



Submission

Queensland Productivity Commission Interim Report – Inquiry into the Construction Industry and Productivity

Executive Summary

This submission raises significant concerns regarding the Queensland Productivity Commission's (QPC) Interim Report recommendations to:

1. permanently remove the Best Practice Industry Conditions (BPIC) framework from government-funded infrastructure projects,
2. undermine the mid 2027 industry enterprise bargaining outcomes to reduce wages and conditions,
3. promote mandatory excessive working hours across the industry,
4. wind back WHS protections for all Queensland workers,
5. deregulate labour hire licensing in the construction sector; and
6. permit the use of temporary visa holders in Queensland regions without sufficient regard to building a Queensland workforce strategy or protecting vulnerable migrant workers from exploitation.

BPIC provided a consistent set of minimum standards across the construction, transport, and renewables sectors, covering industrial relations, safety, training, and equity.

Its removal, justified by the QPC as an economic efficiency measure, reflects a flawed understanding of the construction sector's industrial framework, particularly how enterprise bargaining operates and BPIC objectives to establish a floor of minimum standards for safety and conditions for all workers working on Government major infrastructure projects regardless of their direct employer.

The QPC has dismissed the findings of an independent report commissioned by the Queensland Council of Unions (QCU), authored by Professor John Mangan, which highlighted the broader market factors—such as skills shortages—that have driven wage increases, not BPIC alone. In doing so, the QPC appears to rely on inaccurate comparisons between fundamentally different sectors of the industry, such as large unionised construction and smaller, non-unionised residential housing, and upon unpublished and untested claims that BPIC added 25 to 30 per cent to construction costs on infrastructure projects.

The QPC analysis has misunderstood the distinct sectors of building, civil and housing which all have vastly different industrial settings, project scopes and workforce structures, and therefore does not provide a sound basis for assessing the sustainability of wages or industrial conditions on large construction projects.

The QPC recommendations around reducing labour and work health and safety protections risk undermining Queensland’s skilled workforce, reducing safety, and exposing vulnerable workers to greater exploitation.

In light of ongoing skills shortages, growing infrastructure demands, and national WHS law reform, this submission strongly recommends that the Queensland Government:

1. Reject the QPC’s recommendation to abolish BPIC.
2. Reaffirm its commitment to a safe, skilled, and fair construction workforce.
3. Await the outcomes of the current national review of WHS laws before making any further amendments.
4. Develop a comprehensive, government-led workforce development strategy.

1. Introduction and Context

In November 2024, the LNP Government paused the application of the Best Practice Industry Conditions (BPIC), which had previously established minimum employment standards for government-funded infrastructure projects. These standards addressed:

- Industrial relations,
- Work health and safety (WHS),
- Skills and training, and
- Equity initiatives.

BPIC applied across the transport, construction, and renewables sectors. The QPC has now recommended its permanent removal in its Interim Report for the Inquiry into Productivity in the Queensland Construction Industry.

Much of the rationale for this was based on unpublished reports and unverified evidence that BPIC imposed between 25 and 30 per cent additional costs to all Government infrastructure projects—the so-called “CFMEU tax.”

2. Wages, Productivity, and the Mangan Report

In April 2025, the QCU published a report by Professor John Mangan of the University of Queensland, analysing BPIC’s impact on construction sector wages. The report found:

- A modest initial uplift in wages from BPIC,

- Wage growth largely driven by skills shortages and market dynamics post-COVID, and
- Queensland construction wages remaining lower than those in NSW and Victoria.

The QPC has dismissed the report, arguing it lacks a direct comparison between BPIC and non-BPIC wages. This critique reveals a misunderstanding of how enterprise bargaining agreements (EBAs) function.

EBAs typically apply across an employer's operations—regardless of whether the work is government-funded or private—and are not contingent on BPIC application. The QPC's modelling fails to reflect this industrial reality and instead seeks to compare unionised commercial projects with small-scale, non-union residential construction. This is not a valid or accurate comparison for policy-making purposes.

3. Productivity and Building Costs in Queensland's Construction Industry

3.1 Productivity

The Mangan Report (2025) established that there is no evidence that BPIC projects have delivered below-average productivity outcomes in Queensland.

- **National context:** Multi-Factor Productivity (MFP) in the Australian construction industry declined steadily from 2014 to a low in 2023, with only a modest recovery (+2%) in 2024. This long-term trend is consistent with international patterns.
- **Drivers of decline:** Contributing factors include:
 - slow technological adoption prioritising compliance over productivity gains,
 - limited scale economy gains, with benefits absorbed in competitive pricing,
 - rising project complexity outpacing design capability,
 - insufficient skilled labour training and replenishment, and
 - an industry focus on deadlines rather than productivity as a key metric.
- **Queensland performance:** Indirect measures show Queensland construction productivity (\$453,450 per employee) was close to the national average, above Victoria and just below New South Wales.
- **BPIC impact:** If BPIC projects had been significantly below average, they would have depressed Queensland's overall performance below national levels. This is not the case.

This key data demonstrates that productivity challenges in construction are structural and global in nature, not attributable to BPIC projects. It is disappointing the focus of the Industry Roundtable does not seek to explore these issues but instead focus on how removing key industrial and work health and safety rights and protections would instead ostensibly lead to improved industry productivity.

3.2 Building Costs

The Mangan Report showed there is no evidence BPIC inflated building costs in Queensland.

- **Global and national context:** Between 2020 and 2024, construction costs rose worldwide due to supply chain disruptions, COVID-19 impacts, and surging demand. In Australia, construction prices rose 31.1%, with house construction up 40.8%.
- **Queensland comparison:** Despite these pressures, ABS data shows Queensland remained below the national average. In 2023, the average cost of a new house in Queensland was \$424,837 compared to \$452,273 in Victoria.
- **Current trends:** Quantity surveyor advice for 2025 indicates Brisbane prices are broadly in line with other capital cities.

This data shows that Queensland construction costs align with national and global trends and that there is no evidence that BPICs exerted upward pressure on costs.

4. Industrial Bargaining: The Role of Government and the QPC

The QPC has recommended abolishing BPIC while simultaneously proposing government involvement in the mid 2027 construction industry enterprise bargaining round aimed at reducing wages and conditions across the entire industry because the permanent removal of BPIC will not reduce current wages and conditions.

This dual approach is contradictory and represents an inappropriate intervention in matters governed under the federal Fair Work Act. Collective bargaining is a process involving employers, unions, and employees—and must remain free from undue government interference designed to suppress outcomes.

BPIC was established to promote a level playing field and prevent lower-quality contractors from underbidding through substandard wages or safety practices. Its removal risks a return to those practices, as seen during the problematic Townsville Stadium project, which faced industrial disputes, delays, and safety failures.

5. Working Hours, Safety, and Workforce Sustainability

Some industry representatives have proposed mandating standard work hours to 55 per week (including Saturdays) – a total of 17 additional working hours per week than an average Queensland worker in other industries – while also reducing safety protections—particularly around heat stress and inclement weather.

This regressive 1970s model ignores modern workforce needs and the health risks associated with overwork. Long hours and reduced safety protections increase the risk of injury, fatigue, and attrition, making construction less attractive to younger workers and those with caregiving responsibilities.

A sustainable, healthy and productive construction workforce requires:

- Reasonable hours,
- Strong safety standards and industry controls,
- Fair and decent wages, and
- Work–life balance, including flexible work options.

None of these issues are addressed in the Interim Report.

6. WHS and Industrial Relations: Not Just Economic Metrics

Australian workers contribute significantly to national productivity through their labour, expertise, and innovation. This contribution is part of a broader social compact between government, industry, and the workforce – one that must prioritise safety, security, and fairness over short-term economic gain.

WHS and industrial relations should not be governed by economic performance metrics alone. Workers are not interchangeable economic units to be measured through a lens of efficiency, cost or output, and safety frameworks must be based on human-centred values.

Framing WHS and industrial relations matters within a narrow cost-benefit analysis risks undermining the fundamental principles of workplace safety, fair treatment and dignified work, and equity.

It is essential that policy in these domains remains grounded in human-centred values, not driven by frameworks designed to maximise output at the expense of workers' rights and conditions.

The QPC's attempt to use a productivity inquiry to recommend weakening WHS laws is both inappropriate and dangerous. These protections exist due to serious past incidents—including fatalities—and have been informed by two independent reviews (2017 and 2022).

Notably, the 2017 Best Practice Review was undertaken in response to tragic fatalities at an Eagle Farm construction worksite in 2016 where two workers were crushed to death by a ten tonne precast concrete slab and the high profile incident at Dreamworld which resulted in four fatalities in the same year. The second review was conducted as part of a five year statutory review independent process in 2022 with legislative changes arising in 2024.

Both reviews engaged in tripartite consultation by way of face-to-face engagements and written submissions and through the auspices of the WHS Regulator.

Other WHS jurisdictions have also amended their WHS legislative frameworks improving and strengthening worker and safety rights and making employers more accountable – for example through the application of industrial manslaughter laws. Queensland WHS laws are

looked to by other jurisdictions as a best practice benchmark and notably, New South Wales has recently strengthened its laws to align with Queensland's higher standards.

In September 2024, WHS Ministers agreed to a national review of model WHS laws by Safe Work Australia. Queensland should not pre-empt this process by weakening its laws prematurely.

Safe Work Australia is leading this Best Practice Review, which will include both public and targeted consultation processes, as well as engagement with WHS experts for advice where required.

A discussion paper is to be released on September 1, 2025 with consultation to commence shortly thereafter, and a final report due to WHS Ministers in mid 2026 with recommendations for amendments to the model WHS Act and Regulations for the consideration of Ministers.

It would be ill considered for the QPC to make any further recommendations or suggest any amendments to Queensland WHS laws – particularly winding back work health and safety rights and protections, prior to the completion of the Safe Work Australia Best Practice Review.

7. Labour Hire Licensing and Migrant Worker Protections

The QPC recommends exempting the construction sector from Queensland's labour hire licensing scheme while simultaneously suggesting increased use of migrant workers, particularly in regional areas to fix skills shortages in the housing sector.

This combination is highly problematic. The housing sector is largely non-unionised, with lower wages and conditions. Unregulated labour hire in such settings has a documented history of wage theft, exploitation, and safety issues, particularly involving vulnerable workers.

Removing licensing requirements risks worsening exploitation and may facilitate criminal infiltration of the industry, as evidenced in other jurisdictions such as Victoria.

Effective labour hire regulation is essential to ensuring compliance, accountability, and workforce integrity.

8. Skills Shortages and Workforce Development

Queensland faces growing skills shortages in construction needed to deliver housing, hospitals, and 2032 Olympics-related projects. Despite these significant demands, the QPC provides no substantive recommendations to address this challenge other than to make broad, generalised recommendations about investment in skills and expanding access to migrant labour. This approach is inadequate given the scope and urgency of the issue.

A future-ready workforce requires:

- Targeted training and apprenticeships,
- Secure and attractive employment conditions,
- Regional and First Nations workforce development initiatives, and
- Clear career pathways for young people and other underrepresented groups.

Finally, any reliance on migrant labour must be supplementary, not a substitute for local workforce development, with robust protections against unsafe work, substandard conditions, and exploitation.

9. Recommendations

In light of the issues outlined, the following recommendations are proposed:

1. Reject the QPC's recommendation to permanently abolish BPIC.
2. Retain and strengthen existing WHS laws until the completion of the Safe Work Australia Best Practice review.
3. Preserve the integrity of enterprise bargaining under the Fair Work framework, free from economic interference designed to suppress wages across the construction industry – Government or private sector funded infrastructure projects.
4. Maintain Queensland's labour hire licensing scheme, particularly for high-risk industries such as construction.
5. Develop a comprehensive workforce development strategy to address long-term skills shortages, focused on local employment, training, and equity.
6. Commit to fair, safe, and sustainable industry practices that attract and retain skilled workers and uphold Queensland's construction quality and workforce integrity.