

OFFICE OF THE
Cross-Border Commissioner

Submission on Opportunities to Improve Productivity of the Construction Industry: Interim Report

Productivity Commission Inquiry: Construction Productivity



**Queensland
Government**

Introduction

Communities that operate near the Queensland border face unique and significant challenges in navigating the regulatory, commercial and social obstacles that come with living across different State jurisdictions. For people in communities along the Queensland border, the border is not an arbitrary line. It is an intersection of commerce, culture, and community. These border communities navigate a mosaic of regulations and policies that can affect everything from transportation, commerce, education, through to labour force skilling and retention. Businesses face numerous complications caused by different regulations, procedures, outcomes, restrictions and accreditations. Resolving these issues is complex, requiring a multifaceted and sometimes unique approach to service delivery.

To address these unique challenges, in August 2024, the Queensland Government appointed Ian Leavers as the inaugural Cross-Border Commissioner establishing the Office of the Cross-Border Commissioner under his direction. The aim of the Office of the Cross-Border Commissioner is to;

- enhance stakeholder engagement and facilitate collaboration between the State and relevant jurisdictions in areas of mutual interest relating to cross-border communities; and
- facilitate the identification, and advocate for the resolution, of issues related to residing in cross-border communities that impede regional economic development, community resilience and service delivery.

Since his appointment, Commissioner Leavers has consulted extensively with border communities across Queensland, New South Wales and the Northern Territory over a range of issues, including hearing of concerns related to the housing and construction industry. During this initial consultation, the Cross-Border Commissioner has received strong and consistent feedback from constituents, community organisations and businesses on the difficulties in finding appropriate tradespeople or workers who can operate on both sides of the border.

Feedback provided to the Cross-Border Commissioner suggests that an absence of a coordinated skills recognition program has resulted in significant difficulties in attracting and retaining suitably qualified tradespeople in border communities. Further, differences in regulation and compliance outcomes often result in complications in understanding workplace obligations and regulatory requirements, often leading to increased operational business costs and overheads.

As this feedback has been consistent throughout all border communities nationally, the Cross-Border Commissioner is working with other Cross-Border Commissioners and other jurisdictions to coordinate improved outcomes to address improved skills recognition and to address skill shortages. However, given the multifaceted and complex nature of skills mobility, it has been difficult to develop feasible solutions that would be relevant to address specific concerns for border communities.

The Productivity Commission's inquiry into the construction industry provides an opportunity to review existing policies to address issues within the industry. The Cross-Border Commissioner believes that the holistic nature of this inquiry may present an opportunity to discuss and investigate options to address skills recognition, that would not only benefit border communities but address skilled workforce attraction and retention rates across regional Queensland.



Capturing Labour Workforce and Mobility Data in Border Communities

Capturing workforce skills and labour mobility data in border communities is difficult due to the fluid and dynamic nature of cross-border employment. Workers often commute between states for job opportunities, creating a complex web of movement that is not assessed or captured in traditional workforce metrics. Traditional statistical assessment for labour mobility is undertaken at a Local Government Area level (LGA) often overlooking the size and impacts of border communities. In many instances, the total geographic size of LGA's is vast with many communities bound within the LGA not considered a border community in the context of workforce mobility.

While relevant statistical analysis in Australia is sparse, background research suggests that any jurisdictional border creates barriers for attraction and retention of a skilled workforce, reducing labour productivity and total production¹. However, much of this research is conducted at an international level, often with distinct social divisions between jurisdictions (such as different languages). At a state-based level, like the statistical analysis, labour flow across Queensland borders is not well understood, due to limited research into market trends. Preliminary research in Queensland has suggested that the state border does influence cross-border labour commuting, providing a barrier for the labour force to consistently travel across the border for work.² However, this research focuses on mobility, and does not draw a conclusion on the impacts of dual-jurisdictional requirements, nor the impacts it has on workforce attraction and retention.

Thus, in responding to the Productivity Commission's inquiry into the construction industry, the Cross-Border Commissioner has had to rely solely on qualitative feedback provided during the Commissioner's general consultation with border communities.

Automated Mutual Recognition of Skills

During consultation over the past 12 months, the Cross-Border Commissioner has frequently heard of the difficulties in finding, attracting and retaining relevant skills in border communities. As noted in the interim report, the absence of Automatic Mutual Recognition (AMR) within Queensland is a significant contributor to this issue. AMR streamlines interstate work for licensed and registered professionals by allowing them to use their home state or territory license in other participating states without additional application processes. It eliminates the need for separate applications and fees when working in another jurisdiction.

As noted consistently in the interim report, Queensland does not currently participate in the AMR scheme. However, while Queensland is not part of AMR, the state does recognise licenses and registrations from other Australian jurisdictions and New Zealand through the standard mutual recognition process. This means that individuals with a valid interstate or New Zealand license for an occupation may be able to apply for a corresponding Queensland license or registration.

Given that Queensland does not participate in the AMR, suitably qualified personnel must meet minimum regulatory requirements in each jurisdiction, despite already holding appropriate qualifications or license

¹ Olsson M (2002) *Studies of Commuting and Labour Market Integration* Jonkoping International Business School

² Trendle B (2021) *Do State Borders Effect Commuting Flows – A Case Study of the Queensland and New South Wales Border Along the Tweed River* Australian Journal of Regional Studies Vol 27 No 3 2021 page 390



arrangements. From the perspective of the worker, this results in duplication of requirements and/or licensing arrangements.

This outcome is particularly impactful for the workforce who may wish to operate in border communities. The Australian Productivity Commission's report into Mutual Recognition conducted in 2015 noted that only 5% of electrical, plumbing and property professionals were licenced in multiple jurisdictions, indicating that only a small portion of the total workforce market is impacted³. However, it is likely that a significant proportion of these electrical, plumbing and property professionals would operate in locations where different State credentials would be required, disproportionately impacting border communities.

This duplication has a twofold impact. The first impact results in increased costs for the delivery of services in border communities. Individual costs on the service provider will depend on the trade and the nature of the service being provided. Table 1 below provides some indicative costs for certain professions who would be required to operate across both Queensland and New South Wales.

Profession	Establishment Fee		Renewal Fee (one year)	
	Queensland	New South Wales	Queensland	New South Wales
Building Contractor (individual)	\$1587 (maximum)	\$830	\$705 (maximum)	\$557
Building Contractor (Company)	\$2877 (maximum)	\$1657	\$1799 (maximum)	\$828
Building Qualified Supervisor (certificate)	\$1100	\$170	\$926	\$31
Plumber	\$232	\$378	\$158	\$281

Table 1: Establishment and Renewal Costs for construction industries.

These costs do not consider additional mandated insurance requirements and other establishment costs relevant for cross-jurisdictional work (which are dependent on the profession and type of service being undertaken). While these costs would not be considered significant when set against the total operation of the business, they are none-the-less a cost that is borne by the service provider, to essentially, provide for a similar, if not same, service or trade.

The second impact relates to the increased levels of bureaucracy required for tradespeople to operate in a dual regulatory environment. Excessive levels of bureaucracy can hamper and deter construction activity, resulting in project delays and higher costs for the consumer. This impact is much more difficult to assess, as it relates to the "perception" of the worker, and their ability and willingness to navigate through different bureaucratic layers. During his consultation with border communities, the Cross-Border Commissioner noted that this perception is of high concern, often resulting in a disincentive for workers to operate across state borders. This results in a disengaged workforce, impacting attraction and retention rates across border communities.

³ Australian Government: Productivity Commission (2015) *Mutual Recognition Schemes: Productivity Commission Research Report* <https://www.pc.gov.au/inquiries/completed/mutual-recognition-schemes/report/mutual-recognition-schemes.pdf> page 13.

Education Pathways for Border Communities

The Productivity Commission's interim report noted the limitations in the capacity of existing training and educational pathway systems, particularly for vocational trades in regional areas. These limitations are noticeable and specifically prevalent in border communities. The Cross-Border Commissioner is aware of several instances where the State border creates a barrier for students to attend their nearest TAFE or RTO training provider. In one case study, the Cross-Border Commissioner is aware that a student residing in the Kingscliff area was prevented from attending a TAFE plumbing certification on the Gold Coast, and instead, was advised that they were required to attend a TAFE institution 280 km's away in Coffs Harbor.

In addressing these concerns, Cross-Border Commissioners from Queensland, New South Wales, Victoria and South Australia are working together with relevant agencies to identify issues and to improve educational pathways for people residing in border communities. In a recent joint submission to the Commonwealth Productivity Commission's inquiry into *Building a Skilled and Adaptable Workforce*, the Cross-Border Commissioner's advocated for reform in current TAFE funding and structure, noting

In some cases, the closest and available TAFE option for a student may in fact be across their state border into another jurisdiction. It is this tension between fee free TAFE options in a cross border context, that brings an inequity in access under the fee free TAFE schemes and requires great consideration in the areas for reform to reduce unnecessary barriers to education.⁴

Further, all Cross-Border Commissioners are working closely with *Job and Skills Australia*, through their *Jobs and Skills Roadmap for Regional Australia* to identify barriers that regional border communities face in acquiring skills and trade qualifications.

When evaluating the training and apprenticeship system for the construction industry, any reviews into the existing system must consider educational pathways for potential students to ensure that they are not only fit for purpose but actively incentivise the uptake of vocational studies. Any operational barriers, such as the barriers noted above for border communities, not only result in physical and financial barriers for potential students but may also create a level of disincentive that may prevent the student from entering the industry in the first place.

Moving Forward

Labour Mobility

The Cross-Border Commissioner *strongly supports* the Productivity Commission's Interim Report Recommendation 20 to remove barriers for labour mobility.

However, the Cross-Border Commissioner appreciates that the decision for Queensland's non-participation in the AMR scheme is a policy decision taken by the Queensland Government when considering whole-of-state impacts. Accordingly, the Cross-Border Commissioner accepts that any Governmental analysis into policy positions regarding the AMR go beyond the needs of border communities and must consider impacts to associated industries across Queensland. However, it is important to recognise that border communities

⁴ Cross-Border Commissioner's Submission into the Building a skilled and adaptable workforce enquiry
<https://engage.pc.gov.au/projects/workforce/page/pillar-2-responses>



are disproportionately impacted by Queensland's non-participation in the AMR scheme, resulting in greater difficulties in attracting and retaining a skilled workforce.

Alternatively, if AMR is not considered or the Government retains the existing policy position on AMR, to incentivise and improve retention rates within the construction workforce, the Cross-Border Commissioner *strongly recommends* that the Productivity Commission should consider analysis on policy drivers to reduce the costs of licence requirements and associated bureaucratic processes, and/or, evaluate alternatives to alleviate the disproportionate impact that the current policy has on border communities.

While these policy drivers are numerous, the Cross-Border Commissioner does recommend that the Productivity Commission investigate specific options including;

- fee subsidy schemes or fee waivers for licence holders required to hold multiple licences across jurisdictions,
- improvements to the availability for formal training and education programs in border communities, and
- the introduction of alternative policy models for the recognition of skills to reduce bureaucracy.

Educational Pathways

Collaboration between government, educational institutions, and industry stakeholders is essential to create pathways for upskilling and retention of a skilled workforce. A skilled workforce not only enhances the quality and safety of construction projects but also strengthens the industry's contribution to economic growth in border communities. Addressing workforce skills in the construction industry is pivotal to ensuring its sustainability, productivity, and capacity to meet future demands in border communities, and more generally, throughout regional Queensland.

Reform Pathway 10 in the Interim Report focuses on developing policy processes to identify problems, reform opportunities and priorities to improve the training and apprenticeship system, including barriers to reform, and the requirements of regional and remote regions.

As noted earlier, border communities face bespoke challenges in gaining access to vocational training programs due to institutional requirements between different jurisdictions. The Cross-Border Commissioner would like to identify this as a barrier and *strongly recommends* that any review into educational pathways stemming from the Productivity Commission's Inquiry for vocational training consider barriers that specifically exist for border communities and to develop programs to alleviate inequalities that these communities may face.