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Submission to the Queensland Productivity Commission: Enhancing Productivity and Efficiency in Queensland's Construction Sector

Submitted by: Odette Hooton and Kim Dempsey, Directors, Advantage Project Solutions Pty Ltd

Date: 10th June 2025

About Us

Advantage Project Solutions Pty Ltd (APS) is a specialised consultancy firm dedicated to driving productivity, efficiency, and successful outcomes within the construction sector. Our extensive experience spans across local government and the private sector, encompassing infrastructure projects, commercial developments, and strategic advisory services. APS excels in project management, contract administration, community and stakeholder engagement, and business development. Our deep understanding of Queensland's construction industry uniquely positions us to provide practical, effective solutions that enhance operational performance, reduce risks, and deliver sustainable, high quality outcomes.

Why Our Thoughts Matter

Our insights and recommendations are grounded in extensive hands on experience across diverse and complex construction environments. We have witnessed firsthand the barriers to productivity and efficiency, understanding deeply the practical implications of regulatory frameworks, contractual practices, and project management methodologies. Our perspectives incorporate lessons learned from numerous successful projects and reflect the collective wisdom of seasoned professionals who have managed significant construction challenges. This practical expertise, combined with a commitment to continuous improvement and innovation, ensures that our recommendations are not just theoretical, but actionable and impactful.

Major Projects

APS has successfully contributed to numerous significant projects across Queensland, including but not limited to:

- **Regional Water Infrastructure Projects:** Delivery of critical infrastructure enhancements for improved water security.
- **General Manager, Local Government Project Delivery:** Managed and successfully delivered infrastructure projects aligned with an approved annual capital works program valued at approximately \$400 million.
- **Major International Sporting Event (Queensland, 2032):** Early engagement and preliminary project management activities, including stakeholder coordination and planning support.
- **Regional River Management Trust:** Strategic support and advisory services for environmental management and community engagement.
- **Regional Innovation and Entrepreneurship Programs:** Business development, strategic advisory, and mentorship initiatives supporting regional small business growth and entrepreneurship.
- **Multiple Significant Infrastructure and Community Projects:** Including major sewer and pump station upgrades, town centre revitalisation, urban bus infrastructure projects, extensive road improvements, urban redevelopment, advanced digital solutions implementation, and recreational facility development.
- **Defence Infrastructure Enhancements:** Comprehensive upgrades and infrastructure management projects for major defence facilities in Queensland.

Executive Summary

The construction sector in Queensland faces significant and entrenched barriers affecting its productivity and efficiency. These challenges include excessive regulatory burdens, adversarial inspection practices, variability in contractor pricing driven by leadership styles, insufficient design and planning, inconsistent contractual frameworks across government departments, unnecessarily elaborate project designs, inexperienced personnel, and biased tender evaluation processes. Resolving these challenges is vital to ensure the timely and cost effective delivery of major infrastructure projects, notably Housing, Copper String and the upcoming Brisbane 2032 Olympic and Paralympic Games to name just a few.



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Excessive Regulatory Burdens (Red Tape)

Issue:

Queensland's construction industry operates under complex and overlapping regulatory frameworks, encompassing local and state regulations, building codes, licensing requirements, and health and safety mandates. The existing regulatory environment is often fragmented, duplicative, and overly bureaucratic.

Impact:

- Significant delays and extended project timelines due to cumbersome approval processes.
- Inflated project budgets and increased compliance costs. Discouragement and reduced market entry for smaller contractors unable to manage complex regulatory demands.

Example:

- Contractors frequently face duplication of administrative tasks due to inconsistent recognition of prequalification platforms by councils and government bodies. Despite contractors prequalifying through vendor platforms, submitting comprehensive documentation including insurances, professional indemnities, policies, and safety management plans, local councils often request resubmission of identical documentation. Similarly, contractors listed on internal tender panels are regularly required to duplicate submissions, significantly increasing administrative workloads and delaying project initiation.
- Recently, a local contractor incurred approximately \$10,000 in consulting fees to engage Brisbane-based assistance in submitting a tender valued at around \$600,000. Despite this substantial outlay, the local contractor was unsuccessful, and the contract was subsequently awarded to a Brisbane-based company, highlighting disproportionate burdens placed on smaller, regional contractors.

Recommendation:

- Undertake a detailed and comprehensive audit to identify redundant and overlapping regulations.
- Establish a unified digital platform for all regulatory approvals and prequalification processes, ensuring streamlined processing and eliminating duplication.
- Harmonise and standardise regulatory requirements across local and state jurisdictions, including clear guidelines to recognise prequalification documentation consistently, thereby reducing unnecessary administrative burdens.

Deficiencies in Design, Planning, and Budgeting

Issue: Frequently, projects begin without thorough completion of design specifications, comprehensive planning, and realistic budgeting. Inadequate preparedness often leads to repeated revisions, unexpected scope changes, and substantial financial overruns.

Impact:

- Disruptive project delays caused by frequent design and specification revisions.
- Significant increases in project costs beyond initial estimates.
- Compromised project quality and reduced stakeholder satisfaction.

Example:

- A regional community infrastructure project was halted shortly after securing funding due to inadequate initial design and planning. This resulted in the project being suspended indefinitely, creating community dissatisfaction and loss of funding opportunities.

Recommendation:

- Enforce mandatory comprehensive design and planning phases prior to project commencement.
- Actively involve all relevant stakeholders from the project's early stages to identify potential issues early.
- Allocate realistic and clearly defined budget contingencies to adequately accommodate unforeseen challenges.



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Inexperienced Personnel

Issue: There is a notable prevalence of inexperienced personnel within project teams and management positions, leading to suboptimal decision making and project execution.

Impact:

- Increased frequency of mistakes, rework, and project inefficiencies.
- Poor allocation and utilisation of resources, significantly impacting productivity.
- Reduced overall effectiveness of project management processes.

Example:

- APS observed a scenario where contractors submitted bids under an AS4000 Construct Only contract for a local project. Post tender, the client unilaterally attempted to switch to an AS4902 Design and Construct model. This change imposed unexpected professional indemnity insurance requirements, design responsibilities, and increased risk management measures, significantly altering contractors' financial and operational commitments without the opportunity to appropriately price or reconsider their submissions.
- A regional council experienced significant disruptions on a major community revitalisation project due to frequent turnover of project engineers and managers. The council replaced multiple project staff throughout the duration, creating continuous rework, inconsistent decision-making, and extended project timelines

Recommendation:

- Prioritise industry experience as a key criterion in hiring and appointment processes.
- Develop comprehensive and mandatory training programs complemented by mentoring schemes.
- Promote ongoing professional development and regular knowledge sharing to enhance collective organisational experience.

Contractual Inconsistencies Across Government Departments

Issue: Different government departments utilise a wide variety of contractual frameworks and templates, resulting in unnecessary complexity and inefficiencies for contractors.

Impact:

- Increased administrative burden on contractors who must navigate diverse and often conflicting contractual requirements.
- Heightened risk of disputes and litigation arising from misunderstandings and contract ambiguities.
- Reduced efficiency due to the frequent learning curves associated with varying contractual expectations.

Example:

- Contractors frequently encounter diverse and conflicting contract requirements even within the same council, leading to confusion and increased risk of disputes and project delays.

Recommendation:

- Establish and mandate a uniform set of standard contracts across all government departments.
- Conduct regular training for contractors and government personnel regarding standardised contractual terms and conditions.
- Continually review and update standard contracts in alignment with evolving industry best practices.



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Unnecessarily Elaborate (Gold Plated) Designs

Issue: Project designs often include unnecessary or overly elaborate features that are not aligned with actual project requirements or practical functionality, driven largely by stakeholders' lack of clarity or experience.

Impact:

- Substantial and avoidable cost escalations.
- Unnecessary project complexity, extending delivery timelines.
- Waste of resources that could otherwise be allocated efficiently.

Example:

- A reservoir project faced significant cost increases due to overly conservative designs that were not based on adequate site assessments. Contractors' simpler, cost effective solutions were overlooked, resulting in inflated project costs.

Recommendation:

- Implement stringent justification and assessment criteria for all project design elements, prioritising functional necessity and practicality.
- Provide extensive training to stakeholders to enhance clarity in defining realistic, achievable project requirements.
- Foster a culture of efficiency focused design, encouraging pragmatic approaches to project specifications.

Housing Development in Remote Indigenous Communities

Issue: Significant challenges exist in delivering suitable and sustainable housing projects within remote Indigenous communities due to complex logistical issues, cultural considerations, and often inadequate stakeholder engagement.

Impact:

- Delays and cost escalations arising from logistical complexity and lack of robust planning.
- Housing solutions that do not align with community specific cultural or practical requirements.
- Reduced long term effectiveness and sustainability of delivered housing solutions.

Example:

- APS has experience in providing project management and stakeholder engagement services for housing developments within remote Indigenous communities. We observed firsthand how inadequate initial stakeholder consultation and limited consideration of unique community logistics initially led to project setbacks and community dissatisfaction, necessitating significant rework to meet actual community needs.

Recommendation:

- Implement culturally sensitive, comprehensive stakeholder engagement early in the planning process, involving community representatives directly in housing design and project decisions.
- Develop robust logistical and supply chain strategies tailored specifically to the realities of remote Indigenous communities.
- Adopt flexible, adaptive project frameworks that can accommodate unique cultural, geographical, and logistical considerations to ensure sustainable and effective housing outcomes.



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Insufficient Stakeholder and Community Engagement

Issue: There is often inadequate stakeholder and community engagement in construction projects, resulting in poor alignment of project objectives with community needs and expectations.

Impact:

- Increased community resistance and delays due to public opposition.
- Poor project outcomes stemming from lack of local knowledge and insight.
- Missed opportunities to build community support, goodwill, and project advocacy.

Example:

- APS observed a project, where initial stakeholder engagement was limited, resulting in community concerns around accessibility and design that had to be addressed reactively, leading to avoidable delays and additional costs.

Recommendation:

- Mandate thorough and proactive stakeholder and community engagement plans as part of the initial project scope and planning phase.
- Utilise experienced engagement specialists to ensure robust consultation processes.
- Regularly monitor and evaluate stakeholder engagement effectiveness through transparent feedback mechanisms, incorporating findings into ongoing project improvements.

Favouritism in Tender Assessment Processes

Issue: Tender evaluation processes are frequently compromised by biases, resulting in unfair favouritism toward specific consultants or contractors, enabled by manipulative assessment criteria and personal relationships.

Impact:

- Reduced competition within the market, negatively affecting cost effectiveness.
- Decreased overall quality and value delivered through construction projects.
- Undermined public trust and transparency in procurement practices.

Example:

- APS observed firsthand a situation where a local government tender required a mandatory pre tender site inspection. Only two contractors attended, yet the contract was awarded to a company that did not participate in the compulsory inspection, indicating clear favouritism and non compliance with tender conditions. Additionally, APS has frequently noted scenarios where preferred contractors consistently win tenders despite the availability of equally qualified and competitive alternatives, suggesting that decisions were influenced by relationships rather than merit or value for money criteria.

Recommendation:

- Establish clearly defined, transparent, and robust tender evaluation criteria.
- Conduct regular independent audits of tender assessments.
- Rotate evaluation panel memberships regularly to prevent entrenched bias and undue influence.



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Adversarial Inspection Practices

Issue: Inspection authorities in Queensland commonly adopt a confrontational and punitive approach rather than a cooperative, problem solving stance. This adversarial attitude often undermines productive interactions between inspectors and contractors.

Impact:

- Heightened tensions and reduced communication on construction sites.
- Increased likelihood of unnecessary project halts and delays.
- Decreased workforce morale, negatively impacting overall site productivity.

Example:

- On multiple regional subdivision projects, contractors faced significant delays and disruptions due to inconsistencies and contradictory directions from different inspection authorities. For example, minor defects approved by one inspector were later rejected by another, causing costly delays and uncertainty for contractors.

Recommendation:

- Implement comprehensive training programs that encourage inspectors to adopt collaborative, constructive approaches.
- Develop clearly defined and consistently applied inspection criteria, minimising subjective interpretations.
- Establish formal feedback mechanisms for contractors to voice concerns about inspection practices and inspector behaviour.

Variability in Contractor Pricing due to Project Leadership

Issue: Contractors frequently adjust their pricing strategies based on their expectations of project leadership styles, particularly where there is perceived risk of micromanagement or confrontational supervision.

Impact:

- Elevated project costs due to inclusion of risk premiums in tender submissions.
- Misallocation of resources to anticipate and manage potential leadership driven conflicts.
- Diminished competition due to reluctance from contractors to engage with certain project managers or superintendents.

Example:

- Identical road projects quoted for different government entities have shown significant price differences directly linked to the perceived management style and contractual risk posed by specific project leaders. This creates an environment of uncertainty, inflated bids, and reduced market competition.

Recommendation:

- Facilitate targeted leadership training for project managers and superintendents, emphasising collaborative and effective communication techniques.
- Implement robust leadership evaluation processes including 360 degree feedback to improve accountability.
- Increase transparency by maintaining accessible records of project leadership effectiveness and performance outcomes.



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Superintendent Role

Issue: Superintendent roles within Queensland's construction sector often lack clarity and impartiality, with individuals frequently employed directly by the project client, leading to inherent conflicts of interest and biased decision making.

Impact:

- Compromised fairness and transparency in project decision making.
- Increased disputes and tensions between contractors and clients, negatively affecting project timelines and collaboration.
- Inflated project costs due to biased assessments and approvals.
- Outright rejections or contractors too scared to challenge to avoid future awarding of works.

Example:

- APS has observed instances where superintendents directly employed by project clients explicitly instructed contractors to remove legitimate clarifications and departures from their submissions, threatening rejection otherwise. This practice resulted in contractors either inflating bids to mitigate risk or abstaining from submitting tenders altogether due to perceived biases and potential adversarial management.

Recommendation:

- Independent or Shared Funding Model: Implement a shared funding arrangement where both the client and contractor jointly finance superintendent services. This ensures equal accountability and financial commitment from both parties, significantly reducing biases. An independent third party organisation could manage superintendent appointments to further enhance impartiality.
- Transparent Selection and Interview Process: Establish a transparent, collaborative superintendent selection process involving representatives from both client and contractor sides. Conduct structured interviews assessing candidates' technical expertise, impartiality, project management skills, and dispute resolution capabilities. Document and agree on candidate selections to reinforce neutrality and mutual trust.
- Regular Performance Evaluations: Institute ongoing, transparent feedback mechanisms where performance assessments are conducted jointly by client and contractor representatives. These assessments should include measurable KPIs around impartiality, responsiveness, and effective dispute resolution, with regular reporting to ensure accountability and continuous improvement in superintendent practices.

APS strongly believes addressing these priority areas will significantly improve productivity, efficiency, market competitiveness, and cost effectiveness in Queensland's construction sector.

APS remains committed to supporting Queensland's productivity goals and is available to provide further insights, detailed discussions, or active participation in ongoing consultations or working groups.

We welcome any opportunity to further contribute our expertise and look forward to collaborating on effective and sustainable solutions.

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