

Comment – Joint Submission – AMCA, MPAQ, NFIA, NECA & Surveyors Australia

Comment

Please find attached the Australian Subcontractors Alliance Qld Members submission led by AMCA, MPAQ, NECA, NFIA & Surveyors Australia.



CONSTRUCTION PRODUCTIVITY

Australian Subcontractors Alliance

AMCA, MPAQ NECA, NFIA & Surveyors Australia Joint Submission to the Queensland Productivity Commission's '**Opportunities to improve Productivity of the Construction Industry – Interim Report**'

Executive Summary

The Australian Subcontractor Alliance (ASA) Qld Members, representing the National Fire Industry Association (NFIA), National Electrical and Communications Association (NECA), Air Conditioning and Mechanical Contractors' Association (AMCA), Master Plumbers' Association of Queensland (MPAQ), and Surveyors Australia, welcome the opportunity to provide this submission in response to the Queensland Productivity Commission's (QPC) Interim Report on construction industry productivity (Queensland Productivity Commission, 2025).

This submission argues that industry productivity is fundamentally determined not on-site, but by the pre-construction regulatory and commercial environment. Systemic regulatory friction, inequitable procurement, financial insecurity, and workforce gaps are profound impediments that disproportionately harm the Small to Medium Enterprises (SMEs) in our sector (Queensland Productivity Commission, 2025, pp. 6, 8-11). Our recommendations are evidence-based, pragmatic, and designed for actionable reform.

Key recommendations

Procurement and Project Delivery: Establish an independent body to manage a transparent, long-term infrastructure pipeline, mitigating the "crowding out" effect that harms housing supply (Infrastructure Australia, 2024, Section 1). Shift from lowest-price tendering to collaborative models like Early Contractor Engagement (ECE).

Regulatory Environment: Harmonise the conflicting *Planning Act 2016* and *Building Act 1975*. Critically, the government must act on the Productivity Commission's repeated recommendation to make all legally mandated Australian Standards freely available online, abolishing the current "tax on compliance" (Productivity Commission, 2017).

Financial Security: Maintain the pause on the Project Trust Account (PTA) framework pending a full Regulatory Impact Statement (RIS). More urgently, establish a dedicated multi-agency task force to aggressively prosecute illegal phoenix operators, addressing a critical failure of enforcement that devastates subcontractors (Senate Economics References Committee, 2015, pp. 63-67).

Workforce Development: Implement a tiered apprenticeship incentive system favouring SMEs and a subsidy scheme for mature-age apprentices. Introduce a "Trades Passport Program" to fast-track skilled migrants from compatible countries to address acute shortages (Jobs and Skills Australia, 2024, Table 1). Modernise Continuing Professional Development (CPD) by adopting a hybrid framework that combines the outcomes-focused principles of the Ahpra model with a structured 12-point annual requirement to ensure genuine competency uplift.

Introduction

The subcontractor sector is the engine room of Queensland's construction industry, responsible for delivering the state's essential housing and infrastructure (Queensland Productivity Commission, 2025, p. 58). The productivity of our sector is synonymous with the productivity of the entire industry. However, subcontractors disproportionately bear the burden of systemic failures, existing at the end of a high-risk contractual and payment chain (Senate Economics References Committee, 2015, pp. 11-13).

This submission provides an evidence-based perspective from the operational core of the industry, demonstrating that productivity is determined by the pre-construction environment. The clarity of regulation, fairness of procurement, certainty of payment, and availability of a skilled workforce are the primary determinants of project success (Queensland Productivity Commission, 2025, p. 6). When these foundations are flawed, costs escalate, and the risk of disputes and insolvencies rises dramatically. We propose pragmatic reforms to create a more certain, equitable, and productive operating environment for the benefit of the entire industry and the Queensland public.

Part A: Reforming Government Procurement and Project Delivery

Section 1: Governance and Project Selection – The Case for Certainty and Collaboration

The "stop-start" nature of government capital works creates debilitating uncertainty, making it impossible for subcontractors to plan capacity or invest in the multi-year training of a skilled workforce (Klok Advisory, 2025, p. 36). This volatility is compounded by the practice of bringing large, unsequenced projects to an already constrained market, creating a significant "crowding out" effect (Infrastructure Australia, 2024, Section 1). This dynamic draws essential resources away from the private residential sector, directly impeding housing delivery and exacerbating the state's affordability crisis (CEDA, 2025). It also creates artificial price volatility, with inflated costs for labour and materials flowing through to all projects (Reserve Bank of Australia, 2018).

To address this, we advocate for an independent body, like the former Building Queensland, to guide project prioritisation and ensure staging is aligned with genuine market capacity (Queensland Productivity Commission, 2025, p. 41). A visible, long-term, and credibly sequenced infrastructure pipeline is the single most important reform to unlock the sector's capacity to invest, innovate, and build a productive workforce.

Section 2: Modernising Procurement Policy for Fairness and Efficiency

The Queensland Government's Prequalification (PQC) system functions as a significant barrier to entry for the SMEs that dominate the subcontractor sector. Its one-size-fits-all approach imposes a high administrative cost that disproportionately affects smaller and regional businesses, restricting competition and delivering poorer value for taxpayers (KnowYourTrade, 2025). This system systematically filters out the very businesses the government purports to support, leading to a less competitive market dominated by a few large players. We support reforming PQC thresholds to be risk-based and scaled for SMEs (Queensland Productivity Commission, 2025, p. 42).

Beyond the PQC system, we advocate for a fundamental shift away from lowest-price tendering towards Early Contractor Engagement (ECE). ECE models integrate the specialist expertise of subcontractors during the design phase, enabling the identification of constructability issues and opportunities for innovation before they become costly problems on site (Mastt, 2024). This collaborative approach de-risks projects and maximises value for money over the asset's lifecycle.

Part B: Creating a Coherent and Efficient Regulatory Environment

Section 3: Resolving Systemic Conflict Between Planning and Building Regulation

The conflict between the *Building Act 1975* and the *Planning Act 2016* is a systemic failure of governance with severe consequences for project costs, timelines, and public safety (Queensland Productivity Commission, 2025, p. 26). This "regulatory friction" arises when local government planning schemes impose requirements that override the technical life-safety provisions of the National Construction Code (NCC).

A stark example is a Queensland local government air quality policy, which requires modifications to diesel fire pumps that can render them non-compliant with the legally mandated Australian Standard AS 2941. This conflict imposed a direct, unproductive cost of over \$180,000 for just two pumps on a single project. More alarmingly, it creates a grave public safety risk, as the uncertified modifications introduce an unquantified risk of catastrophic engine failure during a fire. This is not an isolated incident but a symptom of a wider problem that drives significant project delays and cost increases (Productivity Commission, 2021, Box 1). We recommend an urgent independent review to harmonise the Acts and establish a clear hierarchy where technical building safety is the exclusive domain of the *Building Act* and the NCC.

Section 4: Reforming Building Standards for Productivity and Safety

A fundamental barrier to productivity and safety is the "paywalled" access model for Australian Standards. The government legally mandates compliance with hundreds of technical standards, yet access to these documents is controlled by a commercial entity at a prohibitive cost. For a single small business, purchasing the legally required library of standards can cost between **\$15,625 and \$22,500** (NFIA, 2025, p. 7).

This is a "tax on compliance," a nationally recognised failure of public policy repeatedly condemned by the Australian Government's own Productivity Commission, which has recommended that any standard referenced in law be made **freely and publicly available online** (Productivity Commission, 2017). The current model contributes directly to non-compliance and building defects, as practitioners are disincentivised from verifying technical requirements (Senate Standing Committees on Economics, 2024). We call on the Queensland Government to lead national reform by mandating that any standard referenced in law be made freely accessible online.

Part C: Ensuring Financial Security and Industry Sustainability

Section 5: The Trust Account Framework and Illegal Phoenix Activity

The Project Trust Account (PTA) framework, while well-intentioned, has imposed a significant administrative burden for unproven benefits (Queensland Productivity Commission, 2025, p. 32). Compliance is resource-intensive, particularly for SMEs, and there is no evidence it has reduced contract pricing. Crucially, its effectiveness is limited by a lack of transparency and enforcement, leaving subcontractors with little real protection (QBCC, 2021, p. 2). We support maintaining the pause on the PTA rollout pending a full Regulatory Impact Statement.

A more urgent threat is illegal phoenix activity, where rogue directors liquidate companies to avoid paying creditors, devastating the subcontractor community (Senate Economics References Committee, 2015, pp. 63-67). This is a primary driver of insolvency in the construction industry, which accounts for 27% of all corporate failures (ASIC, 2024). The critical issue is a profound failure of enforcement. Despite new laws passed in 2020, there has been a lack of prosecutions by the corporate regulator, sending a signal that this is a low-risk, high-reward crime (Explanatory Memorandum, Treasury Laws Amendment (Combating Illegal Phoenixing) Bill 2019). We call for a dedicated, multi-agency task force, modelled on the Serious Financial Crime Taskforce, to aggressively investigate and prosecute illegal phoenix operators (ATO, 2025).

Part D: Building a Skilled and Sustainable Workforce for the Future

Section 6: A Blueprint for Training, Apprenticeships, and Skills

A skilled workforce is the foundation of productivity, yet the current training system is failing. Industry-led RTOs achieve completion rates over 90%, while the public TAFE system languishes at approximately 40% (Master Builders Australia, 2024). To address this and the financial barriers faced by SMEs, we propose a **Tiered Apprenticeship Incentive System** with higher subsidies for SMEs, regional businesses, and employers of diverse cohorts (Victorian Chamber of Commerce and Industry, 2024, Recommendation 2). To unlock the potential of mature-aged workers, we also propose a national **Mature Apprentice Subsidy Scheme (MASS)**, providing wage offsets and fast-tracked pathways, similar to successful schemes in Western Australia (Government of Western Australia, 2025).

To address immediate critical skills shortages that domestic training cannot fill, we propose a **Trades Passport Program**. This would fast-track qualified tradespeople from compatible countries (e.g., UK, Ireland) through pre-departure assessment, targeted gap training on Australian standards, and a supervised workplace integration period. This pragmatic solution can immediately alleviate shortages without undermining long-term domestic workforce development.

Section 7: Modernising Occupational Licensing and Professional Standards

The current framework for occupational licensing and Continuing Professional Development (CPD) is in urgent need of modernisation. Where CPD has been implemented, a simple "box-ticking" approach has proven to be a flawed model, devolving into a costly compliance exercise with little impact on genuine competence.

A superior, outcomes-focused model is used in healthcare by the Australian Health Practitioner Regulation Agency (Ahpra). The Ahpra model requires practitioners to identify their own learning needs, plan development activities, and reflect on how that learning has improved their practice. Adopting a similar framework would be a paradigm shift for construction, but it can be enhanced with clear guidance on high-value activities to ensure consistent standards are maintained.

We propose a modernised framework that mandates an annual requirement of **12 CPD points**. Within this structure, specific recognition should be given to activities that fundamentally support professional growth and industry engagement. Being an active member of a recognised Industry Association fosters networking, knowledge sharing, and staying updated on industry trends,

justifying an award of **four points** towards the annual 12-point requirement.

The remaining points could be accrued through a combination of activities that align with the Ahpra philosophy of self-directed learning, alongside structured training. This would include essential **face-to-face training** on critical safety, technical, and regulatory updates, which offers interactive learning and practical demonstrations that are difficult to replicate online. This blended approach transforms CPD from a regulatory burden into a powerful tool for improving quality, reducing defects, and building a more skilled and adaptable workforce.

We strongly recommend that face-to-face training be mandated for at least one category annually, particularly for technical and safety-related subjects. Electrical work is inherently high-risk, and face-to-face learning ensures that practitioners not only understand but can also apply the safety, regulatory, and technical standards expected of them. Real-time engagement, practical demonstrations, and hands-on practice are essential to professional competence and cannot be adequately delivered through online modules alone.

In addition to a structured category system, we recommend that a limited number of courses be designated as mandatory content for all licensed practitioners to complete within each licensing cycle. A prime example of this is *Testing and Verification*, which is critical to ensuring that electrical work is performed safely and to standard. All licence holders should undertake a recognised and accredited course in mandatory content at regular intervals. Other essential areas for mandatory content could include updates to the Australian Standards and National Construction Code, any changes to relevant legislation and regulations, and high-risk work procedures.

There is also value in offering an optional category that addresses Business and Contract Management. Many small businesses and sole traders in the electrical industry would benefit from improved knowledge in contract law, regulatory compliance, and client management. However, we caution against making this a mandatory requirement for all licensees, as the focus of CPD should remain on core technical and safety competencies unless business management is directly tied to a specific licence class. Our organisations would welcome direct discussions in the effective design of any CPD programme to ensure it aligns with high-risk industry standards.

Part E: Improving Regulator Performance

Section 8: Enhancing QBCC Accountability and Effectiveness

The performance of the Queensland Building and Construction Commission (QBCC) is a significant concern. Current performance metrics, which focus on internal processing times, fail to capture the outcomes that matter to the industry and the public (Queensland Productivity Commission, 2025, p.

51). A regulator's performance should be measured by its tangible impact on the health and integrity of the sector (QBCC, 2024).

We propose a new suite of publicly reported outcome-focused metrics developed in consultation with industry. These should include tracking licencing practitioner numbers, the reduction in subcontractor non-payment, enforcement actions against unlicensed and phoenix operators, dispute resolution timeliness, and stakeholder satisfaction. This shift from internal processes to external impact is essential for rebuilding industry confidence and ensuring the regulator effectively serves the interests of both the industry and the Queensland public.

Conclusion

This submission has detailed the systemic challenges constraining the productivity of Queensland's subcontractor sector. The reforms proposed represent a coherent, evidence-based program to create a more productive, resilient, and equitable construction industry. These recommendations are mutually reinforcing: a transparent infrastructure pipeline enables investment in apprentices; fair contracts reduce disputes; free access to standards improves compliance; and modern CPD builds a more competent workforce. The subcontractor sector stands ready to work collaboratively with the Queensland Government to implement these vital reforms and unlock the industry's immense productive potential.



About Us



AMCA Australia is the national peak body for companies operating in the heating, ventilation, and air conditioning industry. Our industry contributes over \$8 billion to the Australian economy annually, consists of over 6,400 businesses, and employs around 19,000 people. The services provided by these companies are crucial to modern standards of living—providing safe, comfortable, and productive indoor spaces for people to live, work, and recreate.



Master Plumbers'
Association
of Queensland

The Master Plumbers Association of Queensland (MPAQ) is the peak industry body representing plumbing contractors throughout Queensland, from sole operators through to medium sized plumbing businesses and large contracting firms. Our members are individuals or companies engaged in the installation of Gas, Water Reticulation and Irrigation Systems, Fire Protection Services, Heating and Cooling, Mechanical Services/Air Conditioning Systems, Sanitary Disposal, Drainage, Metal Roofing, Wall Cladding and other Plumbing Services.



National Electrical and Communications Association (NECA) is the peak industry body representing the interests of over 6,500 electrical and communications contracting businesses across Australia. NECA is run by contractors, for contractors, and represents members in all states and territories of Australia. Our boards (national and state) are made up of electrical and/or communications contractors from a range of small, medium and large enterprises ensuring that contractors are well represented.



The National Fire Industry Association, Australia (NFIA) is an Australia wide community of fire protection contractors, their people, suppliers, consultants and industry stakeholders representing a wide and varied membership from the smallest sub-contractor through to large Australia-wide construction and service businesses. Our Members work at the frontline of fire protection with an estimated 80 per cent of the fire protection work undertaken in Australia completed by Members of NFIA.



Surveyors Australia represents more than 600 surveying businesses across Australia employing thousands of surveyors, technicians, engineers, planners and other affiliated professionals and trades people that are critical to every building project. Surveyors are involved in housing and infrastructure as well as data collection and analysis across a broad range of industries. Surveying is one of the unique roles that provides a strong career pathway from technician to registration and licensing. You will find a surveyor involved in every building and construction project around Australia. Surveyors Australia seeks to promote, represent and support surveyors and their businesses because Surveyors are vital to Australia's development.

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