

31 July 2025

QPC releases Interim Report into Construction Productivity

The Queensland Productivity Commission today released its Interim Report into *Opportunities to Improve Productivity of the Construction Industry* for public consultation.

In April 2025, the Queensland Treasurer issued a direction to the Commission to undertake an inquiry into the factors driving productivity in the Queensland construction industry and to make recommendations for policy and regulatory reform to improve productivity.

The Interim Report follows extensive consultation with industry groups, trade unions, businesses and government agencies along with regional visits to Townsville and the Gold Coast and virtual meetings with participants in Gladstone and Toowoomba.

The Interim Report proposes a reform program to improve productivity across the industry. The Commission has made 21 preliminary recommendations and identified 12 directions for reform, focused on four key areas:

- **Reforming government procurement:** There are opportunities to rationalise the current suite of Queensland Government procurement policies, including through the permanent removal of the Best Practice Industry Conditions, and to improve project selection, sequencing and contracting.
- **Improving land use regulation:** There are opportunities to improve the operation of the housing market by reducing unnecessary regulation of building form, streamlining approvals processes and undertaking reforms to increase opportunities for development, with a focus on increasing density.
- **Improving the regulation of building activity:** There are opportunities to improve regulation under the National Construction Code, financial regulations and the operation of workplace health and safety regulation, as well as removing regulatory barriers to modern methods of construction.
- **Improving labour market operation:** Given labour market shortages across the economy, it will be challenging to increase the construction labour force. However, there are opportunities to improve its operation through reforms to occupational licensing and reconsidering the requirement for labour hire licensing.

The Commission found that productivity in the Queensland construction industry had fallen 9 per cent since 2018. This productivity decline means the industry needs 9 per cent more labour today to produce the same level of output it did in 2018. Had productivity remained the same, 77,000 extra dwellings could have been built since 2018.

The Commission found that there was no evidence the recent productivity decline had been offset by improvements in other outcomes. Workplace health and safety data showed no significant shift in safety outcomes since 2018.

Over the longer term, the Commission found labour productivity today was only 5 per cent higher than 1994-95. In comparison, labour productivity in the market economy grew by 65 per cent over the same period. However, the analysis showed there have been periods in which productivity grew quickly, suggesting the construction industry is not inherently unproductive, but has become less so.

The Commission stated that not every policy or regulatory issue raised by stakeholders was addressed in the Interim Report. However, the initial round of engagement and analysis confirmed a significant level of alignment on the key issues affecting productivity in the state's construction industry.

Queensland Productivity Commissioner Angela Moody thanked Queenslanders who attended stakeholder meetings and provided submissions to the inquiry.

Ms Moody said the Interim Report found that the state's construction industry faced multiple challenges including constrained supply chains, availability of capital, legislative and policy changes, investment priorities, timeframes and changing demographics.

"Generally, one or two issues can be managed by consumers, industry and/or government," Ms Moody said.

"In the case of the current Queensland construction industry, several of these factors have become or are long-standing intractable issues. Moreover, what makes the current environment notable is that almost all these factors are occurring at the same time.

"If Queensland is to meet its housing and infrastructure needs, productivity across the industry will need to improve.

"Although there are solutions, the pathway to better productivity will not be easy or immediate. There are no silver bullets, and improving matters will take concerted effort to restore confidence and enable investment in the housing and other infrastructure we need. However, as demonstrated through the initial round of consultation, there is broad commitment amongst stakeholders to find a way forward.

"The Commission is now seeking stakeholder feedback on the proposed reform program before we prepare our final report for the Queensland Government."

The Commission has included requests for information in the Interim Report seeking further evidence on specific issues.

The Commission invites feedback on the Interim Report with submissions open until 28 August 2025. Following stakeholder consultation, the Commission will prepare a Final Report to submit to the Queensland Government by late October 2025.

The Interim Report can be downloaded here: [Construction productivity - Queensland Productivity Commission](#)

About the Queensland Productivity Commission

The Queensland Productivity Commission was established in late April 2025. The Commission:

- Provides independent policy advice to the Queensland Government to help lift productivity, drive economic growth and enhance living standards for Queenslanders.
- Operates independently from the Queensland Government — its views, findings and recommendations are based on its own analysis and judgments.
- Has an advisory role. Inquiry reports contribute to the policy development process, but any policy action is ultimately a decision for the Queensland Government.

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