

28 August 2025

Ms Angela Moody
Opportunities to Improve Construction Industry Productivity
Queensland Productivity Commission
PO Box 12078
George Street
Brisbane QLD 4003

Online lodgement: <http://www.gpc.qld.gov.au>

Dear Ms Moody

RE: Opportunities to Improve Construction Industry Productivity Interim Report

Gladstone Area Water Board (GAWB) thanks the Queensland Productivity Commission (QPC) for the invitation to provide a submission on the Opportunities to Improve Construction Industry Productivity Interim Report (Interim Report).

GAWB appreciates the importance of both the QPC's work to enhance construction industry productivity and the government's strategic direction in procurement practices, including their potential ramifications for cost, timing, project execution, industrial relations and regional economic development effects.

Comments about key issues raised in the Interim Report

Of the numerous significant issues raised in the Interim Report as preliminary recommendations, reform directions and requests for information, GAWB has a particular interest in the following key areas:

1. Best Practice Industry Conditions

GAWB welcomes the QPC's investigation into the application of Best Practice Industry Conditions (BPIC) and its impact on construction industry productivity and outcomes. GAWB did not adopt BPIC as it held significant concerns about the unknown and potentially adverse impacts of the policy and uncertainties as to its application.

GAWB maintains BPIC disproportionately disadvantages regional businesses directly (challenges to local businesses to comply with BPIC processes, particularly in the early years

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of application) and indirectly (as BPIC contract terms are adopted across the industry). The application of BPIC would also potentially affect GAWB's operations, including the impact of BPIC on water supply prices to GAWB's customers and GAWB's ability to attract and retain talent when competing with employers offering BPIC employment terms and conditions.

Accordingly, GAWB supports Preliminary Recommendation 4 – Best practice Industry Conditions, the permanent removal of BPIC from the Queensland Government's procurement policy.

2. Queensland Government procurement policy objectives

GAWB has concerns about Queensland Government procurement policies having the sole objective of value for money, as this ignore the important role the Queensland Government's investment can play in supporting and driving regional economic development.

There appears to be two ways Preliminary Recommendation 3 – Queensland Government Procurement Policies could be enacted:

1. Removing other objectives (e.g., local benefits test) from consideration in Queensland Government purchasing decisions entirely would eliminate one of the Queensland Government's vital levers to underpin regional economic development and growth; or
2. Moving other current objectives from purchasing policy to another policy that also needs to be considered in Queensland Government purchasing decisions would not result in Queensland Government purchasing decisions being made slowly on the basis of value for money.

GAWB also notes the potential conflict between Preliminary Recommendation 3 – Queensland Government Procurement Policies (which has a sole objective of value for money) and Reform Direction 4 – Improving Tendering and Contracting (which seek options that foster competition, allocate and manage risk, and encourage innovation).

GAWB does not support Preliminary Recommendation 3 – Queensland Government Procurement Policies and does not object to Reform Direction 4 – Improving Tendering and Contracting.

3. Capital program review

GAWB supports the intent of Preliminary Recommendation 2 – Project Rationalisation but notes implementation would need to explicitly accommodate certain capital expenditures that are mandated by regulatory requirements.

For example, the Guidelines on Safety Assessments for Referable Dams (July 2025) stipulate in par. 2.4 that affordability or the availability of resources "is not a consideration" when determining upgrade schedules for high-hazard dams. Given that Queensland has multiple dams classified as high-risk, this regulatory framework effectively prohibits the prioritisation and phasing of dam safety projects to optimise resource allocation and cash flow. As the

regulation places the accountability solely on the dam owners, dam owners are concurrently attempting to deliver their dam safety projects as soon as possible.

GAWB suggests that to effectively review its capital program, the Queensland Government will need to also assess the effectiveness of regulatory requirements and how these limit their ability to prioritise capital spend. By examining these regulatory frameworks, the Queensland Government can better understand the constraints they impose on capital spend prioritisation and identify potential opportunities for improvement.

4. Utilities connections

Electricity is a critical input for GAWB. Securing a high voltage connection for the Laurel Bank intake of the Fitzroy to Gladstone Pipeline (FGP) has proved challenging, both the time taken for each phase of the process and obtaining consistent guidance from Ergon.

Despite a connection inquiry being lodged in August 2021 and Ergon advising a metered connection at the intake was possible, this advice was changed in Ergon's response to GAWB's connection application in August 2023. Ergon's formal offer contained a target completion of works of 28 November 2025, which would result in a delay to Practical Completion date of 13 March 2026.

Despite considerable lead time and significance of this project for Central Queensland, GAWB has been forced to pursue alternative high voltage power for the FGP intake at Laurel Bank. GAWB has provided this example of the extent of coordination and collaboration between governments, the construction industry and utility providers in response to the QPC's request for information about utility connections.

Conclusion

GAWB again thanks the Queensland Government for its further consideration of these important construction industry matters. Should you require further information, please do not hesitate to contact Evan Jones, Water Policy Advisor, at [REDACTED]

Yours sincerely,

[REDACTED]

Darren Barlow
CHIEF EXECUTIVE OFFICER