

28 August 2025

Queensland Productivity Commission
PO Box 12078
George St,
Brisbane QLD 4003

Via Online Lodgement: www.qpc.qld.gov.au

**Re: Saltair Modular submission :
Opportunities to Improve Productivity of The Construction Industry**

Good morning,

Saltair Modular would like to thank the QPC for the development of the Interim Report (31 July 2025) and for the opportunity to make a submission.

By way of introduction, Saltair Modular is one of Queensland's leading modular contractors, with three production facilities in South-East Queensland and a production capacity of 2,000 modules per annum. Importantly, we provide a turnkey service as a Principal Contractor that includes all siteworks and associated Certifications, and have been doing so for over 12 years, primarily in Queensland but also in NSW.

We fully support and appreciate the recognition by all agencies that prefabricated and modular construction can be a significant part of the solution to Australia's current construction productivity and housing/accommodation crisis.

Our primary focus in this submission is Interim Report Section (14): Modern Methods of Construction (MMC).

Our key recommendations are as follows;

1. Regulatory Neutrality:

Throughout Australia there are various agencies simultaneously trying to define MMC and create new regulatory frameworks to assist the growth/uptake of MMC. Unfortunately, this separation and delineation of MMC from traditional construction has a negative effect on uptake of MMC. What MMC needs is to be rightfully recognised as complying with all of the same NCC and associated Australian Standards as traditional in-situ construction. The 'mode of delivery' should not be the focus; rather an over-arching recognition that MMC requires all of the same inspections and certifications as traditional construction, and is unarguably building works.

2. Competitive Neutrality

As far as Government works/tenders go, there has been sentiment to suggest that granting a quota to MMC is biased and unproductive. **The key issue here is that the vast majority of Government tenders are based on traditional in-situ designs**, with tenderers required to submit a 'Complying Bid' before any alternative/non-complying bid will be entertained. Given that MMC typically requires adjustments to a floorplan to maximise efficiencies, we are often unable to submit a complying bid and immediately disqualified. This has been our experience in bidding for Queensland's pipeline of social housing under their QuickStarts initiative, where we were ruled out because we were modular.

We highly commend Queensland Government's efforts under its MMC Program to better understand the capabilities and design parameters required to maximise modular efficiency. The issue is that until all Government Tenders provide a competitive basis for modular to be proposed as an alternative to in-situ construction, such that they are Conforming Bids, then a growing quota system for MMC is appropriate.

3. Queensland Government Procurement Policies

We concur with the QPC's findings in your Recommendation 3, that the growth in 'non-price criteria' associated with the Queensland Government's procurement policy appears to be never-ending, and needs to be paired back to the value for money objectives.

4. Pre-Qualification (PQC System)

Saltair Modular supports the Queensland Government's pre-qualification system (PQC) in principle, however we agree with QPC and others that it should be streamlined and improved. We believe two fundamental changes need to be expedited;

- a. Maximum Revenue for licensing: The QBCC has a long-established and rigorous process involving Annual Reporting (to the extent of General Purpose Financial Statements, Minimum Financial Requirements, and associated Maximum Allowable (annual) Revenue. In terms of PQC's Maximum Revenue for Licensing, they assign a value of 1/3 of the QBCC MAR. This does not make any sense. The PQC Maximum Revenue for Licensing should equal QBCC's assigned Maximum Allowable Revenue based on the associated financial reports.
- b. Maximum Annual Contract Value: We have found that PQC's administration of this value is unreasonably harsh, to the extent that an increase in MACV can only be obtained by successfully completing a government contract which is above one's existing MACV. **Hence by definition, it is impossible to increase this**, except in circumstances where government departments specifically choose/demonstrate that PQC MACV will not apply. There are other inconsistencies with the MACV, such that MCV is reduced if a contract spans over 2 years, however no increase is considered to an Annual Contract Value if one demonstrates completion in a period <<1 year (as is the case with fast modular construction). Overall, we recommend that a separate MCV/MACV is not required, and that the scheme leverages solely from the QBCC Maximum Allowable Revenue; this is the Scheme that the Queensland Government has endorsed via the QBCC as being suitable for the public, hence this is what should be adopted for Government accordingly.

5. Infrastructure Charging

Many modular installations are secondary dwellings. There is huge inconsistency across various Queensland Council's as to whether Infrastructure Charges get applied for secondary dwellings. As charges do not get applied for house extensions and 2nd storeys etc, there would appear to be a strong argument for such charges not to apply for secondary dwellings; at any rate, consistency across Councils would assist.

6. Consistency in Secondary Dwelling Sizes

As a modular provider that services multiple/all Queensland council areas, it is frustrating that we are not able to optimise secondary dwellings, as every Council has their own standard code and set of requirements on sizing, with many councils also having differences between urban, semi-rural and rural areas. We appreciate some differences at times might be appropriate, however the inconsistency and range of differences reduces efficiency and productivity for secondary dwelling solutions. In addition to this, the 'within 20m rule' appears to be hangover from 3+ years ago when Council's did not want/allow secondary dwellings to be rented by non-family members. Given this rule has been lifted, it appears non-sensical not to allow secondary dwellings to be placed anywhere on a block so long as other requirements (setbacks etc) are complied with.

7. Zoning Regulations and Land Supply

In addition to all of the current issues around development land, the fact that modular requires large Industrial Land for its factories introduces another KEY area of focus. Whilst media has focused on the increasing cost (50%+) of housing over the last 5 years, **THE COST OF INDUSTRIAL LAND HAS INCREASED OVER 500% IN THE SAME PERIOD**. A modular

builder will require a factory of at least 20,000m² to be competitive in the mid term. 5 Years ago, the price for the land alone at \$100/m² for such a block was \$2m (refer Economic Development Queensland's prices for Coolum Industrial Estate). EDQ's upcoming release of the Stage 2 of the Coolum Industrial Estate is \$550/m², equating to an increase from \$2m to \$11m for the same raw block. At the same time, prices for raw industrial property in Brisbane have increased from \$200/m², to some agents now touting \$850/m²... **The government must urgently release significant, competitive industrial property, or risk killing its manufacturing industry.**

8. Impacts arising from NCC 2022

100% AGREE with the QPC's findings that the Queensland Government should make the 7-Star energy provisions and accessibility standards voluntary (as the NSW Government elected to do). IMMEDIATELY.

The fact that the ABCB over-rode it's own Impact Analyses that demonstrated these two measures were not sustainable is highly questionable. In addition;

- The impact analyses were done in early 2021 – before the extreme price escalation that the industry suffered throughout 2022 and 2023. If they were re-done now, the disparity between high cost with minimal benefit would be even greater.
- Conversely, the ABCB's Impact Analyses DO NOT TAKE INTO ACCOUNT PRODUCTIVITY. It is worse than that – the Cost Benefit Analyses actually list employment as a benefit, that offset cost. We can appreciate that traditional analyses might show employment as a benefit, however when there is a shortage of trades, a housing crisis, and a productivity crisis, engagement of more trades to provide the same output can only be seen as a cost. In a situation where such measures do not provide any more bedrooms (and in fact accessibility further increases m²), the fact that more trades need to be engaged to build ramps, flush thresholds, insulation etc for the same number of bedrooms is actually a significant detriment to overall productivity.

Notwithstanding that the energy efficiency and accessibility standards are inefficient for the industry and majority of customers as a whole; they also hit MMC solutions harder; with it's minimal footprint based on traditional pier systems, the minimum 600mm to Finished Floor Level then drives the need for an additional 1:14 = 8.4m ramp, together with handrails. In addition to adding ~\$12k, this also uses up valuable land, and disadvantages modular vs a traditional slab, where environmental impacts are larger following excavation of the pad.

Similarly, modular is disadvantaged by the increase to 7-Star Energy ratings, in that many of the industry-standard BASIX / Nathers software calculators provide a large credit/stars to slab on ground. Whilst 7-Star MMC Solutions are readily available, they do not enable mass-solutions to be produced, as every house requires a customised set of solutions based on the orientation-specific Energy Efficiency report for that site. It does not appear correct that Government's are burdening the next generation of home owners with shortfalls in providing generation solutions; the choice of 7-Star should be voluntary.

9. Educating the Designers

Many government initiatives designed to assist modular are focused on the types of trades required. On this we have key points;

- All MMC Trades works are more than adequately covered by all existing building trades. There are no special trades courses required. In this the MMC industry is in parallel with all other building contractors in that the main challenge is just more trades overall are required.
- The key area where MMC could be assisted is for all relevant design disciplines; architecture, building design, drafting, engineering to contain a core subject on DfMA which at least teaches these professionals the easy fundamentals of modular design. Modular faces a key disadvantage in that the vast majority of structures which are put through Development Approvals have not considered this approach, and Developers

are subsequently reluctant to re-open a DA or seek an amendment in order to accommodate an efficient modular design.

10. Reducing the Rate of Regulatory Change

We fully concur with the QPC's findings that the rate of regulatory change has a dampening effect on innovative methods. However, we disagree that the NCC's focus on traditional construction is a disadvantage for MMC; to the contrary, we find that the focus on the requirements of the final built product provides a clear set of standards for MMC. The disruption and uncertainty arises from the ongoing changes to the NCC as a whole. As a minimum we recommend the current 3 year major revision timeframe is extended to a minimum 5-7 years (noting many of the Australian Standards referenced in the NCC have stood the test of time for 30+ years).

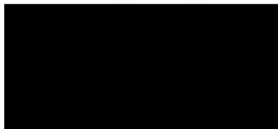
11. Workplace Health and Safety

QPC's Interim Report appears to overlook the fact that one of the main detriments to productivity is the increasing amount of time being taken for return to work and associated rehabilitation after an injury. For absolute clarity, we fully support and endorse all efficient measures to avoid and reduce injuries, however it has been our experience that the subsequent administration of cases by Worksafe Queensland is often plagued by pre-longed periods of awaiting specialists to be available. We do not believe this is in the best interests of the injured party in terms of rehabilitation, and much more needs to be done in this area to reduce delays.

Once again, we thank the Queensland Productivity Commission for this initiative and for the opportunity to make this submission; we trust our responses are received with a genuine intent of assisting and improving the productivity of the construction industry in Queensland for the benefit of all current and future Queenslanders.

We would welcome the opportunity to provide any further clarifications and/or elaboration on the recommendations above; please do not hesitate to contact me should you have any queries or wish to discuss.

Yours sincerely



Steve Bridger
Managing Director
Saltair Modular

