industry-university research partnerships
- Create innovation procurement policies rewarding new approaches
- Support export development for innovative technologies and services

5. Enhance Regional Capabilities and Market Access

- Develop regional procurement preferences recognising local employment benefits
- Create proportionate compliance requirements for smaller regional contractors
- Support regional training and capability development programs
- Provide investment support for regional infrastructure and equipment

6. Establish Comprehensive Monitoring and Evaluation

- Implement productivity measurement systems across different construction sectors
- Track skills development outcomes and workforce retention
- Monitor innovation adoption and technology uptake
- Assess regional economic impact and employment outcomes

Industry Commitment

The flexible pavement industry stands ready to contribute to meeting Queensland's infrastructure and housing challenges through improved productivity, innovation, and sustainable practices. With appropriate policy settings recognising the unique characteristics of horizontal infrastructure construction and maintenance services delivery, our industry can provide enhanced value for Queensland taxpayers while maintaining secure, skilled employment across regional and urban areas.

AfPA looks forward to working with the Queensland Productivity Commission, government agencies, and industry stakeholders to implement these reforms and unlock the productivity potential of Queensland's construction and infrastructure delivery sector. The success of these reforms will benefit not only the flexible pavement sector but contribute to the broader construction industry's ability to deliver Queensland's ambitious housing and infrastructure objectives.

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