

**Attention: Queensland Productivity Commission**

Angela Moody  
Productivity Commissioner and Chair  
Queensland Productivity Commission

Dr Karen Hooper  
Commissioner  
Queensland Productivity Commission

Submitted via Online Portal

**STAKEHOLDER FEEDBACK | POST INTERIM REPORT – REVIEW OF PRODUCTIVITY IN QLD CONSTRUCTION SECTOR**

Further to our prior submission, the Australian Institute of Quantity Surveyors (AIQS) would like to assist the Queensland Productivity Commission (QPC) in developing their findings and recommendations for the final report.

AIQS is the peak body for quantity surveying professionals in Australia. AIQS provides a home for and supports quantity surveying professionals working across a range of fields including cost estimating, cost planning, contract administration, asset management and construction management. Its principal mission is to establish and uphold professional standards, maintain uniformity in procedures, support industry education, and foster public faith in cost certainty and the quantity surveying profession overall.

AIQS is a company limited by guarantee and is an active member of the International Cost Engineering Council (ICEC) and Pacific Association of Quantity Surveyors (PAQS).

Quantity surveying professionals work closely with designers, engineers, project owners, developers, banks, contractors and builders to determine, analyse and manage the costs related to the construction, maintenance and operation of built assets. These assets span the full range of the construction industry including infrastructure, services, new build and refurbishment.

AIQS captures market intelligence through a structured mix of data collection, industry engagement and analysis tools. This intelligence helps our members stay informed on cost trends, contractor behaviour, supply chain changes, and market risks.

**Project Selection**

It is recommended that, without exception, all Queensland Government infrastructure projects with a value greater than \$25 million undergo a rigorous business case process. This will ensure that investments are fit-for-purpose, deliver value for money, and provide the best outcomes for both the investment and the Queensland community.

Projects with a favourable business case should then be assessed as part of a whole-of-government procurement strategy overseen by an independent Government Infrastructure Advisory Board. This will help eliminate departmental bias and ensure a transparent, evidence-based selection process.

As part of its assessment, the Advisory Board should consult with key industry bodies to access current market intelligence, including capability, emerging trends, and forecast risks. Suggested industry bodies include:

- Australian Institute of Quantity Surveyors
- Australian Institute of Architects
- Property Council Australia
- Queensland Major Contractors Association
- Master Builders Queensland
- Infrastructure Association of Queensland

Following this process, and informed by both project submissions and industry input, the Advisory Board would be responsible for selecting a balanced portfolio of projects. These projects should align with available funding, deliver sustainable long-term outcomes, and benefit communities across Queensland.

### **Improving procurement**

We recommend a single agency for Government Purchasing which will provide consistency in Contracts and Quality of documentation. Benefits of this approach would be:

- smoothing of the projects put out to market to avoid multiple agencies flooding the market at one time;
- a single agency will enable experienced staff to be maintained instead of multiple agencies having to employ contract staff to manage projects on an ad hoc basis;
- provide greater consistency and understanding of the responsibilities of the procurement requirements for both procurement and supply sides of the industry;
- reduce number procurement staff required over multiple agencies i.e. Health Education and Infrastructure;
- this agency could be responsible for ensuring the adoption of a standard suite of contract documentation which would reduce legal costs for multiple bespoke contract to be provided;

The agency would be responsible for driving improvements in the delivery of construction works by monitoring the performance of suppliers / contractors and if necessary recommending corrective actions against suppliers / contractors who are not performing to the required level.

### **Tendering and Contracting**

- Adoption of digital technology
  - There is a lack of understanding across the industry regarding the benefits of adopting digital technology – more training is required
  - Those who are aware of the benefits still do not have the technical capability to fully utilise the benefits – more training is required
  - There is a lack of willingness to spend money on training when there is no urgency around adoption – make use mandatory (for projects of a certain type or size/value)
  - The Queensland Health suite of BIM related documents is very good and could be used as a blueprint for other Government agencies
- Adoption of collaborative contracting
  - These can be successful when used on an appropriate project using appropriate procurement/contract terms
  - ECI for example, should not be used to pass the responsibility for all stakeholder engagement and/or confirmation of the project brief – this is a risk/cost that is best placed/managed by the Client
- Risk Allocation
  - Risk allocation should be appropriately allocated based on the project. This should include the correct procurement route, contract type, and clear allocation of risk using a risk register
  - A 'blanket' approach to risk allocation as a 'standard' contract provision will add unnecessary time and cost to projects due to the misalignment or risk to the party responsible for it
- Standardised Contracts
  - Benefits will flow from a clear understanding of the contractual obligations, and not having to 're-learn' for each bespoke version

- Standardised contracts are used in many countries, including the UK, where a suite of documents has been created to suit the project needs – they are very successful due to the efficiency of all parties understanding their contractual obligations
- **Project Bundles**
  - This would need to be assessed on a project (or group of projects) level and not adopted as a blanket policy
  - There could be benefits from a bundle of similar type projects where the project team could gain efficiencies from design, methodology, lessons learned, etc.
- **Government Capacity / Capability**
  - Individually, there appears to be a variance in the capability/capacity or approach by agencies, however a combined/collective approach would remove this risk and provide consistency and efficiency across all Government agencies
- **Performance-based specifications**
  - Clarification would be required as to whether this applies to all projects or projects with a contractor design portion for part or all of the project
  - There are key components of Government projects, such as security systems, that may need to be nominated to align with current systems
  - Not all contractors have the capability to provide a 'design' service and this would preclude them from the tender process (reducing competition)
  - It would have the advantage of allowing the market to introduce new technologies, methods and potentially improved value through broader market coverage, although whether the full cost of the betterment would be passed through remains to be seen

### **Modern Methods of Construction**

From experience, some significant issues have been encountered with certification of offshore manufactured elements of buildings, i.e. bathroom modules. Local authorities require visual inspections of each component as per the authorities guidelines. These inspections can be achieved via watermarking elements etc. however setting up these systems and practices can be costly and time consuming to establish.


Further issues with offshore manufacture or significant portions of the building, can represent some IR related complications with delivery and installation. This could be overcome with onshore manufacture, but this would likely increase capital costs and could put the projects feasibility in jeopardy.

Limitations with prefabricated building elements driven by transportation size constraints and lifting capacities.


Alternative building methods, i.e. CLT and timber elements have the potential to reduce project timeframes, however can be a costly alternative. Local suppliers are currently limited, therefore offshore procurement would be necessary if mass roll out of alternative building materials would be directed.

Government procurement processes could limit opportunities to explore MMC in tenders, given the procurement guidelines requiring 3 quotes, with some elements having limited suppliers or manufacturers.

Yours Faithfully



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