

Ms Angela Moody
Productivity Commissioner and Chair
Queensland Productivity Commission

Dr Karen Hooper
Commissioner
Queensland Productivity Commission

Dear Commissioners,

Further submission to construction productivity inquiry on regulatory burden, and local suppliers

Following the recent release of the interim report into 'Opportunities to improve productivity of the construction industry', Business Chamber Queensland provides the following response which builds on earlier submissions to [Queensland Parliament](#) and the [Queensland Productivity Commission \(QPC\)](#), and focuses specifically on recommendations in the report relating to regulatory burden and local suppliers.

Business Chamber Queensland is the state's Chamber of Commerce. We are an independent, not-for-profit organisation dedicated to supporting Queensland businesses to thrive and ensuring our state is the best place to do business in Australia. We are the largest and most representative business body in Queensland and represent businesses in every industry, of every size and in every region of our state.

At the outset, we reiterate our support for the QPC's establishment and the work that it is undertaking. In particular, we support preliminary recommendations about making tenders simpler and digital by default;¹ reviewing the consistency and efficiency of building and planning laws and approvals;² simplifying regulation of how builders can operate;³ supporting digital reporting for workplace health and safety;⁴ and harmonising licensing, workforce and skills matters,⁵ so workers can more easily come to Queensland and start work. These ideas are an important Queensland contribution to the now-national debate on productivity, and how to make regulation simpler, pro-growth and not simply anti-risk.

We also support the Productivity Commission's focus on value for money as this is an important concept to drive productivity and optimise the outcomes from procurement for all Queenslanders.

However, we have significant concerns about the preliminary recommendation in the report that departs from local content as a consideration under Queensland Government procurement policy as outlined in the interim report.⁶

This reply builds on our initial submission, we provided an early summary of new data from Queensland businesses, and we will be pleased to submit final results from the Efficient Regulation Report 2025. We will forward the full report to the QPC in addition this submission once it has been finalised, and a summary of its results is below.

¹ QPC, 2025, Interim report – Opportunities to improve productivity in the construction industry, page 42

² QPC, 2025, Interim report – Opportunities to improve productivity in the construction industry, page 43-4

³ QPC, 2025, Interim report – Opportunities to improve productivity in the construction industry, page 49-50

⁴ QPC, 2025, Interim report – Opportunities to improve productivity in the construction industry, page 51

⁵ QPC, 2025, Interim report – Opportunities to improve productivity in the construction industry, page 55

⁶ QPC, 2025, Interim report – Opportunities to improve productivity in the construction industry, page 110

Efficient Regulation Report 2025 findings.⁷

As part of our regular engagement with Queensland businesses, we ask about business conditions, and their engagement with Queensland Government regulators and agencies.

Core findings were that 74% of businesses considered regulatory cost impacts have risen since 2023, while almost half (47%) estimated a commitment of 6 hours or more to regulatory compliance each week. The median cost of implementing regulatory requirements was estimated at \$30,000 by Queensland businesses.

Closer to the construction industry, Queensland businesses told us that building approvals and amendments are now the primary concern among regulatory imposts, displacing employing workers for the first time since the pandemic.

More than 6 in 10 (62%) businesses attributed a high cost impact to building approvals and amendments.

The Queensland Building and Construction Commission (QBCC) received the most concentrated adverse feedback compared to other agencies, with only 12% of businesses attributing low impact to its activities, while 39% said it had a moderate impact and 49% assessed as having a high impact.

In comparison, QBCC came close to the highest impact agency, 50% of Queensland businesses said the Queensland Revenue Office (QRO) had high impact in its regulatory interactions with business operations. Note that 28% of businesses consider QRO to have a low impact.

A sample of construction businesses' comments is below.

- A Central Queensland small business said: "QBCC are impossible to deal with, they take too long and are too difficult to comply with. Training staff prevents us from growing the business with courses unavailable to meet licencing requirements."
- A Wide Bay small business said: "[National Construction Code (NCC)] is adding unnecessary additional costs to projects when the cost is already rising. Time going into training staff, additional time to meet regulations."
- A Cairns small business said: "The NCC code book in particular is very difficult and there are multiple regulations relating to a single outcome, in sometimes up to 5 different places."
- A Logan – Beaudesert small business said: "Licensing is paperwork intensive. Requirements to prove experience / qualifications are excessive, and insurances requirements. We cannot tender on jobs requiring specific QBCC licensing. Electronic applications. Limit the excessive builders' open licence requirements."
- A Mackay small business said: "I am in HVAC Industry & now they want staff to have QBCC Licences. The business already has a QBCC Licence. I have the supervisor's licence. The tradesmen also have to have an ARC Licence and a restricted electrical Licence. Now the QBCC wants the tradesman to have a licence as well. It is completely stupid & unnecessary."

Feedback on local benefits for Queensland businesses

In line with our business network's views, we expect Queensland Government procurement to benefit Queensland businesses not just passively, as taxpayers and infrastructure users, but as active suppliers of goods and services.

⁷ Business Chamber Queensland, 2025, Efficient Regulation Survey

Only four per cent of Queensland businesses believe government procurement is easy.⁸ However, almost 7 in 10 (67.74%) see public procurement by all levels of government as the second-highest economic opportunity for Queensland business (following only business-led R&D),⁹ especially in the lead up to and legacy from the 2032 Olympic and Paralympic Games. We support value for money, but Queensland businesses should supply the Queensland Government as a rule.

In the pursuit of value for money, there should not be unintended consequences for Queensland businesses. We are concerned to ensure the full implications of QPC's preliminary recommendation 3, that "procurement policy should have a sole objective of value for money",¹⁰ are understood and addressed by Queensland Government.

There are good reasons for caution. Procurement policy concerns all suppliers. Categories of Queensland Government procurement extend beyond construction and property to technology, professional services, goods wholesalers, and equipment suppliers from healthcare to transport, and more. The changes proposed under QPC's preliminary recommendation 3 would affect all suppliers, going far beyond the construction industry.

Similar recommendations in the past have encompassed additional policy support. For example, the national Productivity Commission (PC) recommended ending "nuisance costs" for tenderers from local content rules,¹¹ in favour of "policies with a sounder basis that increase the capabilities of Australian businesses (such as various R&D programs)".¹² It went on to identify extension services in the agriculture industry as a way of extending on R&D in other industries to share innovation in technologies and practices with "98%" of firms that are not breakthrough start-ups.¹³ Interim recommendation 5.3 included "trialling government-funded extension services" and "partnering with intermediaries such as industry associations and other advisory or network bodies" like Business Chamber Queensland.¹⁴ We encourage QPC and the Queensland Government to consider broader policy settings to foster business capabilities in the same way.

We also note the PC's conclusion in 2014 regarding Australian Industry Participation Plans and federal principles, that "ultimately, local content rules in procurement policies do not appear to bind or add significantly to the final turnout costs of infrastructure projects."¹⁵ Other examples are less concerned with public procurement than expansive regulation of the production and trade in goods and commodities, including for heavy vehicles Brazil and Russia,¹⁶ resulting in increasing costs in the United States of America for shipbuilding and freight,¹⁷ and changes in production cost ranging up to 2.75% across goods industries in different countries.¹⁸

There are equivalent matters considered by the Organisation for Economic Cooperation and Development (OECD). Using the example of Australia's Mining Equipment and Technology Services sector, the OECD favoured requiring

⁸ Business Chamber Queensland, 2024, Queensland State Election Blueprint

⁹ Business Chamber Queensland, 2025, Federal Election Survey

¹⁰ 2025, Interim report – Opportunities to improve productivity in the construction industry, page 40

¹¹ 2014, Public infrastructure – inquiry report, volume 2, page 475

¹² 2014, Public infrastructure – inquiry report, volume 1, page 27

¹³ 2023, Advancing Prosperity – 5-year productivity inquiry report, volume 5, pages 47-48

¹⁴ 2023, Advancing Prosperity – 5-year productivity inquiry report, volume 5, page 49

¹⁵ 2014, Public infrastructure – inquiry report, volume 2, page 475

¹⁶ Deringer, Erixon, Lamprecht & van der Marel, 2018, The Economic Impact of Local Content Requirements: A Case Study of Heavy Vehicles, page 27.

¹⁷ 2019, Local content requirements and their economic effect on shipbuilding, page 19

¹⁸ 2015, OECD Trade Policy Paper No. 180 – Emerging Policy Issues: Localisation barriers to trade, page 33

‘best efforts’ to source local content, rather than targeted shares of local content.¹⁹ The OECD identified alternatives to local content quotas, including “R&D support” for innovation and potentially technology transfer through trade and investment, and “training” to build local business capability.²⁰ At a minimum, we would be supportive of ‘best efforts’ to partner with Queensland businesses in public procurement.

However, we would like to see support for Queensland businesses to enhance their competitiveness through extension services, support for trade and investment, and micro-credentialling and reskilling opportunities to address adaptation to AI, cyber security and other developments in digital technology.

In comparison with ending local content rules, the benefits appear to be greater from scheduling or sequencing demand for new public infrastructure, consistent with QPC’s Preliminary Recommendation 1,²¹ and based on earlier analysis of the federal infrastructure program by the Grattan Institute.²² The Grattan Institute made the additional, sensible point about relative pressures on the construction industry accumulating from the private sector and from neighbouring States and Territories.

Their recommendations were for greater harmonisation across States and Territories with federal procurement principles, consistent with the idea of ‘best efforts’ to partner with local suppliers.²³ Harmonisation may have as much as \$4.7 billion in economic benefit.²⁴ Reforms of this kind, if achieved, would be consistent with a single national market and moves to increase the mobility of skilled workers to respond more quickly to demand.²⁵ Demand pressures may only grow in Queensland with the addition of the 2032 Olympic and Paralympic Games construction works to our growth State.

We make an additional point of caution about environmental sustainability. Policy settings, including innovation in environmental sustainability, waste and circular economy, should provide broader guidance if site-specific conditions are ended in line with QPC’s Preliminary Recommendation 5.3, noting the PC’s interest in the interaction between environmental sustainability and government procurement.²⁶

In our view, Queensland Government backing for Queensland businesses to grow their capabilities through extension services will be essential to addressing current challenges from workforce shortages, shifting trade and investment relationships, artificial intelligence and cyber-security, along with environmental sustainability expectations.

Extension services add a practical implementation approach to research and development, enabling industry bodies to demonstrate ideas that work, connect early adopters with other businesses interested in innovating.

Queensland businesses, and Queensland communities expect that local businesses are competitive suppliers to the Queensland Government. We will be continuing our work to ensure their voices are represented, and their interests advanced, in the implementation of your final recommendations, and in building Queensland businesses’ capabilities to meet the future with renewed dynamism and competitiveness.

¹⁹ 2017, Local content policies in mineral-exporting countries, page 26

²⁰ OECD 2015, Overcoming Barriers to International Investment in Clean Energy, page 65

²¹ 2025, page 38

²² 2021, Megabang for megabucks: Driving a harder bargain on megaprojects, page 12

²³ 2021, Megabang for megabucks: Driving a harder bargain on megaprojects, page 14

²⁴ Productivity Commission, 2024, National Competition Policy: modelling proposed reforms, page 20; 2025, National Competition Policy analysis 2025, page 17

²⁵ Productivity Commission 2025, National Competition Policy analysis 2025, page 17

²⁶ 2025, Australia’s circular economy: Unlocking the opportunities – interim report, page 9

Comments on broader recommendations

Many of QPC's preliminary recommendations address matters our members and partners have raised with us. This includes proposals: to review the stock of occupational licensing requirements and seek harmonisation and automatic recognition; incentivise faster approvals of zoning, planning, and development; review minimum financial requirements and trust accounts framework; develop a single point of digital reporting for incidents.

As you will appreciate from our businesses' feedback on their experiences as members of the construction industry, we anticipate strong benefits to Queensland businesses from pursuing the QPC's reform directions, including:

- 'digital by default' tenders;
- 'sizing' tenders to suit economies of scale and participation of small and medium enterprises;
- reviewing the accumulation of regulatory stock on building;
- improving QBCC processes, resourcing, and regional presence;
- attraction and retention of students and apprentices;
- capacity and quality of the training system;
- scope for lifting skilled migration.

We look forward to consultation on these policy developments, and guiding their implementation, to address our members' feedback of members and to advance Queensland's economy.

For 157 years, we have supported businesses to create a resilient, diversified, sustainable, and competitive economy. Launching productivity reforms as we ready for 2032, are welcome at this critical time for Queensland's future prosperity.

Thank you for your consideration.

Sincerely,

Myles Lawrence
Advocacy & Regulatory Strategy Manager
Business Chamber Queensland