

Queensland Productivity Commission
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Submission to the Queensland Productivity Commission

Opportunities to Improve Productivity of the Construction Industry – Interim Report

From prefabAUS – Australia’s Peak Body for Offsite Construction since 2013

Introduction

prefabAUS welcomes the opportunity to contribute to the Queensland Productivity Commission’s inquiry into improving productivity in the construction industry. We commend the Commission for its comprehensive interim report, which highlights the structural challenges facing the industry – notably stagnant productivity, poor procurement practices, and a fragmented and overly complex regulatory environment.

Our submission references Building the Future We Want: Smart Building Industry Roadmap 2023–2033, which sets out a decade-long strategy for transforming prefabrication into full-scale Smart Building in Australia. We believe that modern methods of construction (MMC) and Smart Building are essential to delivering the productivity, affordability, and sustainability outcomes that Queensland requires – particularly in light of the 2032 Brisbane Olympic and Paralympic Games, the state’s housing targets, and major infrastructure programs.

Alignment with the Interim Report

The Commission’s interim report identifies four reform areas:

1. Procurement practices
2. Land use regulation
3. Regulation of building activity
4. Labour market operation

prefabAUS supports these directions and submits that Smart Building – through industrialised offsite construction – provides a direct mechanism to achieve reform outcomes across each area.

Key Recommendations from the prefabAUS Roadmap

1. Position Smart Building in Major Projects and Housing Targets

The Roadmap calls for 50% of new housing under the National Housing Accord to be delivered via prefabrication and Smart Building by 2030. Queensland should explicitly embed MMC and Smart Building targets in its housing delivery programs and the Olympic infrastructure pipeline.

2. Apply Strategic Procurement to Build Scale

The interim report critiques procurement for being overly complex, fragmented, and unfit for purpose. prefabAUS recommends strategic procurement with a “presumption in favour of prefabrication” in major publicly funded projects. This aligns with international best practice and would enable standardisation, reduce costs, and deliver lifecycle value. The productivity benefits of offsite prefabrication require scale, which comes through coordinated demand side action through strategic procurement.

3. Embed Design for Manufacture and Assembly (DfMA)

DfMA is central to achieving productivity gains through standardisation, waste reduction, and defect-free delivery. Queensland should mandate DfMA and BIM-enabled workflows in government projects, harmonised across agencies, to avoid rework and duplication identified in the interim report.

4. Develop Consistent Standards and Regulation

The interim report highlights excessive and inconsistent regulation across local governments, causing delays and cost blowouts. prefabAUS urges a consistent regulatory framework for MMC and Smart Building across Queensland, aligned with the National Construction Code. This would harmonise definitions, approvals, and quality standards, while enabling investment confidence.

5. Build the Future Workforce

Skills shortages and low completion rates for apprenticeships are key issues in the interim report. The Roadmap identifies workforce development as critical. prefabAUS recommends expanding training in MMC, digital design, and advanced manufacturing, in partnership with TAFE Queensland, MSQ, CSQ, and universities through a node of the Prefab Innovation Hub located at the Sunshine Coast University campus.

6. Finance and Business Model Innovation

The interim report notes that poor procurement and financial practices are inhibiting productivity. prefabAUS recommends adoption of our standard form contract for domestic class 1 building. This would be even more effective with adjustment of current legislation to align with the prefabAUS contract deposits and progress payment structure, supported by Commonwealth Bank alongside development of Queensland-specific pathways to de-risk investment in prefabrication.

Economic and Social Benefits


Implementing the Roadmap recommendations alongside the Commission's reform directions can deliver:

1. Productivity uplift of at least \$9 billion annually by 2033 through Smart Building.
2. Faster, more affordable housing delivery to meet Queensland's population growth.
3. Improved resilience and sustainability, with lower carbon outcomes and higher energy efficiency.
4. Regional economic diversification, with offsite manufacturing hubs supporting jobs outside metropolitan centres.

Conclusion

prefabAUS strongly supports the Commission's interim findings and urges the integration of Smart Building and MMC as a core reform lever. The scale of Queensland's housing and infrastructure pipeline, combined with the urgency of productivity decline, makes this the ideal time to embed Smart Building in procurement, regulation, and workforce strategies.

We would welcome the opportunity to provide further evidence, case studies, and international comparisons to assist the Commission in finalising its report.


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