Green Building Council Australia

Building a sustainable future

10 June 2025

Ms Angela Moody
Productivity Commissioner and Chair
Queensland Productivity Commission

Via online portal: https://qpc.qld.gov.au/content/inquiries/construction-productivity-inquiry-form.html

Dear Commissioner

Re: Inquiry into construction productivity

The Green Building Council of Australia (GBCA) welcomes the chance to provide feedback to the Queensland Productivity Commission on opportunities to improve the productivity of the construction sector.

GBCA's purpose is to lead the sustainable transformation of the built environment. We do this primarily through our core functions:

- We advocate policies and programs that support our vision and purpose.
- We educate industry, government practitioners and decision-makers, and promote green building programs, technologies, design practices and operations.
- We collaborate with our members and other stakeholders to achieve our mission and strategic objectives.
- We rate the sustainability of buildings, fitouts and communities through Australia's largest national, voluntary, holistic rating system – Green Star.

Green Star is Australia's most widely used sustainability rating system for the design, construction and performance of buildings – including social infrastructure – fitouts and communities. Green Star aims to transform the built environment by:

- reducing the impact of climate change
- enhancing our health and quality of life
- restoring and protecting our planet's biodiversity and ecosystems
- driving resilient outcomes for buildings, fitouts, and communities
- contributing to market transformation and a sustainable economy.

GBCA welcomes the opportunity to provide feedback to the Queensland Productivity Commission on ways to lift productivity in the construction sector. We note the Australian Government Productivity Commission's recent report, Housing construction productivity: Can we fix it, which rightly identifies the complex range of factors contributing to low productivity in the housing construction sector. The report proposes reform in four key areas:

- Streamlined and transparent planning approvals, supported by adequately resourced regulators
- An independent review of building regulations
- Removal of barriers to innovation, alongside targeted investment
- Improved workforce mobility and flexibility

GBCA supports the Australian Government Productivity Commission's recommendation for an independent review of building regulation. This should focus on how the building code can contribute to improved productivity without compromising building quality or climate goals. It should include consideration of the regulatory and planning environment as a whole and **should not** preclude the Queensland Government from reaffirming its commitment to the national NCC review process and current trajectory of planned updates until a process for independent review is agreed by all jurisdictions.

A productive construction sector depends on a regulatory framework that is clear, consistent, and fit for purpose. Government and industry must work together to ensure the system delivers the best possible outcomes – not just for productivity, but also for safety, health, sustainability, resilience, and long-term value for occupants, owners, and investors.

In progressing its interim report and any future recommendations to government, we urge the Queensland Productivity Commission to remain focused on the fundamental purpose of regulation. While regulatory processes can add complexity, indefinite pauses to updates or a fragmented approach to national standards risk undermining long-term productivity, affordability, and broader social and environmental outcomes.

GBCA reflects the priority areas for reform proposed by the Australian Sustainable Built Environment Council (ASBEC) in its submission to this consultation:

- In the short term, Queensland should reaffirm its commitment to the national NCC review process and remove regulatory inconsistencies that impede productivity. Streamlining planning and approvals processes—particularly across local governments—can help accelerate housing delivery without compromising quality or safety.

- Procurement reform is critical. Queensland should lead the development of procurement frameworks that promote collaboration, fair risk allocation, innovation, and continuous improvement. This includes building capacity for SMEs and regional contractors, embedding lifecycle thinking in project evaluation, and better aligning procurement processes with sustainability and social value objectives. Use of robust, independent verification tools, such as Green Star, NABERS and Infrastructure Sustainability (IS) for appropriate projects can provide the Queensland Government with independent assurance that standards and requirements are met, while also providing industry with clarity, certainty and consistency in understanding government expectations and common language and best practice benchmarks to work to.

- Queensland should prioritise workforce capacity and capability. Investment in education, training and upskilling, particularly in digital technologies, energy efficiency, and resilient design, is essential to support modern construction practices and reduce delays and defects. Encouraging greater diversity in the construction workforce can also expand labour supply and strengthen long-term resilience.

- A clear, long-term policy roadmap for the built environment—aligned with housing, climate, and infrastructure goals—will provide certainty for industry and support investment in innovation and productivity-enhancing practices.

Please see additional comments against several of the terms of reference for more information.

To arrange further discussion, or for additional clarification of the points made above, please do not hesitate to contact Katy Dean, Senior Policy Adviser, via email at [redacted]

Yours sincerely

[redacted]

Davina Rooney
Chief Executive
Green Building Council of Australia

GBCA submission to Queensland Productivity Commission inquiry into construction productivity

GBCA makes comment against the following terms of reference:

i. 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

Long-term housing affordability
Housing shortage and housing affordability are serious issues in Queensland and across Australia. Declining productivity in the housing construction sector is a contributing factor to these as well as an issue for the wider economy.

Government and industry must ensure that we are not sacrificing safety, quality, health and long-term affordability for increasing the volume and speed of construction.

Long-term affordability of homes is not just about the cost of constructing, purchasing or renting a home; we must also consider the ongoing costs associated with operating and maintaining a home. Without proper consideration for occupant health and comfort, and the impacts of a changing climate, we will set ourselves up for even greater costs in years to come. Resilience to climbing temperatures and increased frequency and severity of major weather events and bushfires must also be a primary consideration in how we plan, design and construct our homes, and the policies and regulations that guide this.

Resilience into the future
In 2024, Building Ministers agreed[1] to add climate resilience as an objective of the Australian Building Codes Board (ABCB) from 2025. This is a welcome move and gives the ABCB a clear mandate to explore how the National Construction Code (NCC) can reduce the impact of climate change and natural disasters on housing and other critical community facilities.

This is necessary work to make Australia's buildings more resilient to extreme heat and weather events driven by climate change. With extreme weather already more frequent and intense than historical averages and 2023 the hottest year on record,[2] we need to ensure our buildings are ready for the future climate, or face significant costs relating to upgrading and retrofitting, repair, replacement or relocation.

ii. 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

Enhancing the supply chain
A productive, decarbonising Queensland economy needs an innovative and competitive supply chain. Demand is growing – both locally and globally – for circular, low-carbon building materials that will help to deliver future-ready buildings and infrastructure. Government leadership in procurement, including setting expectations and requirements for high performance, best practice design and construction helps to drives demand for innovative materials, products, skills and practices. Increased demand and greater consistency and certainty in demand allows the supply chain to invest in innovation, development and capacity building.

[1] Australian Government. 2024. Building Ministers Meeting June 2024. https://www.industry.gov.au/news/building-ministers-meeting-communique-june-2024

[2] European Union Copernicus Climate Change Service, Media Release, January 2024.

Keeping pace with building innovation and new technology

Failure to adapt our standards and approaches in line with cost-saving technology and productivity advancements risks worsening affordability. Governments' ambitious commitment under the National Housing Accord to deliver 1.2 million homes over the next decade will demand a strong focus on innovative ways to deliver homes for our growing population, including prefabricated and modular construction.

Design-led solutions can support a consistent framework of regulation and regular regulatory updates and assist the housing construction industry to build the resilient homes we need. This could be done by establishing an industry-led reference standard for guiding best-practice design decisions, specific to the site's characteristics, beyond the existing NCC climate zones. RACE for 2030 is proposing development of a framework for advancing net-zero-carbon design and climate resilience aligning with government housing initiatives through 2050.

iii. 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

Queensland's construction productivity is shaped by a complex interplay of federal, state, and local legislation, industrial relations settings, procurement practices, and workforce dynamics. While each element individually impacts productivity, duplication and fragmentation across jurisdictions exacerbate inefficiencies.

Regulatory certainty is essential to improving productivity across the construction sector. 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. A stable, forward-looking regulatory environment supports long-term planning, encourages innovation, and ensures that productivity gains are sustained across the value chain

The NCC sets the national standard for how we build in Australia. It covers matters from fire safety, structural integrity, health and amenity, accessibility to sustainability considerations including emerging issues like embodied carbon, resilience to our changing climate, and increased frequency and intensity of natural disasters.

A national productivity project

Since the early 1990s, the adoption of a single building code by state and territory governments has been a national project grounded in productivity and efficiency, to save businesses money from unnecessary and confusing duplication between states and territories and undue regulation, focusing on reforms that have a net benefit to society.

The NCC also ensures an appropriate safety net for quality, comfort and cost to all Australians, the people who ultimately own, work and live in the buildings we construct.

Evolving to focus on emerging risks

Over time, the issues addressed in the design, construction and refurbishment of buildings have changed and evolved in response to the risks faced. From ensuring personal safety in case of fires and structural failures, to addressing systemic defects in quality like waterproofing and condensation, there is a strong need to consider emerging challenges. Constructing buildings and homes that will still be here in 40 and 50 years' time requires taking a long-term view on what appropriate minimum standards need to achieve.

As noted above, the Building Ministers directive to make resilience an objective of the ABCB recognises the critical role regulation must play in ensuring our homes and buildings continue to protect occupant safety and health as the impacts and effects of the changing climate mount in frequency and severity.

Another critical issue for regulation, also recognised by Building Ministers,[3] is the part that reducing embodied carbon in buildings must play if Australia is to meet its emissions reduction targets.

Climate action in the critical decade

Improving the energy performance of new homes and buildings will benefit Australians for decades to come, improving long-term affordability of homes and making the transition to renewable energy faster and cheaper. The energy performance requirements for homes introduced in NCC 2022 will lead to significant and ongoing energy bill savings for households, better health outcomes, better resilience to worsening extreme weather events and heatwaves,[4] cuts to our emissions and less need for expensive generation and network augmentation.

According to CSIRO research, over 75% of new homes in NSW achieving NatHERS ratings since July 2024 are now rated above 7 stars,[5] highlighting the positive impact of these new standards. Additional analysis from CSIRO indicates that the figure at end of August 2024 is now over 90% with September and October 2024 yet to be analysed. The Australian Glass and Window Association (AGWA) reports that implementing the new energy efficiency standards has raised costs by an average of just $4,300 per home.[6] These costs will be offset by homeowners saving at least $326 in energy bills per year,[7] every year, and improved health outcomes thanks to the improved energy efficiency of their homes.

In addition, the CSIRO analysis offers valuable insights into how these standards are being implemented, particularly in New South Wales. In apartments in NSW, developers have managed costs effectively by making strategic adjustments, such as slightly reducing window sizes while maintaining the use of double glazing. This approach has resulted in minimal cost increases. However, in instances where the size of a house or its window areas have expanded—average home sizes in NSW have grown by 10% and window areas have increased by 10 square metres—the associated costs have risen accordingly.

By contrast, in Queensland, where the average home size has remained stable and window areas have slightly decreased, the cost increase has been much lower. The smaller window sizes in Queensland homes have meant that double glazing was often not required, resulting in more modest cost increases.

Similarly, proposed provisions in NCC 2025, stand to increase the energy performance of commercial buildings significantly through increased efficiency of the building envelope, its services and the provisioning for onsite solar PV and EV charging. A CSIRO report[8] also shows previous energy efficiency updates to the NCC have added little to the costs of building new homes.

---

[3] Australian Government. 2024. Building Ministers Meeting June 2024. https://www.industry.gov.au/news/building-ministers-meeting-communique-june-2024

[4] Heatwaves are responsible for more deaths than all other extreme weather events combined, with an estimated 36,000 deaths associated with the heat between 2006 and 2017, ANU Institute for Climate, Energy & Disaster Solutions, 'We know that heat kills; accurately measuring these deaths will help us assess the impacts of climate change', February 2021

[5] 3 CSIRO Energy Rating Dashboards for States and Territories, https://ahd.csiro.au/dashboards/energyrating/states/ accessed 29 October 2024.

[6] Australian Glass and Window Association, 7.0 Star Cost Upgrade Analysis, September 2024

[7] ACIL ALLEN for ABCB, National Construction Code 2022: Decision Regulation Impact Statement for a proposal to increase residential building energy efficiency requirements NCC 2022, August 2022

[8] CSIRO. 2022. Will 7-star housing really cost more? It depends, but you can keep costs down in a few simple ways. Accessed 28 November 2024.

"Reserve Bank analysis[9] shows the construction cost inflation rate barely changed when 5- star (2006) and 6-star (2011) standards came in. In fact, CSIRO research[10] found prices dropped in 2006. New houses built to a 5-star standard or above were cheaper on average than lower-rated houses by about $5,000 in Melbourne and Adelaide and $7,000 in Brisbane. Other reviews found the move to 6 stars cost less than expected. Government assumptions tend to be conservative. They often overlook the capacity of designers, builders, manufacturers and consumers to find cost efficiencies. International evidence[11] shows costs for higher performance have been over-estimated and fall more quickly than policymakers and industry predict."

Procurement

Government leadership through procurement is a critical, non-regulatory lever to uplift building performance and build industry and supply chain capacity while delivering economic, environmental and social benefits.

An ongoing government commitment to net zero and circularity with clear and consistent procurement expectations provides certainty and confidence for the supply chain to invest in innovation, build capacity, and adopt low carbon and circular products and practices

Labour force needs

A workforce skilled in emerging technologies like electrification, in low-carbon materials and circular construction methods will strengthen Australia's reputation for high-quality, future-ready buildings and infrastructure and help to deliver a decarbonised built environment.

Ongoing investment in skills, training and research will foster innovation, futureproof the built environment workforce and contribute to long-term productivity. This includes ensuring that nationally recognised training initiatives for the built environment and its value chain are fit for purpose and meet industry's decarbonisation needs.

iv. the opportunities for improvements in productivity in Queensland including regulatory and non-regulatory mechanisms

GBCA supports the need for an independent review of building regulations, including consideration of the regulatory and planning environment as a whole. A productive construction sector depends on a regulatory framework that is clear, consistent, and fit for purpose. Government and industry must work together to ensure the system delivers the best possible outcomes – not just for productivity, but also for safety, health, sustainability, resilience, and long-term value for occupants, owners, and investors.

Please also see response above to ***iii.***

v. priority areas for reform for the Queensland Government to efficiently address identified challenges in the short, medium and long term (including but not limited to labour availability, skills availability and market competition, the availability of suitably qualified head contractors and sub contractors etc)

Please also see response above to ***iii – Procurement*** and ***iii – Labour force needs***

---

[9] Reserve Bank of Australia. 2017. Houses and Apartments in Australia. Accessed 28 November 2024.
[10] CSIRO. 2013. The evaluation of the 5-star energy efficiency standard for residential buildings. Accessed 28 November 2024.
[11] Element Energy & Davis Langdon. 2013. Costs of building to code for sustainable homes. Accessed 28 November 2024

vi. key recommendations and themes from other relevant productivity reviews, including those undertaken by the Australian Government Productivity Commission

GBCA considers that the four key areas for proposed reform identified in the Australian Government Productivity Commission's recent report, Housing construction productivity: Can we fix it provide an are also appropriate for the Queensland Productivity Commission to consider in its review of Queensland's construction sector:

- Streamlined and transparent planning approvals, supported by adequately resourced regulators
- An independent review of building regulations
- Removal of barriers to innovation, alongside targeted investment
- Improved workforce mobility and flexibility.

Please also see response above to ***iv.*** and see GBCA submission to Australian Government Productivity Commission research into housing construction productivity.

vii. 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

Government commitment to best practice coupled with a commitment to ensuring that opportunities exist for upskilling, access to best practice examples, case studies and lessons learnt on previous projects will enhance rather than limit the availability of suitable labour. Removing expectations for best practice in government procurement will negatively impact ongoing productivity, rather than improve it.

viii. 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

Please see response above to ***vii***. Government should be a champion for best practice. Government leadership through procurement is a critical, non-regulatory lever to uplift building performance and build industry and supply chain capacity while delivering economic, environmental and social benefits.

ix. barriers to entry, investment and innovation in the sector, and potential options to address those impediments

As investors and home buyers increasingly look to real estate assets that can demonstrate verified environmental performance, we need to ensure that Queensland is well-placed to deliver and attract investment from around Australia and the world. Now is not the time to stand still or go backwards in what we expect from our homes and buildings.

Please see GBCA's Unlocking the value: A practical guide for sustainable finance in the Australia real estate sector and our joint report, Financing transformation: A guide to green building for green bonds and green loans.

x. key issues to be considered in implementing reform options identified and views on how recommendations could be prioritised.

As noted in the covering letter, GBCA reflects the priority areas for reform proposed by the Australian Sustainable Built Environment Council (ASBEC) in its submission to this consultation:

In the short term, Queensland should reaffirm its commitment to the national NCC review process and remove regulatory inconsistencies that impede productivity. Streamlining planning and approvals processes—particularly across local governments—can help accelerate housing delivery without compromising quality or safety.

Procurement reform is critical. Queensland should lead the development of procurement frameworks that promote collaboration, fair risk allocation, innovation, and continuous improvement. This includes building capacity for SMEs and regional contractors, embedding lifecycle thinking in project evaluation, and better aligning procurement processes with sustainability and social value objectives. Use of robust, independent verification tools, such as Green Star, NABERS and Infrastructure Sustainability (IS) for appropriate projects can provide the Queensland Government with independent assurance that standards and requirements are met, while also providing industry with clarity, certainty and consistency in understanding government expectations and common language and best practice benchmarks to work to.

Queensland should prioritise workforce capacity and capability. Investment in education, training and upskilling, particularly in digital technologies, energy efficiency, and resilient design, is essential to support modern construction practices and reduce delays and defects. Encouraging greater diversity in the construction workforce can also expand labour supply and strengthen long-term resilience.

A clear, long-term policy roadmap for the built environment—aligned with housing, climate, and infrastructure goals—will provide certainty for industry and support investment in innovation and productivity-enhancing practices.