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24 September 2025

Queensland Productivity Commissioner

Angela Moody

enquiry@qpc.qld.gov.au

Dear Commissioner,

Property Council of Australia Submission

We refer to the initial submission made by the Property Council of Australia on 3 June 2025, and our request for that submission to remain confidential.

We write to advise that, in support of the second submission lodged on 28 August 2025, the initial submission should now be made public at the time the August submission is updated. The initial submission contains critical data and industry insights that are essential to understanding and addressing the deeply entrenched issues constraining growth and innovation across Queensland's construction sector. For these issues to be addressed in a meaningful and effective way, both submissions must be read and considered in tandem.

The Property Council and its members strongly support reform that drives productivity and remain committed to working collaboratively with the Queensland Productivity Commission and the Queensland Government to ensure the systemic challenges facing the construction sector are resolved once and for all.

If you wish to discuss this matter further, please do not hesitate to contact me.

[redacted]

Jess Caire

Queensland Executive Director

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3 June 2025

CONFIDENTIAL – NOT FOR PUBLICATION

Angela Moody
Productivity Commissioner
Queensland Productivity Commission

INQUIRY INTO OPPORTUNITIES TO IMPROVE CONSTRUCTION PRODUCTIVITY

Thank you for the opportunity to provide feedback into the Queensland Productivity Commission's (QPC) review into Queensland's Building and Construction sector.

As discussed with the commissioner, we have every effort to be as forthright as possible in providing feedback as part of this review. Given the scale of Queensland's housing crisis, our record infrastructure pipeline, our lack of supply across nearly every property sector and the need to deliver a successful 2032 Olympic Games, it is imperative that Queensland remedies the deeply entrenched problems within our construction industry and this inquiry proves a once in a generation opportunity to make much needed change.

The Property Council works with government across numerous areas to improve and hone our policy settings so our industry can deliver the supply that Queensland needs. These areas include taxation, planning, trunk infrastructure delivery and red tape reduction to name a few. However, the consistent feedback from our members over the last five years has been that the single biggest impost to delivering new supply is project feasibility challenges linked to high costs, skills shortages and the lack of productivity which maligns our construction workforce.

These issues are deeply entrenched and stymie growth and innovation across our construction sector and in turn every part of the property industry and state economy. In fact, as this submission will evidence, construction productivity in Queensland has consistently decreased over the last decade.

Queensland can no longer afford for this to continue.

As such, the Property Council has striven to work with members to fully shed light on the issues plaguing Queensland's construction sector. This in turn risks compromising members who, by talking about these challenges, jeopardise their own projects at a time when feasibilities exist with razor thin margins. As such, we ask that the information within this submission is handled confidentially.

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Introduction

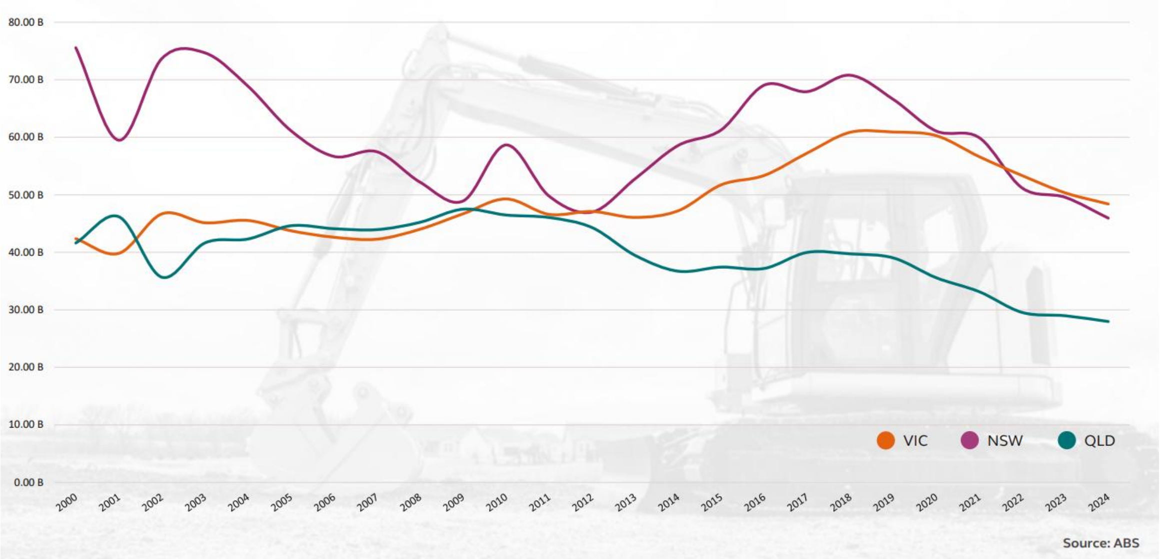
Queensland's housing crisis is the most visible symptom of the pressures being experienced across our state's property sector. In addition to a chronic shortfall in housing, we are also experiencing supply gaps in our industrial, office, hotel, education and health sectors.

While these issues have rapidly gained prominence in recent years, they have been building for decades and sadly due to a confluence of factors the impact is far worse than predicted.

With record population growth, unrelenting demand, top heavy infrastructure pipeline and an immutable deadline to deliver Olympic infrastructure, the pressure on the property and construction sector has never been greater. Despite the historic demand and high values across numerous sectors, efforts to kickstart supply across all asset types are flatlining due to the development sector's inability to achieve a viable return on investment.

Building activity in Queensland has consistently declined over the last fifteen years despite experiencing strong demand. Table 1 reinforces the decline in activity and further shows that we lag behind NSW and Victoria by a considerable margin.

Table 1 Building activity (escalated to 2024 prices)



There is a myriad of issues contributing to the decline and delay of building activity such as planning settings, regulatory overreach and outdated taxation settings. However, it is imperative to reinforce that disproportionately the single biggest issue exacerbating the lack of activity is construction costs, which render a significant portion of projects unviable. While post-Covid material prices have moderated, continued high construction costs remain due to entrenched structural issues and a systematic pattern of behaviour within some elements of Queensland's construction workforce.

Construction productivity is a multi-faceted issue that stems from a range of interlinked policy decisions and market factors. Initiatives to bolster productivity through innovation, adopting new technology and increasing our skills base are stymied by complex industrial relations settings and intimidation from Unions – most notably the CFMEU.

Our members pride themselves on delivering safe worksites that prioritise all workers on site, and the Property Council reinforces that safety is the key priority and should never be compromised. However, industry has presented substantial evidence indicating that, in Queensland, safety concerns are at times being used by unions (particularly the CFMEU) as a mechanism to exert control over worksites and take action that has little to do with worker safety. This approach has contributed to Queensland having the lowest construction productivity of any state in Australia.

2.0 Context – the environment the property sector is operating in

Given the scope of this review, we have included context about issues that, while not directly related to construction, still have a tangible impact on productivity.

Property and construction are highly regulated industries. Whether through legislation, regulation, policy, guidance, assessment or taxation settings, there are a multitude of requirements the industry must meet every day in delivering homes, workplaces, and communities across Queensland. Investment is often stalled or frustrated by these Government processes. Sadly costs, time delays and uncertainty are commonplace when developing projects in Queensland.

Planning delays are often driven by decades of uncoordinated land use planning across state and local government levels, coupled with layers of unnecessary red and green tape that create delays and inefficiencies during the development assessment process.

Investment attraction is critical to ensuring Queensland can build for the future. Currently, many well-known, established businesses that are willing to invest in Queensland projects have to go through the costly and time-consuming process of applying for ex gratia relief to manage the impact of Queensland's foreign tax settings.

And when finally developing projects, developers and builders are confronted with a plethora of regulation, codes and standards that are often duplicative. These issues all compound the challenges in delivering developments through increased risk and holding costs and render the delivery of new housing and commercial projects more challenging and costly for Queenslanders.

2.1 Planning context

There has been a concerted effort across all three tiers of government to address the shortcomings of our planning settings in recent years, particularly with the recent change of government. While welcome, these initiatives are often band-aid solutions to a situation that has been deteriorating for years. Sometimes these solutions risk adding additional red tape and complexity rather than seizing the opportunity to enact comprehensive change.

Key challenges as part of Queensland planning framework continue to include:

- Infrastructure delivery that does not keep pace with planning. This means that despite areas being zoned to incorporate development, projects remain unfeasible due to the cost of providing infrastructure.
- Delays in processing development approvals at local government level, due to capacity constraints during the development assessment process.
- A lack of coordination between local governments, the state government and state government agencies. For example, the property industry has had mixed experiences when working with Economic Development Queensland (EDQ). While some Priority Development Areas work well, in some instances EDQ has struggled to streamline development and added additional complexity where it need not have existed. However, it should be acknowledged that EDQ is currently amending its strategic focus to address this and is engaging proactively and collaboratively with industry.
- Lagging service standards from utility providers. While this varies depending on the utility provider, area and project it is a critical issue that is often cited by our members as a key impediment to development. For example, Property Council members who operate in the industrial space frequently cite challenges with prolonged connection times when dealing with entities such as Energex. In many instances, these connection delays can last months after a project is complete at a significant cost to the landlord who typically has to provide a generator to ensure power supply.
- Overly prescriptive planning settings that do not lead to sensible planning outcomes. A one size fits all approach often misses the opportunity to facilitate good development that can serve the community.
- Additionally red tape such as koala mapping and prescriptive flood overlays that are introduced out of sequence to regional plan reviews adding to uncertainty for the sector. In Queensland flood mapping is produced by local governments and is separate to regional planning which results in lack of coordination and inconsistency between Councils.
- Heritage protections which are being increasingly leveraged and expanded by opposing landowners or anti-development groups to sterilize areas and buildings from development. The current process allows applicants to restrict development for an extended period while applications are decided, with it being very difficult to have heritage protections removed or reduced once they are in place.
- Vocal minorities weaponizing planning framework to protect their own interests as

opposed to the broader community and future generations. This is best highlighted by the “Not in my Backyard” (NIMBY) movement. This adds risk and substantial costs to developments and can lead to overly restrictive planning settings.

2.2 Property taxes, fees and charges

Over a third of the cost of building a new home in Queensland is comprised of government, fees and charges.[1] Since 2016, there have been 12 new or increased State taxes levied on the property sector. This includes:

- **2016/17**
  1. A new 3 per cent Additional Foreign Acquirer Duty on residential property
- **2017/18**
  2. A 1.5 per cent land tax surcharge on ‘absentee’ landowners
- **2018/19**
  3. A new land tax category for aggregated holdings over $10 million, along with an increased rate of land tax for holdings over $10 million from 1.75 to 2.0 cents (individuals) and 2.25 to 2.5 cents (companies/trusts)
  4. An increase to AFAD from 3 per cent to 7 per cent
- **2019/20**
  5. An increased rate of land tax for holdings over $10 million, from 2.5 cents to 2.75 cents (companies/trusts)
  6. An increased rate of land tax for holdings over $5 million from 2.0 cents to 2.25 cents (companies/trusts),
  7. An increased in the land tax surcharge from 1.5 per cent to 2 per cent for ‘absentee’ landowners, and
  8. An extension of the land tax surcharge to also include foreign companies and trusts (the Foreign Land Tax Surcharge)
  9. A new waste levy of $75 per tonne, increasing year-on-year.
- **2021**
  10. Interstate land tax model legislated (paused)
- **2024**
  11. Additional Foreign Acquirer Duty increased to 8 per cent
  12. Foreign Land Tax Surcharge increased to 3 per cent

In particular, the impact of how Queensland assesses and levies liability under our foreign land tax framework (via the Foreign Land Tax Surcharge and Additional Foreign Acquirer Duty) is particularly problematic.

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[1] Stacked against us, Property Council of Australia, 2024

Since 2016, the impact of Queensland's Foreign Land Tax Surcharge and Additional Foreign Acquirer Duty has resulted in Queensland missing out on over 33,000 homes.[2]

What is particularly problematic about Queensland's foreign land tax framework is not the upfront rates (although this has consistently increased since these taxes were first introduced) but rather the way in which they are applied.

Companies that are based in Queensland employ Queenslanders and build housing for Queenslanders are liable for these taxes if they have a prescribed percentage of foreign ownership. Businesses captured by these settings can include publicly listed companies or companies that source capital from foreign sources.

In recognition that many Australian companies are unintentionally captured by the FLTS and AFAD settings due to how they are structured or from where they source the capital, the Queensland Government introduced the ex gratia relief framework in 2020.

However, feedback from industry is that applying for relief under this framework is a difficult and challenging process, taking in excess of 18 months with no guarantee of success. Furthermore, it renders us uncompetitive with many other states who have less onerous foreign taxation frameworks and more streamlined approaches to assessment and exemption.

2.3 Regulation and red tape

The building sector is used to grappling with a myriad of ever-evolving building regulations, codes and standards, many of which are duplicative and could be streamlined. However, we defer to the technical expertise of other industry partners on these matters.

It is worth noting, however, that these challenges flow back to the development sector and impact on the confidence and willingness of prospective developers when deploying capital and undertaking new projects in Queensland.

Additionally, there has also been a raft of significant reform that has either been undertaken or proposed in Queensland over the last decade that adds to uncertainty for the development sector. This includes:

- **The Developer Review –** The previous Government's developer review canvassed

[2] Time for a fair go, Property Council of Australia, 2024

options such as developer licensing and accreditation for property developers. The Property Council has provided extensive feedback on this previously and raised concerns about the reasoning behind this review and the detrimental impact its recommendations would have if legislated. While we understand that this review is on hold, the prospect of it being progressed by a current or future government creates uncertainty within the development sector.

- **Project Trust Accounts –** The rollout of Queensland's project trust account framework has received extensive criticism from industry due to the administrative burden it places on businesses (which will get worse as it is progressively rolled out to smaller businesses). For this reason, we welcome the government's move to pause the rollout of project trust accounts until their full impact can be assessed.
- **Home warranty scheme –** The Property Council understands that as part of the review into Queensland Home Warranty Scheme, the government is considering options to extend the scheme to buildings above three stories. The Property Council has previously expressed concern about the impact of extending the scheme to buildings of this scale due to how costly the scheme would be to administer and the fact that similar reforms have been enacted and then repealed in Victoria and NSW due to this very reason.
- **Environmental Protection Biodiversity and Conversation (EPBC) approvals** – Decision-making for EPBC assessments at federal level has ground to a halt while the EPBC Act is under review and has caused significant delays with over 40,000 new homes being stuck in the bottleneck and could be unlocked through immediate improvements as outlined in our recommendations.

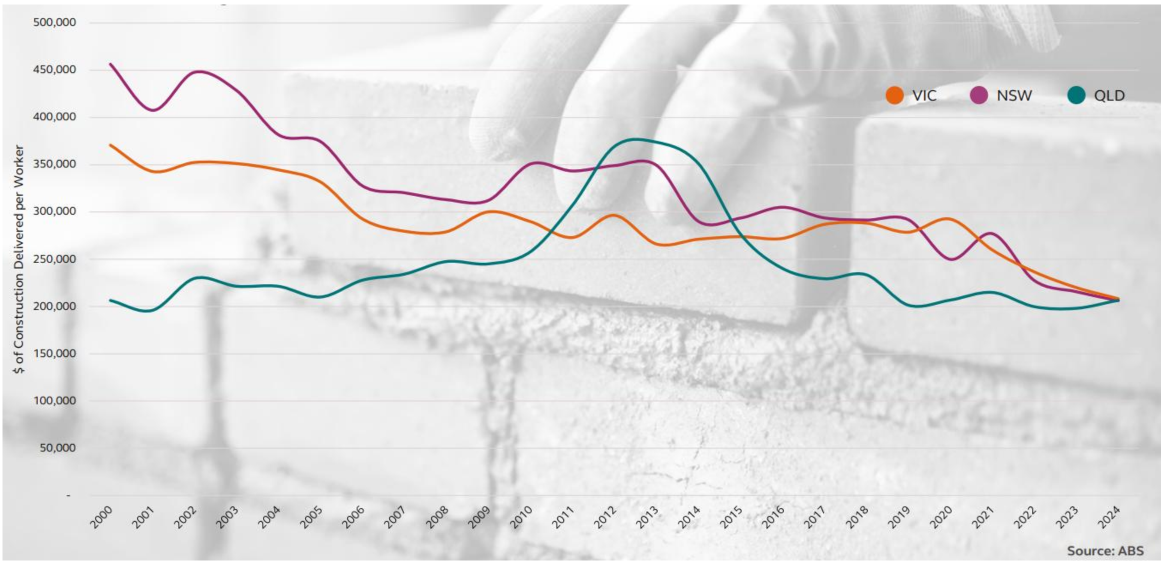
As highlighted above, the regulatory environment in Queensland is rapidly evolving which creates significant uncertainty for the property sector when project feasibilities are as stretched as they are currently. As such, the Property Council has long advised policymakers that any proposed reforms should be undertaken in partnership with industry and evaluated based on their ability to facilitate additional supply.

3.0 Productivity

3.1 Overview

Construction productivity has been consistently declining in Queensland over the last decade. The dollar amount of construction delivered by workers has decreased from approximately $380,000 annually in 2012 to just over $200,000 in 2024 (adjusted for inflation).

Table 2 Productivity worker output ratio



In Queensland, the number of days that could be worked on a construction site in Queensland in 2024 (based on 5-day work weeks, RDOs and weather) was 184 compared to Victoria on 224. Additionally, as of 2024 a 63-storey apartment takes 56 months to complete versus 36 months in Victoria. The table below has been provided by industry and compares a range of timeframes for apartment developments in Queensland versus Victoria.

Table 3 – Queensland versus Victoria

VIC Project	Timing	Levels	Apartments	Construction Duration
A	2014	40	c580	24 months
B	2015	29	c540	24 months
C	2016	28	c320	27 months
D	2017	44	c720	32 months
E	2023	44	c800	31 months (forecast)
F	2024	24	c.500	25 months (forecast)

QLD Project	Timing	Levels	Apartments	Construction Duration
A	2023	36	c440	41 months

B	2024	30	c380	37 months (forecast)

The decline in productivity across Queensland's building and construction sector is a complex and multifaceted issue. However, when examining the data there is no doubt that this decline has been exacerbated by a series of notable industrial relation commitments – most notably Queensland's Best Practice Industry Conditions (BPIC).

3.2 Rollout of BPIC and Major Contractor EBAs

The Best Practice Industry Conditions (BPIC) were initially introduced in Queensland in 2018, beginning with their application to parts of the Townsville Stadium project. Over time, their scope expanded to encompass all major state projects valued at over $100 million or on projects where the Minister for Procurement declared them a Best Practice Principle (BPP) project. This saw the BPIC policy extending down to smaller and smaller projects including schools around $20m in value.

In addition to this, the state government put in place a BPP pre-qualification system that required head contractors and all sub-contractors for BPP projects to be pre-qualified. One of the conditions of this was for compulsory agreement to implement BPIC fully and with no changes. The combined approaches of this reduced competition and also created a barrier of entry. Many smaller contractors and subcontractors (of all sizes) made decisions not to participate in the proposed works in Queensland. This restricted the market and then enabled the CFMEU (and other "building trade unions") the ability to embed their own conditions and approaches (through BPIC) into the industry which affected productivity substantially.

The initial BPIC document was repeatedly updated and added to, with each subsequent version "upping" the previous versions in rates. For example, a Construction Worker Level 3 employee that received a salary of approximately $120,000 to $130,000 in 2018 would, under the renewables BPIC (the new benchmark that unions benchmarked for all sectors by early 2024), expect their salary to increase to $270,000 for the same 38-40 hour working week.

By early 2024, Queensland had eight versions of BPIC – some of which remain in force currently:

- Public works
- Health
- Transport (>$300m)
- Transport ($300-800m)
- Transport (>$800m)

- Train manufacturing
- Water
- Renewables

In April 2024, the Queensland Government released an updated BPIC standard, which included provisions such as double pay during rain, additional allowances for remote work, and annual pay increases through to 2027.

These conditions negotiated by the former government in Queensland had already appeared in many Enterprise Bargaining Agreements (EBAs) that builders had been compelled to sign by the CFMEU. The private sector has been required to meet the same requirements as Government projects either through EBA requirements (which have been relentlessly pursued by the CFMEU) or through having to match the conditions to attract and retain a workforce. Given these circumstances that private sector has had little choice but to enter into EBAs otherwise they risk losing their workers and having their project stalled indefinitely (through targeted attempts by unions to shut the site down) as seen in West End in the publicised Pradella incident.

Table 4 Timeline of BPIC and Major Contractor EBAs

New Major Contractors EBAs 2024-2027

BPIC Introduced Qld Dec 2020

Queens Wharf site specific

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
QLD Non-Working Days RDO + Xmas Shutdown	16	16	26	26	26	26	26	26	26	29
QLD Delay Contingency +$100m projects	15%	15%	16%	16%	18%	18%	20%	22%	24%	25%
NSW Non-Working Days RDO + Xmas Shutdown	16	16	16	16	18	33	32	29	31	30
NSW Delay Contingency +$100m projects	15%	15%	16%	16%	17%	18%	18%	19%	20%	20%
VIC Non-Working Days RDO + Xmas Shutdown	31	31	23	33	35	33	33	33	34	37
VIC Delay Contingency +$100m projects	12%	12%	13%	13%	15%	15%	16%	16%	17%	17%
SA Non-Working Days RDO + Xmas Shutdown	29	29	29	29	28	38	38	34	36	31
SA Delay Contingency +$100m projects	10%	10%	11%	11%	12%	13%	13%	13%	14%	15%

2020 Major Contractors EBA: 5 day working week

BPIC site specific EBA on Townsville Stadium

Major Contractor site specific EBAs capture BPIC government / non-government projects

Table 4 outlines the timeline that has been provided by industry sources and includes Rostered Days Off (RDOs) which have been sourced from the publicly available calendar. It also includes industry feedback on the increasing contingency delay allowances being factored into construction projects due to declining site-based productivity on construction projects.

Table 5 Workable hours in QLD 2025 as per RDO Calendar

	Working Days	RDOs	Public Holidays	Weekend Days	Total Days
January	18	3	2	8	31
February	19	1	0	8	28
March	20	1	0	10	31
April	12	7	3	8	30
May	20	1	1	9	31
June	20	1	0	9	30
July	22	1	0	8	31
August	18	2	1	10	31
September	21	1	0	8	30
October	21	1	1	8	31
November	17	3	0	10	30
December	17	4	2	8	31
	225	26	10	104	365
% of time broken up	**61.64**	**7.12**	**2.74**	**28.49**	

The number of RDOs has steadily increased with the rollout of BPIC and the signing of EBAs by major contractors tendering for work in Queensland. However, when comparing RDOs to our counterparts interstate we are no worse off.

Instead, it is the steadily increasing delay allowances factored in by industry when undertaking projects that has had the most significant impact in Queensland.

Traditionally when tendering for work in Queensland between 2005 and 2015, a delay contingency between 10-15 per cent was factored in. This contingency incorporated a 5.5 day working week calendar, with an additional 0.5 day on a Saturday utilised as a further delay contingency buffer to mitigate lost time during a 5-day week. As of 2020, the 5.5 day week has been restricted to a 5-day week for BPIC projects and major contractor EBAs.

Between 2015 and 2025, the typical delay contingency tendered for increased to between 15-25 per cent and is projected to continue to increase year-on-year without the cause of productivity loss being addressed.

It is worth noting that during this period (particularly over the last five years) Brisbane has experienced above average rainfall. This rainfall has affected both Brisbane and Sydney and given the amount of rain compared to long term rainfall, it is reasonable to estimate that this delay adds an additional 3-4 per cent delay contingency on net construction duration.

It does not account for the 10 per cent increase. This is instead attributable to:

- Industrial relations impacts including the five-day calendar, the inability to make up time on Saturdays due to EBA/BPIC conditions, increased RDOs, non-productive days (e.g. strikes and rallies) and more general productivity declines.
- Resource allocation shortages and reduced productivity due to capacity constraints of union affiliated resources

For comparison the overall delays contingencies factored in across a range of Cities are included below:

- Brisbane: 15 per cent to 25 per cent
- Sydney: 15 per cent to 20 per cent
- Melbourne: 12 per cent to 17 per cent
- Adelaide: 10 per cent to 15 per cent

The trend of increasing delay contingencies is set to worsen in the forward years out to 2028, with evidence that projects currently under construction are tracking behind programs that already include these additional delay contingency allowances. As a result, future allowances for delays are likely to increase to above 30 per cent prior to the 2032 games.

3.3 Impact on projects

To examine the impact of increased RDOs and delay contingencies on projects, the following two case studies of two separate projects have been provided. These case studies include the RDO/delay contingency factored into original tenders for these projects and how they have increased due to the rollout of new EBA conditions.

SAMPLE PROJECT 'A'

Description: Brisbane Residential Tower 47 Storeys competitively tendered to Tier 1 contractors 2016.

- Tendered on 6 day calendar + EBA RDOs
- Average tendered gross program 41.5 months
- Average tendered delay contingency 17 per cent (7 per cent weather allowance + 10 per cent other non-claimable delay allowance)

SENSITIVITY ANALYSIS

- *5.5 days + 15 per cent delay contingency based on 2018 - 2020 RDO calendar gross program = (43 months)*
- *5 days + 21 per cent delay contingency based on 2021- 2024 RDO calendar gross program = (49.3 months)*
- *5 days + 27 per cent delay contingency based on 2025-2027 (forecast) RDO calendar gross program = (53.8 months)*

SAMPLE PROJECT 'B'

Description: Brisbane Commercial Office Tower 40 Commercial Levels (Gross Floor Area 65,000m2) competitively tendered to Tier 1 contractors 2018

- Tendered on 5.5 day calendar + EBA RDOs
- Average tendered gross program 35.5 months / 645 working days
- Average tendered delay contingency 13 per cent (7 per cent weather allowance + 6 per cent other non-claimable delay allowance)

SENSITIVITY ANALYSIS

- *5.5 days + 15 per cent delay contingency based on 2018 - 2020 RDO calendar gross program = (35.2 months)*
- *5 days + 21 per cent delay contingency based on 2021- 2024 RDO calendar gross program = (41.7 months)*
- *5 days + 27 per cent delay contingency based on 2025-2027 (forecast) RDO calendar gross program = (44 months)*

3.4 Holding costs

The case studies above highlight the impact on project duration of the shifting conditions on EBA projects in Brisbane. It is important to add context around this number – these delays not only impede projects in the midst of a supply crisis but add significant expense to the developer and in turn the end consumer.

As the chasm between productivity and costs grows, our members project the holding costs (interest payments and line fees) associated with the time delays on each project in the tables below. The projections below only relate to the holding costs associated with each project, not the considerable additional costs incurred during construction delays.

Today's Market (Assuming 100% debt)	
Interest Cost Assumption	BBSY + 1.4%p.a
Line Fee Cost Assumption	Line Fee 1.4% p.a

Project A	42 Months	50 Months	54 Months
Construction Cost	100,000,000	100,000,000	100,000,000
Line Fee	4,783,335	5,716,668	6,183,335
Interest Expense	21,136,283	25,694,500	28,069,512
TOTAL COSTS	125,919,618	131,411,168	134,252,847

Project B	36 Months	41 Months	44 Months
Construction Cost	80,000,000	80,000,000	80,000,000
Line Fee	3,266,666	3,733,332	4,013,332
Interest Expense	14,314,668	16,468,589	17,800,089
TOTAL COSTS	97,581,334	100,201,921	101,813,420

3.5 Industry culture on EBA sites

The examples provided above largely use publicly available data to highlight the negative impact that private and public sector EBAs have rendered. However, what the data does not reveal is the cultural issues that have permeated on some of the work sites of Queensland's major projects.

Workplace Health and Safety Representatives

The safety on site is not negotiable and every worker should return home to their families safely after every shift. There are numerous industry sources that have provided extensive testimony indicating that in some instances Workplace Health and Safety provisions are being misused to delay and obstruct work. This includes examples of work being stopped due to perceived health and safety issues for matters that do not constitute a safety risk on site. Additionally, industry representatives have provided examples of safety committees representatives not meeting the necessary qualifications for the role (eg traffic controllers on WHS committees), and other examples where safety committee representatives have appeared more focused on controlling the terms and duration of work rather than being focused on worker safety. It is worth noting that there is a significant power imbalance particularly in this regard as the power is held solely by the WHS representatives with no avenue for the builder to provide input or dispute the conditions under which work was paused.

These examples not only result in less productive worksites but by prioritizing work schedules over health and safety, they also undermine the important role of safety on worksites.

Time worked and output

According to industry, it is standard practice for workers on EBA sites to stop working between 2.30-4pm on the days they are scheduled to work. This is roughly two to three hours less than the standard on non-EBA sites.

Furthermore, as previously highlighted, it is a rarity for Saturdays to be worked on EBA jobs because double time must be paid to workers. Work rosters to manage resources and capacity are not allowed to be employed on EBA sites.

Assuming a construction worker works 225 days in a year, this equates 450-600hrs (or about 40-60 extra days) of work that is lost.

Finally, non-EBA sites are paid on the basis of output. For example, a contractor installing kitchens would negotiate a rate for every kitchen they installed (eg $3,000 per kitchen) and have a clear incentive to complete the work in an expedient manner. EBA jobs are paid on hourly rate that is not linked to output. An industry source estimates that this results in approximately twice the amount of time taken to install the same kitchen.

Culminative impact

Overall, due to the factors outlined above it is estimated that the additional costs of having a project that is captured by an EBA is a 30 per cent increase in cost as well as a 30 per cent increase in the time required to complete a project (which further exacerbates costs due to the holding costs as outlined above).

It is worth reinforcing that while it is a business decision by builders to enter into EBAs, the reality is that in Queensland there is very little choice. To undertake works of size and scale associated with major projects in Brisbane, builders have no choice but to sign EBAs as they are aggressively pressured to do so. While EBAs are traditionally viewed as an "agreement" between an employer and employee (represented by a trade union), in Queensland the employers in the construction sector have limited ability to negotiate or compromise on conditions due to the significant power imbalance. The risk in not agreeing to an EBA, in almost all circumstances result in projects being boycotted, with any workers and site managers willing to work under non-EBA conditions "targeted" by union members – in particular the CFMEU.

In addition, if a worker wants to work on an RDO or outside of the prescribed EBA conditions they will also be targeted, intimidated or prevented from working.

In the absence of appropriate whistle blower protection, there is unlikely to be written instances of specific incidents relating to the behaviour of the CFMEU. The well documented activities on work sites such as those detailed by Nine Entertainment's *Building Bad* series are not exclusive to the Victorian arm of the CFMEU and many members of the industry have had concerning experiences. As it stands, the whistle blower protection measures do not alleviate the safety concerns of the industry.

3.6 Impact on Non-EBA sites and workers

The Property Council's membership includes a diverse range of members from developers who contract builders with signed EBAs to developers that are vertically integrated entities with their own in house construction arms.

Our membership also works across both EBA and non-EBA projects.

For comparison purposes we have provided a project feasibility from one developer to illustrate what the costs are if the same apartment was built by an EBA contractor versus a non-EBA contractor.

Through using an EBA contractor the total project costs escalate from $90.6m to $111.4m. This is exactly the same project with no changes to finishing or design.

As a result, the developer will have to sell apartments for 25 per cent more to cover the increase in cost. Additionally, it also impacts timeframes mandated by banks and financiers who will stop lending money if financial hurdles are not cleared in time.

As such, if the developer and builder has a choice (which many do not) the preferred avenue is not being subject to EBA terms.

However, it is worth noting that the intimidation tactics routinely employed by the CFMEU still has flow on impacts to non-EBA projects and smaller scale development.

This includes the overall inflationary impact of a non-EBA project proponent having to compete for workers in a shallow labour market against more lucrative EBA projects.

It also includes the intimidation and threats that builders on non-EBA projects are subjected to. We have provided the following examples, from industry, of how non-EBA projects and sites are targeted. We would be happy to provide further confidential examples as required. Please note that this example is contextual and not site specific.

Targeting on Non-EBA sites

- Workers often face harassment through visits from the CFMEU and associates to the construction site. This is in direct contravention to the State Government's 24hr notice law, industry has reported threats being made to construction staff if a CFMEU representative is made to wait 24hrs as per the law.
- Key trades are targeted to sign EBAs, particularly Crane and Form workers. Following this, the CFMEU then starts exerting their influence by "scaring off" non-EBA trades who were pricing jobs at more competitive rates via threats made to non-EBA trades in the market. Once the crane and form worker are captured by an EBA then other trades on a site are progressively targeted.
- When non-EBA sites start falling to part EBA / "hybrid projects" then additional EBA

subcontractors will inevitably be put on the job with project costs and delays mounting. If the development is subject to a fixed price contract this is likely to end in bankruptcy for a non-EBA builder unless they become full EBA businesses and start tendering for more lucrative EBA jobs.

The examples above are intended to illustrate the intimidatory tactics routinely employed on Queensland construction sites and are unfortunately commonplace within the development and building industry. As reiterated throughout our submission, in the absence of adequate whistle blower protections there is unlikely to be specific incidents reported outside of those already in the public realm.

3.7 How does Queensland compare with other states?

We have provided the following case studies which have been provided by a member who operates across multiple states to contrast the impact of EBA sites in Queensland with other states.

Case study: 2 x apartment projects, similar scale, both union sites

- Brisbane apartment project union site: 5 years to complete construction
- Melbourne apartment project union site: 2.5 years to complete construction

Table 6 - Industry conditions

Category	Queensland	Victoria	New South Wales
Working day calendar	5 (less 45 Saturdays)	6	6
= Baseline lost days	71 days less productivity/year on Brisbane union vs non-union site 45 days less/year on Brisbane union site vs southern states union site		
Inclement weather definition	30kms lightning radius	30kms lightning radius	10kms lightning radius
"Time in the Sheds"	2–3 hours after inclement weather	1 hour after inclement weather	1 hour after inclement weather
Productivity incentive	Removed from last EBA	CFMEU EBAs include	CFMEU EBAs include

Non-productive time in sheds

Non-productive time spent in site sheds due to inclement weather events (hot weather, wet weather walks, lightning etc) is significantly longer on Queensland union sites as on-site Health and Safety Representative Committees intentionally delay the resumption of productive work.

Non-union Brisbane sites typically resume work in approximately 15 minutes, compared to 2 and 3 hours on union sites after an inclement weather event.

Productivity schemes (Queensland vs Victoria)

Example from Queensland Ceilings and Partitions EBA with productivity clause removed:

40. **PRODUCTIVITY SCHEMES**

40.1 Productivity Schemes will be prohibited unless written agreement has been reached between the Employer and The Union.

Compared to Victorian EBA productivity clause:

8.2 The Parties to this Agreement commit themselves to ensuring that:

(a) the efficiency measures contained in this Agreement are implemented and lead to real gains in productivity.

(b) the principles of industry modernisation are realised during the life of this

According to the Queensland Government Statistician's Office, Brisbane has over 50,470 dwellings approved as multiple dwellings. Given Brisbane is expected to deliver 8,400 total dwellings per year under the 2023 South East Queensland Regional Plan (SEQRP), this equates to nearly 6 years of total housing supply that is approved but not yet built.

The issues highlighted above play a significant role in this backlog and unless they are remedied, the gap between approved higher density supply and what is realised will continue to grow. With 84 per cent of Brisbane's dwelling supply under the SEQRP expected to be consolidation, this will only serve to exacerbate the housing crisis.

3.8 View of the National Productivity Commission Report

The Property Council has welcomed the Productivity Commission's review into 15 priority reform areas under the five productivity inquiries commissioned by the Federal Government. As outlined in this submission, market capacity and labour scarcity are the key construction cost drivers. Some key building products will remain structurally undersupplied. Builder insolvencies remained high during 2024. In many markets, project viability remains clouded.

Even after landing capital partners and navigating high-friction planning systems, the cost and delays in creating homes, commercial and industrial projects will be exacerbated by this historic labour and market capacity scarcity.

Over the past 20 years, only 1.8 per cent of permanent migrants have arrived employed in construction trades and construction trades are not in the top 10 occupations for either permanent or temporary migration.

Coupled with the reflections on productivity, industrial relations and workplace culture on EBA sites outlined in this submission, these factors mean that we are building less homes today per hours worked than we were 30 years ago.

4.0 Skill and Capacity

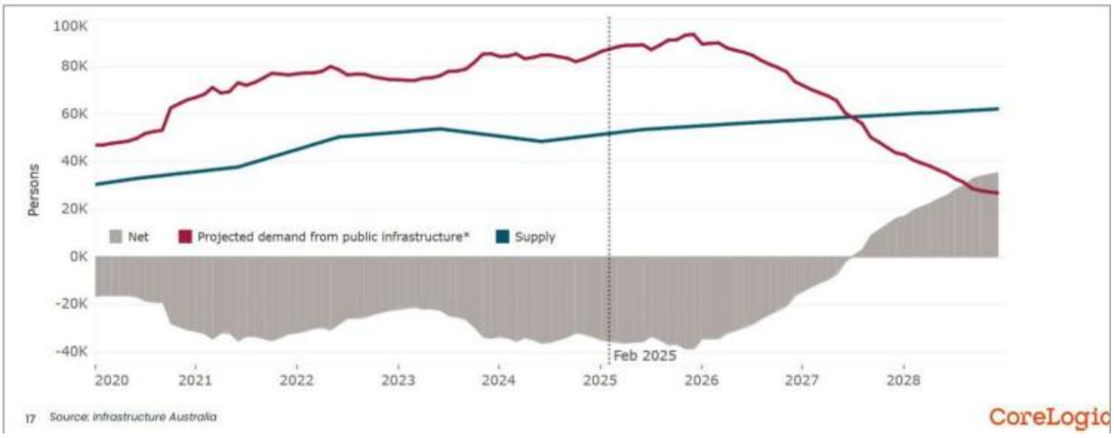
4.1 Infrastructure pipeline and skills shortage

Queensland is currently undertaking the biggest infrastructure rollout in our State's history, while trying to respond to a supply crisis across numerous sectors – most notably housing. This will inevitably lead to severe capacity constraints.

Publicly funded projects currently account for 72 per cent of funded work in the market.[3] Not only does this absorb significant capacity within the construction sector, but a significant portion of this work will be subject to BPIC arrangements (if tendered prior to BPIC being paused) and incur additional costs and delays.

The table below has been sourced from Infrastructure Australia and shows the forecast of supply and demand of public sector infrastructure workers in Queensland.

[3] [3] Queensland Major Contractors Association, Queensland Major Projects Pipeline Report, 2024 (2024) p.6.



BuildSkills Australia has also contrasted the existing supply on construction workers against the amount required to support the predicted demand across Queensland's entire built environment.

Table 17 - Labour supply and demand – Queensland construction program

	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32
Normal Supply	285,260	290,580	296,290	302,290	308,520	314,920	322,300	329,830
Projected labour demand	324,560	346,500	363,350	369,510	366,430	364,560	366,980	363,180

Source: BuildSkills Australia

With the infrastructure rollout and surging demand across the private sector, both public and private sector project proponents are going to compete for an increasingly scarce labour force. Unless something changes, it is inevitable that this will have an inflationary impact.

4.2 The workforce

Compounding the pressures facing our construction sector is the fact that Australia and Queensland has traditionally done a poor job about growing our skills base and diversifying our construction workforce.

As previously noted, over the last 20 years only 1.8 per cent of migrants to Australia have been employed in the construction industry.[4]

[4] Australian Bureau of Statistics. Permanent migrants in Australia. Characteristics of permanent migrants who arrived in Australia between 1 January 2000 and 10 August 2021. (2023)

Furthermore, despite clear labour shortages the building and construction sector has become worse at diversifying its typical skills base (predominantly male workers) and attracting female workers to the industry. The percentage of women in Australia's construction industry has actually shrunk from 13.8 per cent in 1998 to 12 per cent in 2023. Female workers are also leaving the industry at rate that is 39 per cent higher than men.[5]

While it is difficult to clarify the exact reason this has regressed, cultural and behavioral issues on construction sites are likely to contribute to this. A 2025 survey by the National Association of Women in Construction (NAWIC) was completed by over 650 respondents and found that that microaggressions and harassment to be the key challenges for women in the construction industry.[6]

4.3 Innovation

One of the key solutions that is often mooted to remedy labour shortages and productivity issues within Queensland's construction sector is innovation. This is most often associated with "Modern Methods of Construction" (MMC) which denotes a broad range techniques and processes to deliver product off site. This can range from entire units of modular housing to small building components to advanced robotics and 3D printing techniques.

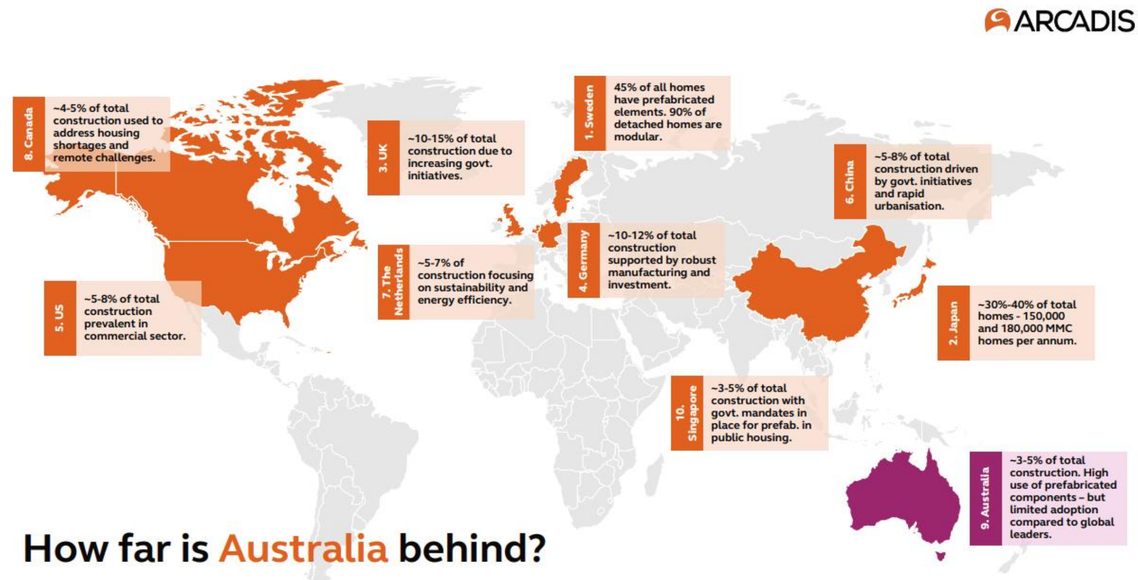
According to Engineering Consultant Arcadis, there are a vast array of benefits that could be delivered by incorporating elements of MMC into the building and construction process including:

- Potential time savings of between 20-50 per cent on projects
- 45 per cent reduction in carbon emissions, modular buildings use on average between 20-33 per cent less electricity
- 40 per cent waste reduction, modular construction systems vastly reduce construction waste
- 20 per cent cost savings through lower labour and material efficiency.

Despite the potential benefits of MMC, Queensland has been slow in adopting MMC techniques and practices. The graph below provides a snapshot of how Australia compares to the rest of the world.

[5] WGEA
[6] National Association of Women in Construction

MMC adoption across the globe



While Australia's vast land mass and de-centralized nature is often cited as one of the key challenges for enhancing MMC adoption, there are other comparable countries (such as Canada) where the MMC market is more mature. Furthermore, providing housing in remote areas is one of the biggest potential benefits of MMC adoption in Australia. Issues such as housing shortages can be particularly severe in remote and regional Queensland and MMC adoption has the potential to help address this by enabling housing components to be manufactured off site and then transported and assembled where it is needed.

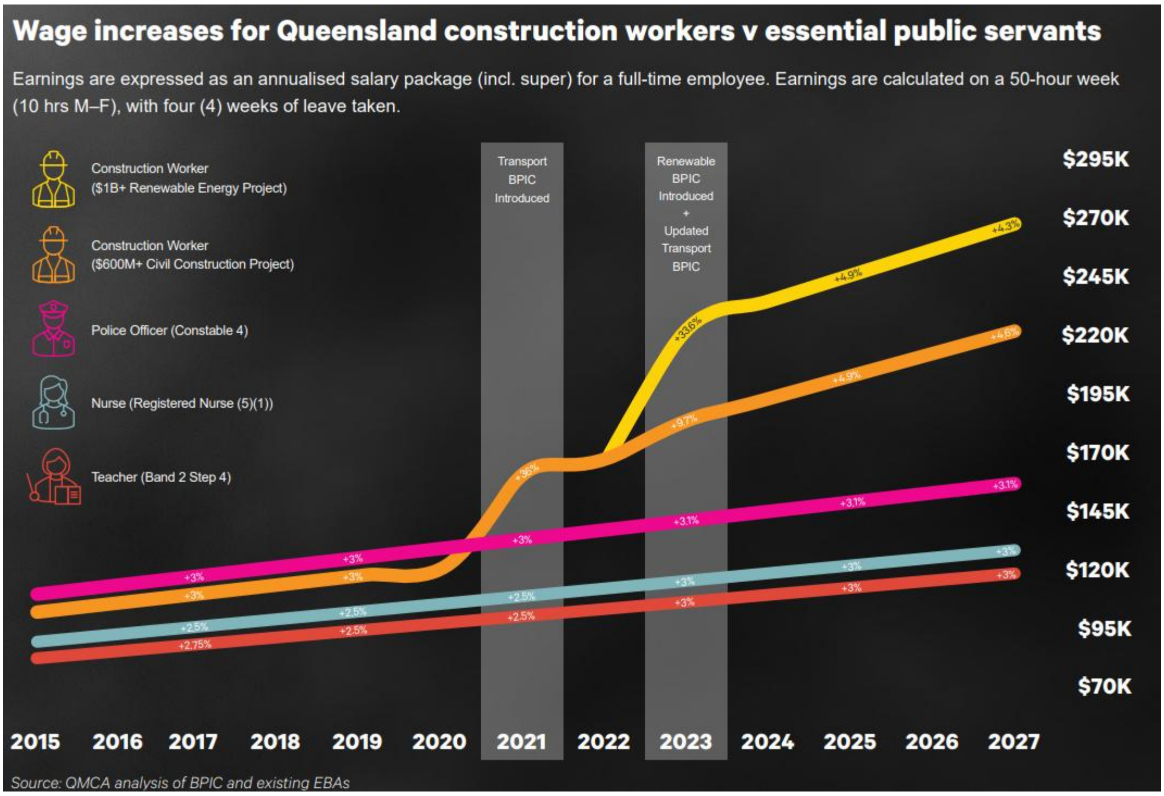
4.4 Why don't we do things differently?

Queensland cannot afford for its construction sector to continue with a "business as usual" approach. We have stagnant workface productivity, a skills shortage that will lag further and further behind demand over the coming decade and have been slow to adopt new technologies that could create a myriad of efficiencies and benefits during the construction process.

None of these issues are new, industry has been discussing them for decades and advocating solutions.

However, what industry routinely finds is that efforts to enhance productivity either by increasing our construction workforce or embracing innovation are routinely stymied by Union influence. Typically, Unions such as the CFMEU leverage issues such as safety to ensure Queensland's construction sector does not evolve.

All too often these safety concerns are a guise that has allowed the CFMEU to establish a monopoly over Queensland's major project and development pipeline. As highlighted below, the average wage of a Queensland construction workers has risen at an exponential rate in comparison to front line workers and key public servants.



Queensland is in the midst of a housing crisis at a time when delivering projects has never been more challenging and costly. Construction workers on major projects are working fewer days than they ever have before and despite this, their pay has increased at nearly double the rate of a nurse.

Finally, there has been a 57 per cent decrease in workplace related fatalities on Queensland construction sites since 2007 according to WorkSafe Queensland. This clearly disproves any assertions from groups such as the CFMEU that their work is purely related to worker safety.

The Property Council staunchly believes that having safe worksites is of the utmost importance and no corners should be cut or measures taken that should jeopardize this in anyway.

However, it is apparent that to exert control and influence over Queensland construction sites the CFMEU routinely weaponizes safety concerns to slow or cease work on site.

Despite welcome initiatives such as the pause on signing new BPIC arrangements, much of the damage has already been done due to the fact that EBA conditions that mirror those of BPIC are embedded with all Tier 1 builders through existing EBAs. With those EBAs not due to be renegotiated until 2027, those instruments will continue to jeopardize our ability to deliver upon the Olympics, create legacy infrastructure and respond to the housing crisis unless drastic action is taken.

Whilst Queensland is the least productive state in the country, these issues are not new nor insurmountable other jurisdictions have reformed and improved the management of industrial relations and are now reaping the benefits of delivering projects in a productive manner to that end, the Property Council encourages the QPC to look towards these as Case Studies, in particular South Australia.

5.0 The Path Forward

The Property Council sets out a series of recommendations below that reflect the industry's view on where targeted action can significantly enhance productivity while creating a more inclusive and sustainable construction environment.

In reading the below recommendations it is important to recognise that Recommendations 1–3 are interdependent, and their success relies on being implemented collectively rather than in isolation.

5.1 Recommendation One – Industry Regulator

The Property Council's preference is for the Federal Government to establish a national regulator with strong powers to oversee the building and construction sector ensuring compliance, improving culture, and stamping out criminal and corrupt behaviour. To that end, the Property Council supports the Construction Industry Compliance & Corruption Agency (CICCA) model proposed by the Master Builders Australia in *"Breaking Building Bad"*. Establishing the CICCA would deliver nationally consistent standards and strengthen regulatory oversight across all jurisdictions. However, in the absence of a national regulator, the State Government should move to implement a State Government Industry Regulator that has broad reaching powers including:

a. To investigate, conduct examinations, and answer compulsory questions, as well as enter and observe warrants to attend akin to the WHS Act and Ombudsman Act.
b. To gather in-camera evidence, and statutory protections to withhold names

akin to the WHS Act.

c. Issue orders to stop harmful actions impacting productivity and refer issues to other bodies.
d. Issue fines or penalties and refer for criminal charges as necessary.
e. Review the Workplace Health and Safety Act to ensure it prioritises safety while also giving consideration to on-site productivity. Workplace safety and productivity can and should be achieved in conjunction with one another.

Successful implementation of such a state-based regulator, would require significant industry consultation prior to implementation and the support of the Queensland Police Service and other State Procurement Bodies.

5.2 Recommendation Two – Strengthened Whistle Blower Protections

To ensure the success of a national or state-based regulator, there must be appropriate and robust whistleblower protections. As it stands, there is deep fear across the industry for individuals' safety, both professionally and personally, when speaking out against misconduct. Without clear safeguards, the risk of silence and inaction remains high, undermining the very purpose of regulatory oversight. A review of the existing laws will be necessary to ensure appropriate amendments can be made to strengthen legislation to ensure clear protections for those individuals and companies and criminal penalties for any individuals or organisation that seeks to intimidate or harm any individual who comes forward.

5.3 Recommendation Three – Greater protection for sub-contractors

Addressing the entrenched power imbalance on construction sites requires a firm regulatory response. The industry regulator would be required to be empowered with clear and enforceable authority to verify that Enterprise Bargaining Agreements (EBAs) are genuinely negotiated and agreed upon — free from coercion or undue influence.

In parallel, greater protections must be afforded to subcontractors, who often bear the brunt of industrial pressure and unfair contracting practices. This includes safeguarding their right to work without intimidation, ensuring payment security, and protecting their ability to engage in projects without being forced into unauthorised or non-negotiated EBAs. These measures are critical to restoring balance, fairness, and productivity across Queensland's construction sector.

5.4 Recommendation Four – Reset BPIC conditions

As the government considers the current BPIC arrangement post their current suspension, consideration must be given to a process of genuine renegotiation that ensures conditions are fair, balanced, and reflective of the needs of all parties including contractors, subcontractors, workers, and the taxpayer. Any reinstated framework should prioritise safety and productivity without embedding provisions that drive up costs or restrict flexibility across sites. Importantly, reforms must also account for their broader impact on the private sector, where BPIC-like terms can flow through tendering expectations and industrial behaviour. A carefully recalibrated approach will help support a more sustainable construction sector, attract investment, and ensure public infrastructure is delivered efficiently and reducing the impact to the private sector.

5.5 Recommendation Five – Skilled Migration and a Sustainable Workforce

Addressing the well documented skills shortage will require intervention at both State and Federal Government levels. To address the immediate shortage, a targeted migration strategy is needed that aligns with workforce needs in areas such as finishing trades to support our domestic work force. A targeted strategy should include:

- Prioritising skilled migrants whose qualifications and experience match identified labour shortages.
- Fast tracking and streamlining visa pathways for occupations in high demand, through partnering with neighboring regions and countries.
- Collaborating with industry to ensure migrants are job-ready and supported to integrate into the workforce; and
- Establishing joint accountability measures to track outcomes and ensure migration settings are delivering productivity and economic benefits to the state.

It is critical to strike the balance to ensure that migration policy supports productivity by bringing in the right skills without adding additional pressure on housing.

5.6 Recommendation Six – Prioritise Innovative Construction Methods

While we need to continue and intensify traditional construction, at the same time we must embrace new ways of building. Diversifying our construction workforce and focusing on scaling up Modern Methods of Construction (MMC) will not only help alleviate the housing crisis and boost productivity but will also support our economy by building a "home-grown" advanced manufacturing industry.

- Partner and invest in an external Research and Development Program that seeks to deliver MMC to support the existing QBuild framework. This is a forward-looking future, where our advanced manufacturing industry in Queensland can become a world leader in MMC housing.

- Expanding and investing further in QBuild to skill new and upskill existing tradespeople in modular construction methods and incorporate more women in construction.
- Support confidence in MMC investment by supporting a medium-to long-term pipeline of demand. This should not just include housing but also focus on allowing industry to respond to alleviate government demand by focusing on the corrections, education and health sectors.
- Design and implement targeted incentive packages that encourage the uptake of modular and off-site construction methods. These incentives could include streamlined approval processes, funding support for manufacturing capability, or tax offsets for developers who adopt modular construction methods.
- The Queensland Government can improve standardization of MMC building codes by working with other state and territory building ministers to ensure the National Construction Code provides clear guidance in terms of MMC compliance.

5.7 Recommendation Seven – Regulatory Reform

Removing barriers to delivering new supply across the industry must be prioritized. To assist in boosting productivity and confidence in the construction and development industry, the following measures should be taken to support housing supply and economic growth:

- Pausing any existing reform that seeks to add further barriers to delivery (including but not limited to project trust account and home warranty scheme). When implementing future regulatory reform, a requirement for a Regulatory Impact Statement (RIS) should be developed to assess impact to the private sector and economy.

- Withdrawing the developer review in full and ensuring no further action is taken on its advancement. In late 2021, the Queensland Government commenced its review into the role of developers in Queensland's building and construction industry (at the request of the CFMEU). The Property Council has expressed significant concerns to Government since the review was mooted and has provided extensive input to Government in relation to the review. The most significant ongoing theme in the feedback is that the review has never sufficiently articulated or quantified the problem it was responding to. As such, there would be little justification for the cost and administrative burden the review's outcomes placed on industry (and flow on impact to consumers/households) especially given the current period of escalating construction costs and housing pressures

- Review the impact of Belcarra on the uneven playing field in Queensland and the demonisation of the development industry adding to anti-development sentiment across Queensland

- Fast-track planning processes by incentivising local councils to improve assessment timeframes and performance.

- Utilise Regional Plan reviews to address koala mapping to deliver certainty to industry through "one source of truth" that strikes the balance between preservation and conservation of koalas, and the need for affordable, well-located residential and employment lands.

- Review the Heritage Act process and move the approval process to the State Development and Planning Department to ensure a coordinated approach and to minimise the loopholes within the current regime which are being utilised by anti-development groups to protract or frustrate development approvals.

- Exercise powers and regulatory levers to ensure government owned utility providers are fast-tracking infrastructure approvals and connections critical to housing and industrial development.

- Advocate to the Federal Government to fast-track existing review of the EPBC Act and support industry recommendations:

    - Seeking prioritisation of fast-tracked determinations on a pay-to-play basis.
    - Establish a Housing Accord related fast-track pathway with dedicated resources, experts and agreed decision making timeframes for applications that relate to residential development projects that will have homes complete by 30 June 2029
    - Short-term third-party, independent decision-making using delegation of Ministerial powers
    - Resolve post-approval delays with a set 60-day timeframe to endorse management plans and strategies

- Boost investor confidence and certainty through changing the way in which Foreign Land Tax Surcharge (FLTS) and Additional Foreign Acquirer Duty (AFAD) are applied by moving to up front concessions and carving out Australian corporations (who either act in their own right or as trustee) from both FLTS and AFAD.

Thank you for the opportunity to provide feedback. If you require any further information or have any questions, please do not hesitate to contact me on
[redacted] or [redacted]

Yours sincerely,

[redacted]

Jess Caire
Queensland Executive Director