



Infrastructure Sustainability Council Submission to the Queensland Productivity Commission Inquiry:

Interim Report into Opportunities to Improve Productivity of the Construction Industry

The Infrastructure Sustainability Council (ISC) welcomes this opportunity to submit feedback to the Queensland Productivity Commission's Interim Report into Opportunities to Improve Productivity of the Construction Industry.

This submission represents the views of Infrastructure Sustainability Council as a collective whole and may not necessarily represent the views of individual member organisations.

Our approach to this submission has been to respond to those questions and topics from the Interim Report that we can best contribute to. The ISC would welcome further engagement from the Commission as it develops the final Report

ISC Feedback

We support the Commission's focus on addressing productivity challenges and agree that reducing unnecessary regulatory complexity is essential.

To achieve increased productivity, the ISC recommends the Commission to consider

- 1) Standards and ratings tools for consistency
- 2) Performance-based procurement criteria to drive innovation
- 3) Maintaining meaningful ESG requirements for maximising whole-of-life value

The Interim Report points to regulatory and procurement complexity as sources of inefficiency. **Standards and ratings tools** are a practical tool for improving productivity by providing consistency, reducing duplication, and creating a common framework for delivery. By embedding clear expectations upfront, this avoids costly disputes, enable smoother procurement processes, and ensure industry participants are working towards aligned objectives. Rather than adding burden, nationally recognised standards and ratings such as the IS Rating (for infrastructure), Green Star and Nabers (for buildings) are more efficient than multiple bespoke approaches developed on a project-by-project basis. It lowers costs, creates benchmarks, supports predictability, and removes the need for additional layers of regulation. Requiring a single standard as part of the procurement process allows government and industry to focus on delivery rather than reinventing requirements for each project.

Public procurement also plays a critical role in hindering or **driving innovation**. Our members and stakeholders consistently tell us that practices that emphasise lowest-cost tendering often discourage new approaches and result in higher whole-of-life costs. By

contrast, procurement that sets clear performance-based requirements – rather than prescribing specific methods or inputs – creates space for industry to innovate. Procurement should be recognised as a lever for sector transformation. When used well, it not only delivers resilient, lower-cost infrastructure over the life of the asset, but also builds industry capability and accelerates innovation that lifts productivity across the entire construction ecosystem.

To ensure Queensland achieves optimal outcomes for the community, streamlining regulation must not come at the expense of ESG performance. Failure to secure ESG outcomes leads to increased long-term costs by reducing resilience, undermining social licence, and missing opportunities for efficiency and innovation. Maintaining meaningful **ESG requirements** ensures Queensland continues to deliver infrastructure that is efficient, resilient, investable, and trusted by Queenslanders and the state’s visitors, especially in light of the upcoming Olympic games.

The **productivity gains** achievable through application sustainability measures as measured by of Infrastructure Sustainability (IS) Ratings are illustrated by infrastructure projects delivered via the Queensland Department for Transport and Main Roads. Across five Queensland transport projects certified in FY24–FY25, IS Ratings played a key role in achieving a combined \$172.6 million in avoided costs, equating to an average of 11% reduction in relation to their CAPEX. These savings were achieved through material efficiency, waste diversion, and reduced energy and water use. The verified performance data enable quantification of reductions in emissions, water, energy, waste, and materials. These reductions are translated into dollar values, supporting strategic decision-making and budget optimisation.

Actual emissions and resources across IS Certified As-Built Projects FY24/25

Project Name	Lifecycle materials emissions (tCO2e)	Vegetation Clearing emissions (tCO2e)	Construction energy emissions (tCO2e)	Operating energy emissions (tCO2e)	Lifecycle energy emissions (tCO2e)	Construction energy use (MJ)	Operating energy use (MJ)	Lifecycle energy use (MJ)	Construction water use (ML)	Operating water use (ML)	Lifecycle water use (ML)
Project A	68,368	5,689	10,708	392	11,100	302,730	60,497,855	60,800,584	86	0	86
Project B	104,136	1,861	8,934	14,719	23,653	101,241,403	69,698,000	170,939,403	33	0	33
Project C	274,022	16,463	27,604	984	28,588	159,732,542	58,757,501	218,490,043	517	0	517
Project D	51,700	2,632	12,125	1,159	13,285	132,268,595	61,609,509	193,878,104	43	0	43
Project E	77,818	12,385	14,476	-85	14,391	24,052,000	44,442,000	68,504,000	162	6	168
Total	576,044	39,030	73,848	17,169	91,017	417,607,270	295,004,865	712,612,134	841	6	847

\$ Lifecycle Reduction across IS Certified As Built projects FY24/25

Project Name	CAPEX (\$)	\$ Reduction	\$ Reduction (% of CAPEX)
Project A	\$615,000,000	\$57,088,909	9%
Project B	\$105,000,000	\$59,992,555	57%
Project C	\$303,000,000	\$25,109,620	8%
Project D	\$301,000,000	\$29,798,310	10%
Project E	\$224,000,000	\$587,588	0.26%
Total	\$1,548,000,000	\$172,576,982	11%

CAPEX and \$ Reductions across IS certified As-Built projects FY24/25 in \$'s (Quantities avoided verified through IS Rating)

Improving the productivity of Queensland's construction sector is paramount. The Infrastructure Sustainability Council and the IS Rating Scheme offer a proven, holistic, and globally recognised approach to achieve this by fundamentally integrating principles of efficiency, innovation, risk management, and whole-of-life value. By embracing sustainability, Queensland can build a more productive, resilient, competitive, and future-ready construction sector capable of meeting the state's significant housing and infrastructure needs without compromising quality or safety. We welcome the opportunity to collaborate further with the Queensland Productivity Commission.

Contact

For further enquiries please contact Monique Isenheim, Head of Market Development,



About the Infrastructure Sustainability Council (ISC)

The Infrastructure Sustainability Council is a for-purpose organisation that has certified sustainability performance across Australia and New Zealand since 2012. We assess infrastructure assets across the full asset lifecycle, and we measure impact across the quadruple bottom line of economic, environmental, social and governance. ISC is a member-based social enterprise that serves as the peak body for sustainable infrastructure. Our members include industry associations, professional bodies, academia, non-government organisations and government agencies, who are involved in the financing, planning, design, delivery, and operation of infrastructure. The ISC's sustainability framework, the IS Rating Scheme, is applicable to all asset types including water, road, rail, energy, and social infrastructure.

About the IS Rating

The IS Rating tools independently certify infrastructure sustainability performance and are widely recognised and mandated by jurisdictions and their associated delivery agencies including National, States and Territories, and municipal councils. With over \$400 billion in capital expenditure across more than 400 registered projects in Australia and New Zealand, the IS scheme has a proven track record of driving innovation and best practice. The IS Rating is included in the Federal Government's Environmentally Sustainable Procurement Policyⁱ. Under that policy one of the metrics for suppliers to meet Australian best practice standards is to show they have achieved a verified IS Rating from the Infrastructure Sustainability Council.

End document
