

Our ref: QSBC-13521

29 August 2025

Ms Angela Moody  
Productivity Commissioner and Chair  
Queensland Productivity Commission  
(via Construction Productivity Inquiry online submission portal)

Dear Ms Moody,

Thank you for the opportunity to contribute to the Queensland Productivity Commission's (QPC) inquiry into the productivity of the Queensland construction industry (the Construction Productivity Inquiry).

The Queensland Small Business Commissioner (QSBC) is established under the *Small Business Commissioner Act 2022* and has a renewed focus on supporting the reduction of red tape that unnecessarily restricts small and family businesses. This includes advocating on behalf of the more than 85,400 small businesses in Queensland's construction sector<sup>1</sup> as well as those in key supporting sectors such as the professional, scientific, and technical services and manufacturing sectors on matters relevant to them.

Queensland's construction sector is predominantly comprised of small businesses (98.2%), with a large proportion of these small businesses (58%) sole traders (non-employing)<sup>1</sup>. Businesses operating in the construction sector represent the largest proportion of Queensland's small business sector at 17.2%, with professional, scientific and technical services accounting for a further 12.5%<sup>1</sup>. Approximately 23.4% of small businesses in the construction sector are based in regional parts of Queensland<sup>1</sup>.

Improving productivity is vital for small businesses in Queensland's construction industry as it directly impacts their profitability, competitiveness, ability to do more with scarce skills, and capacity to manage rising costs. With increasing demand for infrastructure development and housing, particularly considering population growth and the Brisbane 2032 Olympic and Paralympic Games, greater productivity will enable businesses to deliver projects more efficiently and effectively. By enhancing productivity, small construction businesses can also boost their profitability, contribute to the economy's growth, and help sustain jobs.

As highlighted in the Queensland Government's *Small and Family Business First Action Statement*<sup>2</sup>, challenging economic conditions in recent years have impacted the operating conditions and profitability of small and family business through rising costs, cashflow and working capital pressures, tight labour market conditions, and reduced consumer spending due to cost-of-living pressures.

A key consideration in any action to address the construction sector's productivity will be managing impacts on financial stability and sustainability. The construction sector has

<sup>1</sup> Australian Bureau of Statistics. *ABS 8165.0 Counts of Australian Businesses, Including Entries and Exits 2023-24*.

<sup>2</sup> Department of Customer Services, Open Data and Small and Family Business (DCDSB), 2025.

featured heavily in company insolvencies over the past 18 months. Although July 2025 data from the Australian Securities and Investment Commission (ASIC) suggests levels are stabilising, rates are still trending higher than historical levels<sup>3</sup> indicating the challenges for small businesses are ongoing.

The QSBC notes the QPC's high-level finding that productivity in the construction industry is weak relative to overall labour market productivity in the economy with growing regulatory burdens and sub-optimal procurement practices identified as two of the main causes. The concerns of small businesses across Queensland and specific recommendations are explored below in relation to relevant reform directions.

### **The regulatory experience of small businesses**

Regulation has a significant, and often disproportionate, impact on small businesses who can lack the necessary resources or capability to understand and comply with diverse and increasing regulatory requirements. Small businesses' experience of red tape is distinct from that of larger businesses who in many cases have greater capacity to resource specialist roles or functions within their organisation to support regulatory compliance.

For the construction sector, given the over-representation of small businesses (including sole traders), regulatory burden is a particular challenge but also provides the greatest opportunity to boost productivity if action is taken to address it.

At a high-level, small businesses often report to the QSBC that some regulatory frameworks do not reflect the current operating environment, are no longer fit-for-purpose, are increasingly complex and difficult for small businesses to navigate, change frequently, and do not consider the collective regulatory or compliance burden, potential overlap and duplication with other requirements (including those imposed by other levels of government such as the Australian Government and councils).

### **Opportunities to improve the productivity of small businesses**

The QSBC notes the broad package of preliminary recommendations and reform directions identified by the QPC in its interim report. The QSBC is supportive of actions designed to improve the performance and productivity of small businesses, which consider both the ongoing suitability of the regulatory frameworks in which business operate as well as the way in which these frameworks are administered.

The QPC's findings in relation to the regulatory burden impacting construction businesses (i.e., *'excessive regulation... confusing to navigate, unnecessarily prescriptive, and often inconsistently or poorly applied with little oversight.'*) align with the broad themes evident in the red tape examples shared with the QSBC and in feedback received from stakeholders through ongoing engagement and consultation activities.

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<sup>3</sup> B2B invoice defaults jump in July; CreditorWatch data shows shifting insolvency landscape, CreditorWatch, July 2025

## Comments on QPC preliminary recommendations and reform directions

### Part A: Government Procurement

#### **Preliminary Recommendation 1 – Project Sequencing**

*The Queensland Government should improve the way it prioritises its infrastructure spend by requiring market sounding be undertaken both prior and during the tender process, to ensure projects are staged and prioritised to be commensurate with market capacity.*

#### **Preliminary Recommendation 2 – Project Rationalisation**

*To reduce pressure on the construction industry and support productivity, the Queensland Government should undertake a full review of its capital program.*

The QSBC supports the QPC's recommendation to review the Queensland Government's capital program to improve how projects are planned and prioritised. Small businesses are often at the end of the contracting chain, meaning they are usually subcontractors rather than the main contractors. Small businesses often tell the QSBC they feel left out of infrastructure planning. This is not just because of limited local consultation but also because their size means they are not included in important discussions.

The QSBC recommends that small business voices should be actively sought out and prioritised during the early planning stages of projects. Since small businesses are the ones doing much of the work (even when subcontracted by larger companies), giving them a chance to prepare early—by buying equipment or hiring staff—can improve productivity and help manage the market's capacity to deliver projects.

The QSBC also recommends that clear and accurate timelines be shared with small businesses during market consultations, along with ongoing communication throughout the process. For small businesses, the cost of preparing for work (e.g., purchasing equipment or hiring workers) can be significant. If there are delays, it can threaten their financial stability and profitability. Consistent communication would help small businesses plan better and reduce financial risks and ensure the ecosystem can sustain the volumes for the lifetime of the project.

By involving small businesses in consultations before and during the tender process, the government and larger businesses can engage with them to advance industry capacity and drive for money. This can lead to cultural change, encouraging more small businesses to participate in government projects and prioritising infrastructure that directly benefits local communities—such as better freight corridors—can support more resilient and competitive economies. Using real data and consulting with small businesses ensures that infrastructure spending is both relevant, effective and that supply chain costs are reduced.

### **Preliminary Recommendation 3 – Queensland Government Procurement Policies**

*To ensure the best use of taxpayer money and support construction industry productivity and innovation, the Queensland Government's procurement policy should have a sole objective of value for money, where value for money is defined as the project's i) whole-of-life costs and ii) fitness for purpose, with due consideration for risk and quality outcomes.*

*To reduce administrative burden on tenderers and increase competition, particularly in regional areas, procurement policies should be simplified. Unless it can be demonstrated they provide net benefits to the community, policies that are not directly related to value for money, should be removed as requirements in government procurement.*

*All procurement instruments that are used for the tender process should be reviewed with the aim of achieving administrative simplicity.*

The QSBC supports the QPC's recommendation to simplify the Queensland Procurement Policy (QPP) and focus on value for money. Simplifying procurement processes will reduce the administrative burden on businesses, especially small businesses, and increase competition.

To achieve this, the QSBC recommends that consideration be given to:

- **Simplifying Documentation:** Use standard, easy-to-understand contracts for small and medium-sized projects, plain language, and consistent requirements across departments to avoid duplication and confusion.
- **Tiered Procurement Pathways:** Introduce separate processes based on project size and risk.
- **Supporting Local and Pre-Qualified Suppliers:** Expand local supplier panels by region and industry, allow businesses to join year-round, and ensure government agencies prioritise local businesses for ongoing work.
- **Improving Digital Access:** Update procurement platforms with features like saved supplier profiles, real-time alerts, better filtering by region and industry, and pre-tender notice boards to help businesses collaborate and prepare.
- **Providing Support and Training:** Create a dedicated support hub to help small businesses register, respond to tenders, and understand compliance requirements.
- **Encouraging Early Engagement:** Host early market engagement sessions and local industry briefings to involve businesses in the process from the start.

The Queensland Government has already committed to sourcing at least 30% of its procurement spend from Queensland small and medium enterprises (SMEs). Simplifying procurement processes aligns with this goal by making it easier for small and family businesses to bid for government contracts.

Small businesses have repeatedly told the QSBC that current tendering processes are overly complex. Focusing solely on value for money in procurement decisions can reduce complexity, but it must also ensure small businesses have fair opportunities to compete. The QSBC strongly supports simplifying these processes to make them fairer and more accessible for small businesses. A genuine co-design process with businesses and industry groups would ensure the reforms address real-world challenges.

The QSBC also supports removing policies unrelated to "value for money" unless they clearly demonstrate "net benefits to the community". However, it is important to define "community benefit" using simple measurable criteria which may include but is not limited to:

- **Economic impact:** Local contracts awarded or increases in business revenue or productivity.



- Access: Faster delivery times or improved reliability.
- Resilience: Number of businesses protected from climate-related risks.
- Workforce: Better employee retention or availability of skilled labour.
- Inclusion: Higher participation of Indigenous or minority-owned businesses.
- Satisfaction: Community approval of infrastructure and its local benefits.
- Environmental impact: Driving positive environment or sustainability outcomes.

Simplifying procurement processes and ensuring small businesses are included will help create a fairer, more competitive, and productive market for government contracts.

### **Reform Direction 2 - Pre-Qualification**

*Several stakeholders raised issues with Queensland's pre-qualification (PQC) system, including that it includes unnecessary requirements, is difficult to navigate, duplicates existing requirements, is excessively risk-averse and rigid, particularly for growing or less-established firms. It is also likely to restrict competition.*

*While there appears to be a case for streamlining the pre-qualification system, the Commission would like to hear from stakeholders on how this would be best achieved, and what agency capabilities or incentives are working well or need to be improved to achieve this.*

*There also appears to be a case for conducting a review of PQC contract value thresholds.*

The QSBC supports the QPC's proposal to reform Queensland's Prequalification (PQC) system to make it easier for small businesses to access government procurement opportunities. Small business owners have raised concerns with the QSBC about the PQC system, agreeing with the QPC's view that it is overly complex and creates significant barriers for smaller businesses. The high level of complexity and burdensome compliance requirements disproportionately affect small businesses with limited time and resources.

Small businesses have shared the following challenges with the PQC system:

- Forms are too long and complicated.
- The requirements are designed for larger businesses, and business structures like trusts are not recognised.
- Work health and safety requirements often feel excessive and impractical for small teams.
- Many small businesses don't have staff dedicated to handling compliance paperwork.
- Applications are met with delays, and businesses often don't hear back.
- Assessment criteria are unclear and inconsistent.
- The platform is confusing, with no clear instructions or guidance.
- Businesses in remote areas face connectivity issues.
- The same qualification criteria apply regardless of contract size, risk, or location.
- Small businesses don't know where to get help or support to apply.

The QSBC recommends the following to improve the PQC system:

- Introduce a simplified, tiered prequalification system where compliance requirements match the size and risk of the contract.
- Allow rolling or open panel applications so new businesses can apply at any time.
- Provide plain language guides and templates to make it easier for small businesses to understand and complete the requirements.
- Offer local support or direct contacts to help businesses navigate the system.
- Deliver timely and constructive feedback on unsuccessful applications so businesses can improve and reapply.

- Create targeted small business procurement programs to encourage government agencies to engage with local small businesses.

These changes would make the PQC system more accessible, transparent, and equitable, allowing small businesses to compete fairly for government contracts while reducing unnecessary complexity and delays.

#### **QSBC Small Business Case Study**

A Queensland small business owner in the manufacturing sector faced significant challenges engaging with government procurement processes due to the requirements of the Prequalification (PQC) System. Despite being a compliant and highly qualified operator, the business was excluded from tendering for government building projects valued over \$1 million because it was established under a trust structure. This structural limitation, unrelated to the business's capabilities, prevented the owner from competing for significant opportunities within the government sector.

The owner's experience reflects broader concerns shared by other small business stakeholders, as highlighted through feedback to the Queensland Small Business Commissioner (QSBC). Many report that the PQC System's stringent prequalification requirements create additional layers of red tape, particularly for smaller operators. These requirements, while designed to ensure quality and reliability, inadvertently limit the pool of eligible contractors and sub-contractors, reducing competition in the market.

For this business owner, the inability to participate in government projects not only restricted growth opportunities but also contributed to increased frustration with the procurement process. They believe that reforms to accommodate diverse business structures while maintaining compliance standards could enhance both competition and cost efficiency, ultimately benefiting Queensland's small business community and government project outcomes.

#### **Preliminary Recommendation 4 - Best Practice Industry Conditions**

*Best Practice Industry Conditions (BPICs) should be permanently removed from the Queensland Government's procurement policy.*

#### **Reform Direction 3 - Options for a Broader Industry Reset**

*Removing BPICs alone is unlikely to be sufficient to shift construction productivity to a growth path or improve behaviours on government construction sites.*

*Given that BPIC-like conditions now seem to be embedded in industry practice, including in enterprise bargaining agreements that are not due to be re-negotiated until mid-2027, it is likely that a broader industry reset is required.*

The QSBC supports the Queensland Productivity Commission's (QPC) recommendation to permanently remove Best Practice Industry Conditions (BPICs) from the Queensland Government's procurement policy. The QPC found that BPICs have not improved safety outcomes across the construction industry, despite their original goals. Instead, BPICs have increased project costs by 10% to 25%, with a total cost to businesses estimated between \$1.435 billion and \$5.140 billion<sup>4</sup>. For small businesses, which often operate on tight profit margins, these extra costs are a significant burden, limiting their ability to survive and grow.

Small businesses have told the QSBC that BPICs create unnecessary red tape, reduce competition, and increase compliance costs. These requirements disproportionately affect smaller businesses that lack the resources to handle higher operating costs tied to BPIC

<sup>4</sup> Queensland Productivity Commission Opportunities to Improve Productivity of the Construction Industry Interim Report 2025, pp. 21, 116



wage and condition rules. For businesses working on both government and private projects, BPICs have increased wages and operational costs, eroding competitiveness in the broader market.

BPICs have also impacted small business productivity and profitability. Some small businesses have reported difficulty attracting or keeping staff due to the higher wages offered on BPIC-covered sites, forcing them to raise wages and pass these costs onto their “mum and dad” customers. Others have found that BPIC labour cost requirements continued even after a project ended, making it harder to price competitively for new work on projects not subject to BPICs. This has left some small businesses at a disadvantage long after the project was completed.

The challenges are particularly evident in areas like the Gold Coast, which has consistently ranked among the top 10 regions at risk of business insolvency in Creditor Watch’s reports over the last two years<sup>5</sup>. These reports link the high risk of insolvency to labour costs in the construction industry, where many projects were subject to BPICs.

The QSBC supports the Queensland Government’s current pause on BPICs as a positive step to reduce business costs while maintaining workplace health and safety standards and commitments to apprentices and trainees. However, the QSBC agrees with the QPC’s Reform Direction 3 that removing BPICs alone will not solve long-standing productivity issues or improve behaviours on government construction sites. Since BPIC-like conditions are embedded in enterprise bargaining agreements until mid-2027, a broader reset of the construction industry is urgently needed. This reset should focus on reforms to boost productivity, increase the number of skilled workers or diversify pathways for small business to find skilled workers, streamline procurement processes, and ensure fair competition.

The QSBC calls for meaningful engagement with small businesses during this reform process to ensure their unique challenges are addressed. Simplifying procurement frameworks, encouraging fair competition, and removing systemic barriers to small businesses participating in government projects should be key priorities in this reform effort.

#### **QSBC Small Business Case Study**

A Queensland small business owner in the electrical services sector raised concerns about the impact of the Best Practice Industry Conditions (BPICs) policy on their business. BPIC sets the Queensland Government’s expectations for wages and conditions on government projects valued at \$100 million or more in the Building Construction and Maintenance Procurement Category. While intended to improve workplace conditions, the policy has created unintended challenges for small businesses operating outside of BPIC-covered projects.

This small business owner, who primarily works on residential building projects, reported struggling to attract and retain staff due to the competitive pay and conditions offered on BPIC sites. To match these pay rates, the business would need to substantially increase costs for residential clients, many of whom are already grappling with rising living expenses. This would further increase residential building prices, creating additional financial pressure for homeowners and reducing the affordability of essential services.

The owner’s experience reflects broader concerns shared by small business stakeholders including construction industry bodies, as highlighted through feedback to the QSBC. Many have reported that BPICs create an uneven playing field for small businesses competing against larger projects. Small businesses, which often operate on tight margins, cannot match wages and conditions and these challenges are further exacerbated in regional areas suffering from skilled worker shortages.

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<sup>5</sup> [Business Risk Index | CreditorWatch](#)

#### **Reform Direction 4 – Improving Tendering and Contracting**

*The Commission is considering options for improving the way the Queensland Government tenders and contracts for public infrastructure projects, to reduce costs, foster greater competition, better manage and allocate risk, and encourage innovation.*

The QSBC strongly supports the QPC's Reform Direction 4, which seeks to improve the way the Queensland Government tenders and contracts for public infrastructure projects. Streamlining tendering and contracting processes is essential to reducing costs, fostering greater competition, managing and allocating risk more effectively, and encouraging innovation. Reducing the complexity of these processes has been consistently highlighted as a significant red tape issue in feedback provided to the QSBC, particularly by small businesses.

To address these challenges, the QSBC advocates for a co-design approach involving small businesses to reform procurement processes. Simplifying documentation, increasing procurement thresholds, and reducing administrative burdens would allow for more flexible budget use and enable small businesses to participate on a more level playing field. Aligning these actions with the Queensland Government's Small and Family Business First Action Statement, such as implementing small business-friendly contracts and adjusting insurance obligations, would further support smaller providers. Streamlining procurement approaches across government agencies is critical to achieving consistency, making it easier for small businesses to navigate tendering systems and access opportunities.

The QSBC also emphasises the importance of efficient and timely contracting practices to minimise financial risks for small businesses. Small enterprises often incur significant upfront costs when participating in tender processes, which include preparing bids, purchasing equipment, recruiting staff, and securing insurances. Delays in project commencement can severely impact cash flow and business sustainability. To mitigate this, government agencies must ensure timely project approvals and start dates, providing greater certainty for small businesses. Practical measures such as pre-approved tendering platforms for recurring contractors, faster decision-making on tenders, and clear communication on project timelines should be implemented to reduce delays and risks.

To address these issues, the QSBC recommends consideration be given to:

- Simplifying tender documentation, standardising processes across government, and increasing procurement thresholds to reduce time and administrative burdens.
- Developing simplified, standardised contracts designed for small businesses, with reduced compliance obligations and including flexible insurance requirements.
- Introduce a centralised procurement framework to streamline and harmonise processes across all government departments and agencies.
- Establishing pre-approved tendering mechanisms for recurring contracts, provide clear and consistent communication, and reduce unnecessary compliance requirements.
- Implementing faster tender approval processes, ensure agencies adhere to publicised dates, and provide interim support for small businesses awaiting the start of contracts.

By addressing these issues with practical, targeted reforms, the Queensland Government can create a tendering and contracting environment that is fair, efficient, and inclusive, enabling small businesses to thrive while delivering quality public infrastructure. The QSBC remains committed to working collaboratively with stakeholders to realise these improvements.



## **Part B: Land Use Regulation**

### **Preliminary Recommendation 5 – Design of Planning Regulation**

*To reduce uncertainty and unnecessary regulatory impost on building design, improve productivity and allow greater innovation, the Queensland Government should:*

- *commission an independent review to remove inconsistencies between the Planning Act and the Building Act (and associated regulations) to provide clarity regarding local government powers to regulate building matters and ensure that planning matters are implemented consistently with the Building Act*
- *ensure the requirements in local government planning schemes are consistent with the Queensland Development Code, including any variations due to climatic or other conditions*
- *require that any variations from the Queensland Development Code (the Code) in local and state government planning schemes have demonstrated net benefits to the community — consideration should be given to introducing a requirement for a formal regulatory assessment for any variations from the Code*
- *amend the Planning Act to standardise zoning types across all local plans.*
- *continue to progress standardised siting and design requirements for detached housing, secondary dwellings, and smaller townhouse and apartment buildings*
- *ensure that state and local government overlays are consistently applied across planning schemes.*

The QSBC supports the QPC's recommendation to reduce uncertainty and unnecessary red tape in Queensland's planning and building frameworks. The QSBC strongly endorses commissioning an independent review of the *Planning Act 2016* and the *Building Act 1975* (and related regulations). Small businesses often highlight how complex and overlapping these frameworks are, which slows down productivity and innovation.

Simplifying and clarifying the interaction between these two laws—especially around local government powers to regulate building matters—will reduce confusion and cut unnecessary compliance costs. The review should also consider insights from the Queensland Government's Local Government Red Tape Reduction Taskforce Report to further inform these reforms.

Making Better Regulation Policy assessments mandatory for any changes to the Code would ensure reforms are evidence-based, justified, and consistent. Standardising siting and design requirements for housing types like detached homes, secondary dwellings, and small apartments across Queensland would also help reduce regulatory burdens, increase certainty, and improve development processes.

The QSBC also supports creating a standardised zoning framework for all local plans and ensuring consistent application of state and local government overlays. A uniform zoning and overlay system would simplify regulations, especially for small businesses operating across multiple regions. Consistent overlays would remove unnecessary duplication, making the system more efficient and transparent.

Small business owners regularly tell the QSBC that planning decisions by different government levels and neighbouring councils often don't align or reflect on-the-ground realities. Navigating these inconsistent and overly complex regulations creates significant time and cost burdens, reducing productivity. Many small businesses also feel excluded from the decision-making process and welcome opportunities to co-design better solutions.

By addressing these complexities, the Queensland Government can boost innovation and productivity in the building and construction sector while ensuring small businesses are not unfairly affected by planning requirements. The QSBC is committed to working with stakeholders to ensure these reforms deliver real benefits for Queensland's small business community and the broader public.

#### **QSBC Small Business Case Study**

A Queensland small business owner in the construction industry encountered significant barriers to productivity and growth due to the complexity of state planning legislation and local regulatory requirements. Their experience highlighted how rigid planning schemes prevented even minor changes to land use without triggering costly and time-consuming development approvals. For this business, navigating these processes involved multiple layers of administrative red tape, significantly delaying project timelines and increasing operational costs.

Another small business explained how the council directed them to undergo a State Assessment and Referral Agency (SARA) assessment process for a project. However, after significant time and expense, SARA determined the assessment was unnecessary and referred the matter back to the council. This miscommunication not only wasted valuable resources but also delayed the project unnecessarily. In another instance, a small business encountered issues with outdated planning overlays. Despite raising concerns with the council, the process to correct inaccuracies required triggering a Development Assessment, resulting in additional costs and extended delays.

The experience of these small business owners underscores the challenges they face when attempting to navigate Queensland's planning framework. They believe that simplifying and streamlining regulatory processes, along with improving interagency communication, would reduce unnecessary delays and costs. Such reforms could enable small businesses to focus on core operations and contribute more effectively to Queensland's economy.

#### **Preliminary Recommendation 6 - Infrastructure Charging**

*The Queensland Government should commission an independent review of the infrastructure charging regime to ensure it provides:*

- *an efficient level of funding to support the necessary infrastructure to support development*
- *price signals that ensure that future development considers the efficient use and provision of infrastructure assets.*

*The review should consult widely, including with local governments and industry stakeholders.*

The QSBC supports the Queensland Government commissioning an independent review of the infrastructure charging regime to ensure it delivers efficient funding for necessary infrastructure while encouraging the efficient use of infrastructure assets. Current infrastructure charges can significantly impact small businesses, particularly in regional, rural and remote areas, where disproportionate costs and inconsistent application of charges often create barriers to growth and development.

A well-designed charging regime would provide greater transparency, fairness, and predictability, enabling small businesses to plan and invest with confidence. Wide consultation with local governments and industry stakeholders will ensure that diverse perspectives, including the unique challenges faced by small businesses, are adequately considered.



### **Preliminary Recommendation 7 - Planning and Development Approval Processes**

*To streamline high priority development assessments, the Queensland Government should provide a streamlined alternative development assessment pathway for significant developments, including for housing.*

### **Reform Direction 5 - Planning and Development Approval Processes**

*There is a strong case for amending the Planning Regulation to reduce procedural complexity and make the approval process more accountable.*

*Stakeholders have suggested that this could be achieved by enhancing the role of building certifiers (or other suitable third parties) to manage the approval process. This could include changing requirements so that only a single development application is required for assessable developments and a third party becoming the prescribed assessment manager, with local government's role changing to a referral agency.*

### **Preliminary Recommendation 8 – Planning and Development Approval Processes**

*To improve approval processes, the Queensland Government should:*

- *review the Building Act and Planning Act to ensure statutory timeframes are adequate to allow for staged approval processes*
- *require local governments to publish their performance information, including approval outcomes, time taken to approve developments and outcomes from planning disputes taken to court*
- *require a suitable entity to consolidate and publish this local government performance information*
- *consider developing, in collaboration with local governments, a 'service guarantee' to ensure approval processes occur in an efficient and timely manner*
- *investigate digital planning and permitting technologies to improve the efficiency, accuracy and transparency of the approval process.*

The QSBC supports the QPC's recommendations and reform directions to streamline planning and development approvals, reduce regulatory complexity, and improve the performance of local governments and regulators. Simplifying these processes is expected to significantly boost productivity in Queensland's construction sector, particularly for small businesses that often struggle with time-consuming and costly approval procedures.

The QSBC agrees that improving local government performance in managing development approvals is essential and recommends actively involving small businesses and local governments—especially in rural and remote areas—in co-designing reforms. Collaboration will ensure that changes address the unique challenges faced by small businesses in these regions, fostering more inclusive and practical solutions.

The QSBC also supports additional measures to improve transparency, accountability, and efficiency in the planning and development approval process, including:

- **Increased transparency:** Requiring local governments to publish performance data, such as approval timelines, outcomes, and dispute resolutions, ensuring accountability and informed decision-making.
- **Streamlined regulations:** Simplifying and centralising regulatory requirements to reduce duplication and make processes easier to navigate.
- **Service guarantees:** Developing a 'service guarantee' to hold regulators, including local governments, accountable for timely and efficient approval processes.
- **Technology and digitisation:** Investing in digital planning and permitting systems to enhance the speed, accuracy, and transparency of approval processes.



The QSBC also supports the QPC's suggestion to consider alternative pathways for development assessments, such as enabling building certifiers or other third parties to manage approvals. Shifting local governments to a referral role could reduce bottlenecks, create more efficient workflows, and save time for small businesses.

By simplifying and modernising planning and development approvals, Queensland can create a more supportive regulatory environment for small businesses. These changes will reduce delays, lower costs, and improve overall productivity, allowing small businesses to grow and contribute more effectively to their local communities and the state's economy.

#### **Preliminary Recommendation 9 - Zoning Regulations and Land Supply**

*To increase the supply of housing and improve housing construction productivity and affordability, the Queensland Government should introduce measures to ease zoning restrictions in well-located areas.*

#### **Preliminary Recommendation 10 - Zoning Regulations and Land Supply**

*To ensure that local governments have sufficient incentives to deliver new housing supply in well-located areas, the Queensland Government should set annual targets for the supply of construction-ready land and for the construction of new housing for each local government area and hold local governments accountable for meeting these targets.*

The QSBC supports the QPC's recommendations to improve zoning regulations and increase land supply. By reducing restrictions and encouraging new housing developments, we can boost productivity in the construction sector, create more housing, and deliver significant benefits for small businesses.

Easing restrictions and offering incentives for new housing projects will create more work for residential builders, generate jobs for tradespeople and apprentices, and support growth in related industries such as building materials, design, and services—many of which are run by small businesses. Small businesses have told the QSBC they would benefit from:

- Faster planning approvals
- More land being made available for development
- Simplified regulatory requirements
- Greater support to recruit and retain apprentices
- Lower developer and infrastructure charges.

Increasing the supply of housing doesn't just help small construction businesses—it strengthens the broader small business community, especially in regional, rural, and remote areas. In these areas, a lack of housing makes it hard for businesses to attract and keep skilled workers, limiting their ability to grow. As one small business owner told the QSBC, "I can find employees, but I have nowhere for them to live."

New housing developments also bring more residents to local areas, which means more customers and staff for small businesses. Builders and tradespeople working on these projects also spend money locally during construction, creating a ripple effect that benefits other businesses. This is particularly important in regional, rural and remote areas, where local economies are often more fragile. More housing can also attract retail investment, as developers use population growth to justify new projects. This increases foot traffic and creates even more opportunities for small businesses.

Small businesses in these areas report that housing and infrastructure initiatives have:

- Increased foot traffic and brought in new customers
- Made it easier to attract and retain skilled workers
- Created new opportunities for local tradespeople
- Boosted business confidence
- Improved infrastructure like roads, water, sewerage, and public facilities, which has encouraged further investment in schools, health services, and community spaces.

These strategies show how targeted housing and infrastructure initiatives can support small businesses, strengthen local economies, and improve community well-being across Queensland.

### **Part C: Regulation of Building Activities**

#### **Preliminary Recommendation 11 – Impacts Arising from NCC 2022**

*Unless it is demonstrated through consultation that energy efficiency and accessibility standards made as part of NCC 2022 provide a net benefit to the Queensland community, the Queensland Government should amend the Queensland Development Code to opt-out of these provisions (that is, make them voluntary).*

#### **Preliminary Recommendation 12 – Future Regulatory Changes to Building Codes**

*The Queensland Government should:*

- *only adopt future NCC changes in Queensland codes where these have been through robust regulatory impact analysis to demonstrate they provide net benefits to the community*
- *only adopt other building code changes where these have been assessed as providing a net benefit under the Queensland Government Better Regulation Policy*
- *advocate for improved regulatory processes at the national level, including for NCC.*

The QSBC supports the QPC's recommendations to ensure changes to the *National Construction Code (NCC)* are evidence-based, support national occupational licensing, and go through thorough regulatory impact analysis to ensure they deliver real benefits to the community.

The QSBC is concerned that the current schedule for updating the NCC is too short, creating extra challenges for small businesses. Frequent changes mean small businesses need to constantly learn and adapt (if they are even aware of the changes), adding to their workload and stress. Research commissioned by the QSBC in 2024 highlights how much small businesses value stability, as it gives them the foundation to plan and grow. However, fast-paced updates to the NCC disrupt this stability and make running a business even harder.

The QSBC believes the Australian Government needs to take the lead in reducing the significant regulatory burden the NCC places on small construction businesses. While the Australian Government recently announced a freeze on NCC updates, the QSBC believes this is a good first step but supports a full, first-principles review of the NCC and its associated regulations. This review is necessary because the NCC has a direct impact on the productivity of the housing and construction sectors. A simplified, stable, and nationally consistent regulatory environment for construction occupations is critical for improving productivity and supporting the long-term sustainability of small businesses.

Small businesses in the construction sector frequently share their struggles with the QSBC about compliance requirements. Many describe the environment as overly complex,

especially for higher-risk trades like electrical work, gas fitting and plumbing. They say the regulations feel designed for large businesses, making it nearly impossible for smaller operators to keep up as small businesses must navigate complicated workplace health and safety rules, the constantly changing NCC, and evolving technical standards for their trade.

Small businesses challenges with the NCC also include:

- Increased costs: New requirements often lead to cost blowouts, making smaller jobs unviable. Clients may also refuse upgrades, and energy efficiency changes often don't work with older housing.
- Understanding the code: The NCC is long, technical, and written in overly complex legal language.
- Frequent changes: Regular updates and unclear timeframes make it hard for small businesses to plan.
- State inconsistencies: Different states adopt or delay NCC provisions at different times, creating difficulties for businesses operating across borders.
- Accessibility standards: New mandatory accessibility rules significantly increase the cost of new builds.
- Lack of support: Small businesses not part of an industry body struggle to find clear, practical guidance or training.

The QSBC supports the QPC's recommendations for improving regulatory codes and further recommends that the reforms consider:

- Simpler, clearer guidance materials.
- Longer lead times for businesses to prepare for major changes.
- Consulting small builders before updates are introduced.
- National consistency in implementing the NCC.
- More flexibility for low-risk or regional, rural, and remote builds.
- Better training and support materials for small businesses.

Small businesses have also raised concerns about the cost and accessibility of Australian Standards. Standards Australia develops these technical standards with input from more than 5,000 industry experts, including representatives from technical, academic, business, government, and community organisations. However, these standards are not free even though they are a compliance requirement in jurisdictions across Australia. Even contributors, such as industry bodies and individual experts, are charged for access and these costs are often passed on to small businesses through membership fees.

Small businesses that are not members of a particular industry bodies must pay for these standards themselves, which creates a financial burden. Some businesses choose not to purchase the standards or rely on outdated versions, potentially compromising safety and quality. The QSBC supports providing free digital access to Australian Standards referenced in the NCC for occupational licence holders. This would remove a major barrier to compliance and ensure businesses can meet safety and quality requirements efficiently.



### **QSBC Small Business Case Study**

A Queensland small business owner in the construction sector highlighted the significant compliance burdens associated with the National Construction Code (NCC). They described the NCC as overly complex, lengthy, and written in technical legal language, making it difficult for them to interpret and implement changes without additional support. This presents an ongoing challenge for the business, including increased costs and difficulty maintaining compliance.

The owner explained that implementing new NCC requirements (and subsequent changes to standards), has driven up project costs often making smaller jobs unviable. This is driving increasing negative customer sentiment about the cost for simple trade services. They expressed concerns about the impracticality and inflexibility of applying new requirements to older housing stock, which many clients cannot afford. The near constant changes to the NCC and Standards makes it difficult to plan.

They report that paying for expensive subscriptions and staying across Australian Standards are a particular challenge resulting in many small businesses simply not buying them or using an out-of-date version. The owner suggested that Australian Standards should be free to access digitally for licensed tradies to encourage proactive compliance and that commonly used standards should be presented in a more accessible way such as a mobile app. They also said that a more unified regulatory environment would make compliance much easier.

### **Reform Direction 7 – Stock Review of Building Regulations and Standards**

*Given the accumulation of regulatory burden, there is likely to be value in undertaking a targeted, in-depth review of building regulations and standards, including how they are made, implemented and administered.*

The QSBC supports the QPC's recommendation to review building regulations and standards in Queensland, especially those that go beyond the National Construction Code (NCC) and exceed nationally consistent occupational licensing requirements.

The QSBC suggests this review should be well-resourced and focused, involving input from key stakeholders like small businesses to ensure it delivers meaningful improvements. The review should prioritise a risk-based and outcomes-focused approach, following the Better Regulation Policy. It should also explore ways to streamline compliance processes and use digital tools to reduce the time and cost of meeting regulatory requirements. The Queensland Government's recent Building Reg Reno initiative is a step in the right direction.

The QSBC also notes the QPC's finding that thresholds for insurable work have not kept up with inflation. While consumers may still be protected through the QBCC's dispute resolution services and the Queensland Civil and Administrative Tribunal (QCAT), there are concerns about the effectiveness of these services. A separate review of the QCAT Act is underway, but current issues like limited resources and long dispute resolution timeframes could make these protections less effective and leave businesses tied up in lengthy proceedings.

## Reform Direction 8 – QBCC Performance

*The QBCC should consider and implement outstanding recommendations of the 2022 QBCC governance review that remain relevant. It should also consider measures to improve performance, including streamlining its licensing processes, improving its responsiveness to stakeholder and customer concerns, ensure it has sufficient presence in regional areas and continue to work to reduce compliance burdens on industry.*

*While it is beyond the scope of this inquiry to conduct an operational review of the QBCC, consideration should be given to whether the regulatory framework underpinning the QBCC provides the right incentives for ongoing improvements to regulatory performance.*

The QSBC supports efforts to improve the performance and accountability of the QBCC to reduce the regulatory burden on small construction businesses. The Queensland Government's Building Reg Reno is a good start, and further progress could be made with the upcoming Tranche 3 and Tranche 4 actions currently being developed.

Small businesses often raise concerns about the QBCC's efficiency, regulatory approach, and how it impacts their ability to operate. For many small business owners in the construction industry, the QBCC's performance is a key factor affecting their success within Queensland's regulatory framework. To make things easier for small businesses, the QSBC recommends considering:

- Centralising and streamlining construction regulators to simplify processes.
- Introducing a Queensland Government service guarantee to hold regulators accountable.
- Using automation and AI to streamline regulatory processes and reduce delays.

If the focus remains on improving the QBCC itself, the QSBC suggests the following reforms to address small business concerns:

- Streamline licensing processes: Small businesses report that the QBCC's licensing system is too complicated, slow, and poorly communicated. Faster, simpler systems with clear communication would reduce delays and costs for small operators.
- Focus on education and proactive compliance: Instead of relying only on enforcement, the QBCC should engage with businesses to help them understand and meet regulatory requirements. A supportive approach would build stronger relationships with industry stakeholders.
- Adopt a world-class compliance framework: The QBCC should use a mix of proactive support, risk-based interventions, and flexible approaches tailored to each business. This would balance enforcement with education and align with global best practices.
- Introduce mandatory mediation for disputes: A structured mediation process would provide a fair, fast, and affordable alternative to legal proceedings for resolving disputes. This would also ease the QBCC's administrative workload and encourage constructive outcomes.
- Eliminate duplication of functions: The QBCC should avoid overlapping responsibilities with other regulators like Work Health and Safety Queensland or Fair-Trading Queensland. Clear roles and responsibilities would reduce confusion and compliance burdens for small businesses.

The QSBC also supports the QPC's recommendation to review whether the QBCC Act provides the right incentives for improving the QBCC's performance. A full review, guided by best practice principles, could ensure the QBCC is delivering effective, responsive, and industry-aligned outcomes. This should include a Better Regulation Policy review to assess if the QBCC is the best solution for Queensland's needs.



### QSBC Small Business Case Study

A Queensland small business owner in the construction industry encountered significant challenges navigating the Queensland Building and Construction Commission (QBCC) licensing process. Established under the *Queensland Building and Construction Commission Act 1991*, the QBCC's role includes licensing, enforcing standards, and supporting compliance across the industry. However, the owner found the process of applying for and obtaining their licence to be overly lengthy and poorly communicated. Despite repeated follow-ups via emails and phone calls, their licence was issued 15 and a half weeks later, with no explanation provided for the extensive delay.

Beyond licensing delays, the small business owners also observed broader concerns about the QBCC's regulatory approach. They explain that the QBCC primarily relies on penalty infringement notices, formal warnings, or licence suspensions, with little flexibility or discretion applied to individual circumstances. They felt that the Commission's focus was heavily reactive and enforcement-driven, offering limited proactive or educative support to operators. This approach left smaller businesses feeling unsupported in achieving compliance.

The owner believed that adopting a more proactive and supportive compliance approach, as demonstrated in other jurisdictions, could significantly benefit smaller operators. Such reforms could improve engagement, reduce regulatory burdens, and help businesses better align with standards without fear of punitive outcomes. For small business owners, this shift would foster a more collaborative and constructive regulatory environment, enabling them to focus on delivering quality services.

### Preliminary Recommendation 13 – Minimum Financial Requirements

*Unless it can be demonstrated that Queensland's minimum financial requirements deliver net benefits to the community, the Queensland Government should remove the requirements.*

The QSBC strongly supports the QPC's recommendation to remove the Minimum Financial Requirements (MFR) for small businesses.

Queensland small businesses have consistently told the QSBC that the MFR creates significant challenges, including:

- Increased compliance burden: Small businesses must have their financial reports prepared by a certified accountant.
- High compliance costs: These costs range between \$2,000 and \$10,000, depending on the complexity of the licence. For many, the expense of audited financial reports puts extra strain on cash flow.
- Limits on business growth: The rules restrict how much work a business can take on based on its assessed financial capacity. If a business wins a large contract or grows quickly, it must increase its asset base, reapply for a larger licence, and submit more detailed financial reports.
- Unfair penalties for debt or low current assets: Even if a business is otherwise financially healthy, it can be penalised for holding too much debt or having low current assets. This forces some businesses to restructure their finances—not for operational reasons, but just for MFR compliance, which can be inefficient and risky.
- Disproportionate impact on regional, remote, and rural businesses: These businesses often rely on smaller pools of work and need to be flexible to scale up or down. The MFR limits their ability to take on larger contracts as opportunities arise.
- Driving businesses out of the industry: Some small businesses have left the construction industry or moved out of Queensland altogether to avoid the compliance burden. This reduces the number of smaller builders, which in turn lowers competition and leads to higher costs for consumers.



While MFR aimed to curb failures, it imposed a heavy paperwork and cost burden—particularly for small, sole-trader licensees—with limited net community benefit. The QSBC suggests that other actions could be considered to help reduce the risk of insolvencies of small businesses in the construction industry including, but not limited to:

- Boost financial and tax literacy: Provide simple, practical training in cash flow, budgeting, and tax management.
- Adopt e-invoicing and prompt payments: Encourage digital invoicing and enforce faster payment terms.
- Expand small business restructuring access: Make the federal restructuring process easier and better known.
- Promote early intervention for directors: Improve awareness of safe harbour protections and early advice pathways.
- Strengthen Security of Payment laws: Enforce faster adjudication and guaranteed progress payments.
- Match capital requirements to project size: Scale financial thresholds to ensure businesses have adequate backing.

### **QSBC Small Business Case Study**

A Queensland small business owner operating in the fire protection sector experienced significant challenges complying with the Minimum Financial Requirements (MFR) administered under the Queensland Building and Construction Commission (Minimum Financial Requirements) Regulation 2018.

While the MFR aims to ensure businesses in the building and construction industry are financially sustainable, the business owner found the reporting requirements particularly burdensome for licence holders whose primary income is not derived from construction work. They were required to report all business revenue, not just construction-related revenue, which unfairly pushed them into a higher MFR threshold. As a result, they faced costly audits and additional asset-holding obligations despite their business being financially stable.

The owner highlighted the disproportionate impact of these requirements on small businesses in peripheral sectors, like pest control and fire protection, where construction work forms only a minor part of their operations. The regulatory burden of engaging accountants for complex reporting processes drained time and financial resources that could have been better invested in growing their business. For small businesses, meeting these obligations created unnecessary stress and hindered productivity, especially when they were otherwise compliant and solvent.

The Queensland Government's recent announcement to remove MFR requirements for lower categories of self-certifying licensees (SC1 and SC2) has given this business owner hope for a more streamlined and equitable process. With approximately 50,000 individual licensees now exempt from annual financial reporting, they see this reform as a positive step towards reducing red tape; however, they highlight that this could have been avoided if small businesses had been able to contribute to the design of the regulation.

### **Preliminary Recommendation 14 – Trust Account Framework**

*To reduce regulatory burden on the construction industry, the pause on further rollout of Queensland's trust account framework should remain in effect until the Queensland Government undertakes commensurate regulatory impact analysis of the framework in line with the Better Regulation Policy.*

The QSBC supports the QPC's proposal to pause the further rollout of Queensland's Trust Account Framework until a thorough regulatory impact analysis is completed. This analysis,

conducted in line with the Better Regulation Policy, should assess whether the framework delivers genuine public value.

It is important to strike a balance between providing financial protections and avoiding an overly complex and burdensome compliance system. The QSBC recommends that the experiences and views of small businesses be included through direct engagement, consultation, and co-design of any reforms.

Small businesses have shared the following concerns about the current Trust Account Framework:

- Increased administrative burden: Many small businesses do not have internal accounting departments, making compliance more difficult.
- High costs: Setting up and maintaining trust accounts is expensive compared to their revenue.
- Reduced working capital: Ring-fencing funds in trust accounts means businesses cannot use that money for other operational expenses, leaving them with less working capital. This often leads to larger overdrafts or loans.
- Discourages growth: The framework acts as a disincentive for small businesses to compete for larger projects.

The QSBC believes any updates to the framework must prioritise easing these burdens on small businesses while still achieving financial protections.

### **QSBC Small Business Case Study**

A Queensland small business owner in the construction industry faced significant challenges complying with the Trust Account Framework established under the *Building Industry Fairness (Security of Payment) Act 2017 (Qld)*. While the framework aims to ensure secure and timely payments for subcontractors, the owner found the \$1 million threshold for eligible Queensland Government contracts too low. Most of their government projects, primarily in the education sector, were only slightly above this threshold, requiring them to comply with Project Trust Account arrangements despite the limited scale of their operations.

The business reported that the additional compliance burden placed unnecessary strain on their limited resources, making government projects less attractive compared to private sector work. They noted that the time, administrative effort, and costs associated with meeting trust account obligations were disproportionate to the size of their projects. For a small business with modest capacity, this compliance requirement reduced their ability to focus on delivering quality work and maintaining their productivity.

To address these concerns, the owner suggested increasing the threshold for government contracts to \$10 million, aligning it with private sector projects. They believe such a change would ease the compliance burden on smaller operators while maintaining the framework's objective of securing payments in the building and construction industry. This reform, they argue, would encourage greater participation in government projects and support small business sustainability.

**Preliminary Recommendation 16 – Workplace Health and Safety**

*The Office of Industrial Relations should review the Compliance Monitoring and Enforcement Policy. The review should focus on ensuring that the policy provides adequate guidance and direction on how to ensure that compliance monitoring and enforcement activities appropriately manage risk while minimising unnecessary costs to businesses and society.*

**Preliminary Recommendation 17 – Workplace Health and Safety**

*The Queensland Government should expedite the development and rollout of a single, harmonised incident reporting framework, with the ability for single point digital reporting.*

**Reform Direction 9 – Workplace Health and Safety**

*The Commission is exploring other options to improve the operation of Queensland's WHS regime. There appears to be broad stakeholder support for reforms that improve the operation and enforcement of the WHS regime, including to facilitate improved engagement between workers and employers.*

The QSBC supports the QPC's preliminary recommendations regarding work health and safety (WHS). Implementing the national model WHS laws in Queensland has been difficult for small businesses, particularly because of additional Queensland-specific rules. The QPC's findings highlight concerns that these rules have made worksites more challenging without significantly improving safety outcomes. This is particularly concerning for subcontractors (most of whom are small businesses) and tradespeople, who are affected by changes that are not based on evidence, proven safety practices, or safety science.

The QSBC supports the QPC's recommendations to improve WHS policies, enforcement, and reporting requirements. These steps are expected to reduce the compliance burden for small businesses. A practical focus on reducing red tape, such as introducing a single digital reporting platform, would make it easier for businesses to meet their obligations.

One potential solution is to centralise all safety and standards regulation under a single Work Health and Safety Regulator. This could streamline processes and improve efficiency for both businesses and the government by providing:

- A central portal for getting help and support
- A single licence application and card for all high-risk trades
- Less duplication of regulatory administration and a reduced compliance burden
- A unified regulatory approach providing consistency across trades and across Queensland.

The QSBC recommends actively involving small businesses through targeted consultation and co-design to ensure their perspectives are included. If centralisation is not pursued, there should at least be efforts to create a unified approach across different regulators. This would reduce the compliance burden on employers and workers, improve regulatory efficiency, and help deliver a proactive, world-class regulatory system.



### QSBC Small Business Case Study

A Queensland small business owner in the construction industry highlighted challenges arising from overlapping health and safety (and standards) requirements under the *Queensland Building and Construction Commission Act 1991* (QBCC Act) and the *Work Health and Safety Act 2016* (WHS Act). The QBCC Act requires licensees to report safety issues to the Queensland Building and Construction Commission (QBCC), duplicating the primary functions of Workplace Health and Safety Queensland (WHSQ). This regulatory overlap often leads to inefficiencies, unnecessary reporting, and confusion for small businesses trying to comply with both frameworks.

The business owner shared an example where a single safety incident triggered inquiries and investigations by multiple regulators, including the QBCC, WHSQ, and the Electrical Safety Office (ESO) (sometimes even Resources Safety and Health). Each regulator approached the matter differently, creating stress and a significant administrative burden for the small business. The duplication not only extended the resolution timeline but also consumed time and resources that could have been directed towards improving workplace safety (and standards) practices. Additionally, the QBCC's limited capability—relying on desktop investigations without trained safety investigators—further complicated the process and reduced the perceived value of its oversight.

The owner suggested streamlining regulatory responsibilities to minimise overlap and ensure a more consistent approach to workplace health and safety (and standards which are primarily driven by safety). They believe consolidating regulation under a single, well-resourced regulator, such as WHSQ, would reduce duplication and improve outcomes for small businesses while maintaining high safety standards across the construction industry.

## **Part D: Labour Markets**

### **Reform Direction 10 – Training and Apprenticeships**

*The Queensland Government should establish a collaborative process with industry and relevant government organisations and agencies to identify problems, reform opportunities and priorities to improve the training and apprenticeship system for the construction industry in Queensland.*

The QSBC supports the QPC's proposal to establish a collaborative process to identify challenges, reform opportunities, and priorities for improving Queensland's training and apprenticeship system for the construction industry.

While the QSBC supports a collaborative approach, it notes that there has already been extensive consultation at both the national and state levels on skills development. This includes discussions on how to encourage more people to take up traineeships and apprenticeships. It's important to build on this prior work and align with national agendas, as housing supply is a nationwide issue. For example, under the National Skills Plan, "delivering housing supply" is a recognised National Priority. The Australian Government is also addressing this issue through its economic reform roundtables and the Productivity Commission's work.

Small businesses face significant challenges in attracting, hiring, and keeping skilled workers. This is often due to limited resources and competition from larger companies. Key issues they have raised with the QSBC include:

- High recruitment costs
- Difficulty finding qualified candidates
- No incentives to help small businesses hire and retain apprentices with large companies often poaching apprentices in their third or fourth year
- The inability to have more than one apprentice, particularly where their current apprentice is in their third or fourth year

- The cost of training, including mandated requirements like apprentice ratios for government projects.

The Queensland Government, through the Department of Trade, Employment and Training (DTET), invests heavily in skills and training, with \$1.5 billion allocated for 2024–25 in the annual Training Priorities Plan. DTET works closely with the construction industry, including through Construction Skills Queensland and other peak bodies, to help meet workforce needs. Additionally, the Queensland Government has committed \$19 million to an Apprenticeship Pilot Program to support small and family construction businesses in hiring apprentices.

DTET is also setting up a Strategic Dialogue Series with the construction sector to improve collaboration between industry and government. This initiative aims to identify challenges and prioritise actions. The QSBC recommends that small businesses' perspectives are specifically considered in any consultation process to ensure their needs are addressed.

### **Preliminary Recommendation 18 – Review of Occupational Licensing**

*All of Queensland's construction-related occupational licensing requirements should be reviewed through a multi-year coordinated program of stock reviews by relevant agencies in consultation with relevant stakeholders.*

### **Preliminary Recommendation 19 – Regulatory Impact Analysis of Pending Occupational Licensing**

*For any pending changes to occupational licensing that have the potential to increase requirements for the construction industry and have not been subject to an assessment under Queensland's Better Regulation Policy, the Queensland Government should suspend their commencement until that analysis is completed.*

### **Preliminary Recommendation 20 – Removing Barriers to Labour Mobility**

*Unless it can be rigorously demonstrated that Queensland's specific occupational licensing requirements deliver greater net benefits to the community than those of other states and territories, the Queensland Government should:*

- *join other states and territories in participating in Automatic Mutual Recognition of occupational licences, at least in relation to the construction industry*
- *automatically recognise equivalent licensing obtained in other states for construction workers.*

The QSBC supports the QPC's preliminary recommendations on occupational licensing and removing barriers to workforce mobility.

Small businesses often struggle to access a suitably skilled workforce, and improving workforce mobility in the construction sector could help ease some of this pressure. With a strong pipeline of construction projects—such as increasing housing supply and preparing infrastructure for the Brisbane 2032 Olympic and Paralympic Games—demand for skilled workers is expected to remain high.

Queensland is currently the only state that does not participate in automatic mutual recognition (AMR), which allows tradespeople with licences from one state to work in another without needing new licences or paying additional fees. Adopting a national occupational license approach in Queensland would boost productivity and help small businesses by automatically recognising interstate trade licences. For example, in New South Wales, trade licenses for bricklayers, carpenters, plasterers, glaziers, joiners, painters,



tilers, and stonemasons from other states are accepted with minimal requirements, allowing workers to move freely and work without extra costs.

Queensland's decision not to participate in AMR was based on the belief that its licensing standards are higher than those in other states. However, this has created challenges for small businesses, especially those near the NSW, South Australian, and Northern Territory borders, who may need to work across jurisdictions. It has also made it harder to train apprentices and has affected the portability of trade qualifications.

The QSBC supports a review of all occupational licensing, following the Better Regulation Policy. This review should evaluate the potential costs and impacts of different options while aiming to simplify the regulatory environment for trades. The QSBC recommends that small businesses' perspectives be included through consultation, engagement, and co-design to ensure their needs are addressed.

### **Reform Direction 11 – Opportunities to Better Utilise Skilled Overseas Migration**

*Based on preliminary evidence, there appears to be scope for the Queensland Government to advocate for an increased allocation from skilled international migration.*

Small businesses, particularly in regional, remote, and rural areas, continue to report skills shortages to the QSBC. Increasing the allocation of skilled international migrants would be welcomed by small businesses in these areas and across industries facing workforce shortages. The QSBC supports the QPC's proposal to explore better use of skilled overseas migration. Having access to a suitably skilled workforce is a major concern for small businesses, and increasing the availability of skilled workers in the construction sector could help ease pressure on these businesses.

National programs like Designated Area Migration Agreements (DAMAs) allow businesses to recruit skilled workers from overseas. However, small businesses have faced significant challenges with this process, including:

- Complex visa requirements: Navigating the system is difficult and time-consuming.
- High costs: Sponsoring overseas workers requires a significant financial investment.
- Misalignment with local needs: DAMA terms don't always match the specific labour needs or conditions of small businesses.
- No candidate matching: The current DAMA process doesn't connect businesses with suitable candidates, making it harder for small businesses to assess potential workers.

Another challenge is the licensing and recognition of overseas qualifications. The process for skilled migrants to gain occupational licences in Queensland is unclear and difficult to navigate. The QSBC suggests improving pathways for recognising common overseas qualifications. For example, the building and construction trades could benefit from a gap training qualification, which would allow migrant tradespeople to quickly and effectively upskill for the Australian regulatory environment.

The QSBC recommends exploring ways to improve these processes to help small businesses in the construction sector access skilled workers. Options could include a concierge service to guide businesses through the migration and licensing process. The QSBC also recommends consulting small businesses to ensure their specific needs and perspectives are considered in any reforms.



## **Part E: Other matters**

### **Preliminary Recommendation 21 – Utility Connections**

*Any requirements or conditions applied by utility providers should align, as far as practicable, with existing agreed standards. Where they do not align, the utility provider should offer clear, transparent, and evidence-based justifications for any differing requirements imposed.*

The QSBC supports the QPC's preliminary recommendation to improve utility connection processes. Small businesses often report challenges to the QSBC, both in setting up utility connections and maintaining access.

Delays or complications with utility connections can have a greater financial impact on small businesses compared to larger companies. To address these issues, the QSBC suggests:

- **Advance notice should be provided:** If new requirements will affect the design or construction of a project, small businesses should be informed before significant changes occur.
- **No retrospective changes:** Utility providers should not apply new requirements after agreements have already been made.
- **Fair compliance costs:** Small businesses should not face the same compliance costs as major developers unless the risks justify it.
- **Consultation and review:** Utility providers and regulators should engage in genuine consultation with small businesses and offer them the right to review decisions.
- **Support for unexpected changes:** If new requirements are introduced after agreements are made, utilities or agencies should offer support. This could include cost offsets, connection fee discounts, grants to cover additional work, or transitional support for small businesses in regional, remote, or rural areas.
- **Clear and consistent standards:** Utility standards should be publicly available, regularly updated, and written in plain English to avoid inconsistencies and confusion.

By addressing these concerns, utility connections can be made more efficient and fairer for small businesses across Queensland.

### **QSBC Small Business Case Study**

A small business owner in regional Queensland highlighted the significant challenges of utility connections, particularly when dealing with Ergon Energy. They reported that navigating Ergon's processes consumed an excessive amount of time and money, often straining relationships with their clients. Frequent changes to procedures and poor coordination between Ergon's call centre and local depot staff further complicated the situation. In one instance, a job that had been approved and confirmed as ready to proceed was delayed due to miscommunication, leaving the business unable to meet client expectations.

Similarly, another small business undertaking a sawmill upgrade faced substantial difficulties accessing an increased electricity supply through Energex. The business initially received one set of advice from Energex but was later informed of a change in requirements, forcing them to alter their approach mid-project. This unanticipated shift not only delayed the upgrade but also led to a significant increase in costs, placing additional financial strain on the business from bad advice.

Both experiences reflect the broader challenges small businesses face when dealing with utility providers in Queensland, particularly in regional, rural, and remote areas. The owners believe improved coordination, clearer communication, accountability for decisions, and consistent procedures are essential reforms to reduce red tape and ensure utility providers better support small businesses in achieving their operational goals.

## Summary

In conclusion, the QSBC's submission underscores the critical role of small businesses in Queensland's construction sector and highlights the pressing need for reforms to address the challenges they face. With small businesses comprising 98.2% of the sector, their productivity and sustainability are vital to the industry's overall success and its ability to meet growing demands, including those driven by population growth and the Brisbane 2032 Olympic and Paralympic Games. The QSBC has provided feedback and outlined key recommendations to reduce regulatory burdens, improve procurement processes, and create a more equitable environment that enables small businesses to thrive.

The submission supports reforms to government procurement policies, including prioritising value for money, improving project sequencing, and ensuring small businesses are actively engaged in planning and decision-making processes. These measures aim to create a fairer and more accessible system that supports small businesses' participation in government projects and boosts local economies, particularly in regional and remote areas. It also emphasises the importance of simplifying frameworks, such as the Prequalification (PQC) system, the regulation of work health and safety, and the National Construction Code (NCC) and standards access, to reduce compliance costs and administrative complexity.

Addressing workforce challenges is another critical focus of the submission. The QSBC advocates for initiatives to improve training and apprenticeship systems, increase skilled migration, and adopt automatic mutual recognition of occupational licences to ease labour shortages. These reforms, combined with targeted support for small businesses in attracting and retaining skilled workers, are essential to ensuring the construction sector has the capacity to meet future demands. Additionally, the QSBC highlights the need for improvements in utility connection processes, workplace health and safety regulations, and financial requirements to further reduce barriers to small business growth and productivity.

The QSBC remains committed to working collaboratively with the Queensland Government, the QPC, and industry stakeholders to implement these reforms. By addressing the unique challenges faced by small businesses, the proposed changes will not only enhance the productivity and competitiveness of Queensland's construction sector but also contribute to broader economic growth and community well-being. The QSBC looks forward to continuing its advocacy for practical, targeted solutions that support small businesses and strengthen Queensland's construction industry.

If you need any more information or help with this matter, Wendy Migheli, Director Red Tape Reduction, in the Office of the Queensland Small Business Commissioner, can be contacted on [REDACTED] or email [REDACTED]

Yours sincerely

A large black rectangular box redacting the signature of Dominique Lamb.

Dominique Lamb  
**Small Business Commissioner**  
**Office of the Queensland Small Business Commissioner**