

Queensland Productivity Commission

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Brisbane QLD 4003

Dear Sir/Madam

Re: Consultation on the Queensland Productivity Commission's Construction Inquiry

On behalf of the Construction Industry Culture Taskforce (CICT) we thank you for the opportunity to provide input into Queensland Productivity Commission's **Opportunities to Improve Productivity of the Construction Industry** Interim Report.

We commend this work and recognition given to the critical issues facing the Queensland construction sector and the need to address significant issues that impede the productivity and performance of the industry.

As your interim report points out, achieving value for money for taxpayers who invest in infrastructure is paramount. Value cannot be achieved in an industry where, as the ABS (December 2024) demonstrates, escalating labour costs reflect the acute capacity shortages in the infrastructure industry, estimated by Infrastructure Australia's 2024 Market Capacity Report at more than 197,000 people.

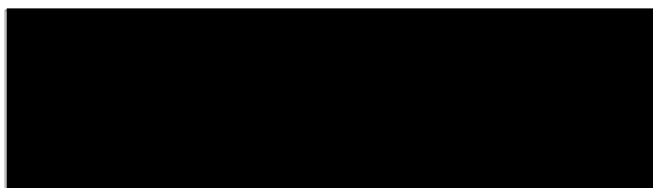
Further, BIS Oxford Economics 'Cost of Doing Nothing Report' shows that the industry needs to make urgent change to address cultural issues within the construction industry that are costing the economy close to \$8 billion annually due to workplace injuries, mental illness, suicide, long work hours and a lack of diversity.

We note your interim report makes preliminary recommendations under four major headings – Government Procurement, Land Use Regulation, Regulation of building activities and Labour Markets and three other discrete areas.

We now provide some comments on **Government Procurement**, in light of the program of work, including economic research, recently completed by the CICT.

Thank you for considering our submission.

Yours sincerely,



Gabrielle Trainor AO

Chair, Construction Industry Culture Taskforce.

Queensland Productivity Commission Report on Productivity in Construction. CICT response

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Introduction to the Culture Standard

The Culture Standard provides a framework for clients and contractors to work together to address significant challenges facing the construction industry.

The Culture Standard seeks to leverage procurement processes to transform the capacity and effectiveness of the industry and improve the lives of those working in it. It is a key step to securing the sustainability of the construction industry and ensuring it can deliver the projects needed to shape Australia's future.

About the Construction Industry Culture Taskforce

The Construction Industry Culture Taskforce (CICT) formed a unique collaboration between the NSW and Victorian public sectors, the Australian Constructors' Association and leaders from industry and academia. It was established in August 2018 and arose from the outputs of the Construction Industry Leadership Forum (CILF). Overtime, membership of the Taskforce expanded to include broader national representation.

The work of the CICT has focused on the development of a Culture Standard for the construction industry to lift productivity and performance and address the major cultural issues affecting our industry and its workforce, including excessive work hours and fatigue, poor mental health, and the failure to attract and retain a diverse workforce.

The objectives of the Standard are to:

- help to address the acute skills shortages by making the settings of the industry more attractive to workers and potential workers
- and in so doing, improve productivity by reducing costs and improving the health and wellbeing and diversity of the workforce
- require better workplace environments, accountable through procurement, to the mutual benefit of contractor and delivery agency
- reflect the growing trend for governments to see value for money in less adversarial contracting typologies, reducing the risk of costly and protracted disputation
- build the Standard on a solid base of evidence

The Culture Standard has been developed at a time when the construction industry is under intense pressure and is not viewed as an employer of choice. There are significant skill gaps within the industry, projected to increase as the pipeline advances, and productivity in the sector is stagnant. (<https://www.infrastructureaustralia.gov.au/2024-infrastructure-market-capacity-report>)

The workforce experiences disproportionate wellbeing issues compared to broader society and severely low levels of diversity when compared to other industries. These problems affect the industry's ability to deliver the pipeline of work in the most efficient and effective way and attract and retain a healthy, well and diverse workforce.

As well as these workforce pressures, construction experiences structural inhibitors to culture change, including the current definition of value for money which focuses on time and cost per contract, above more macro factors such as industry sustainability and the costs of the prevailing industry workplace settings.

The work of the CICT aims to address three critical challenges faced by the Australian construction industry:

Long working hours: Hours of work in the industry are excessive, resulting in high rates of turnover, absenteeism, and stress-related leave.

Lack of diversity: Failure to attract and retain a diverse range of people narrows the industry's talent pool and reduces its capacity to deliver projects.

Wellbeing: Research shows stress levels and suicide rates amongst construction workers are double the national average.

BIS Oxford Economics 'Cost of Doing Nothing Report' demonstrates that urgent step change is needed to address cultural issues within the construction industry that are costing the economy close to **\$8 billion annually** due to workplace injuries, mental illness, suicide, long work hours and a lack of diversity. Excessive working hours by males in the industry often also precludes their women partners from seeking jobs and careers.

(<https://www.constructionindustryculturetaskforce.com.au/publication/culture-standard-research-title/>)

The Culture Standard provides a framework through which clients and contractors can work in partnership to drive change in three key areas of industry culture - time for life, wellbeing and diversity and inclusion.

Developing the Culture Standard

The Taskforce developed the Culture Standard using a consultative and evidence-based approach. The approach involves several components, including those outlined in figure 2 below.



Figure 2: CICT Approach to Development of the Culture Standard

CICT Research and Key Findings

The development and piloting of the Culture Standard for the construction industry is a world leading initiative, supported by a multidisciplinary team of researchers from RMIT University, the University of Melbourne, University of Sydney and the Australian National University.

The Culture Standard was piloted on five (5) large infrastructure projects in NSW and Victoria, across a range of project and contract types. The pilot project program sought to assess the effects of reduced work hours, flexibility and access to mental health, wellness and leadership training on productivity, capacity and retention rates.

Between November 2022 and May 2024, the CICT research team conducted surveys and interviews on these projects using a longitudinal research design. They collected survey and interview data across multiple waves engaging individuals who represented a diverse range of occupations, genders and stages of life. There were close to 1000 interactions between the researchers and the workforce.

Frontier Economics worked alongside the research team to undertake an analysis of the costs and benefits associated with implementing the draft Culture Standard. Economists analysed the outcomes from Pilot Projects and to explore whether, and how, the implementation of the Time for Life provisions in the Culture Standard:

- Has affected productivity in the Construction sector and
- Led to other benefits or costs for workers, the industry and society more broadly.

In addition to pilot projects, the CICT undertook a two stage Key Decision Maker Evaluation (KDME) a qualitative research body of work engaging key leaders and decision makers to gain their perspective on the Culture Standard and its benefits. KDME involved government, construction employer, industry association and union representatives.

The report highlights the overwhelmingly support for the Culture Standard and associated benefits including improved retention, no adverse impacts on project time and costs, improved productivity and higher female participation rates. <https://cict.mymedia.delivery/wp-content/uploads/2025/08/Culture-in-Construction-Final-Report-2025-FINAL.pdf>

The key findings of this *Culture in Construction Final Report* include:

Workers overwhelmingly prefer working under the draft Culture Standard: A majority of both waged and salaried workers preferred a 5-day work week due to the benefits associated with spending time with family and participating in out of work activities

Working under the draft Standard does not adversely affect project time and costs: - Findings of the cost benefit analysis indicate that there is no observable evidence to suggest that the application of the time for life provisions of the Draft Culture Standard increases the cost of delivering construction projects.

Retention was much higher: In four out of the five projects, the employee turnover rates were notably lower across the Pilot Projects implementing the draft Culture Standard when compared to the relevant head contractors' turnover rates. Improved retention has the potential for the sector to avoid costs of approximately \$1.1 bn per annum across Australia.

Workers felt more productive: Most Pilot Project interview participants believed their productivity was enhanced, due to a variety of health and work-related factors. People experiencing a two-day break from work each week indicated they felt better rested.

There were higher female participation rates: On average 32% of staff employed on the Pilot Projects identified as women, compared to 24% within the head contractors' workforce more generally. (This may have been a deliberate effort to recruit more women to the projects, and it was helpful in testing the impact of the Standard.)

Support for worker wellbeing was above industry norms - Workers with high levels of mental wellbeing also saw that their workplaces were more supportive of their family life and were fairer and more respectful. Workers with high mental health also reported more positive work-life balance and less exposure to inappropriate banter in the workplace.

Safety – while workplace safety rates are accounted for by many variables, there was some evidence in four of the five projects that working under the culture standard saw reduced TRIFRs.

Workplaces were more inclusive – Women said they experienced a more positive and respectful workplace where they felt valued and welcome.

The small hip pocket impact was worth it - Many waged participants who were initially concerned about the way that working under the Culture Standard would impact their income indicated that the impacts were not as significant as they had expected and that the benefits of having two consecutive days off work outweighed the costs associated with the modified working time arrangements. Having experienced the benefits of the 5-day week, some waged workers indicated they would no longer be willing to work six days per week. However, a minority of waged workers preferred to work a 6-day or 7-day week so as to maximise their income.

Implementing the Culture Standard

The objective of the CICT is for the Culture Standard to be implemented on public sector projects via infrastructure procurement processes in each Australian jurisdiction. This will involve the following implementation pathway:

1. Clients prioritising implementation of the Culture Standard early in the project lifecycle and highlight this as part of the request for tenders.
2. Contractors demonstrating how they will achieve the requirements of the Culture Standard to the client as part of their tender.
3. Clients evaluating a contractor's approach as part of the decision making regarding the shortlisting and selection of the successful tenderer for the project.

4. Clients and Contractors working together across project delivery and handover of the project to ensure compliance to the Culture Standard objectives committed to at tender time.

The Culture Standard is non-prescriptive in nature, except for individual work hour caps, to ensure Australian jurisdictions can adopt the Culture Standard alongside existing requirements and well-established procurement practices.

Importantly, the Culture Standard has been designed to be delivered in harmony with existing policies and regulations that form part of existing procurement processes. It differs from BPICs in its approach and our research indicates it adds neither time nor cost to projects.

Key to successful implementation will be continued collaboration between clients, contractors, and workforce. The CICT has developed a suite of implementation tools for contractors and agencies.

QPC Inquiry Response – Part A: Government Procurement

The Interim Report identifies many areas for potential reform of the construction industry settings.

The CICT wishes to contribute to the interim report’s observations on government procurement.

As the report says (p.19), government procurement influences the construction market in three ways: directly - by imposing contractual conditions; indirectly, by influencing standards and expectations; and thirdly, inflating demand, leading to labour shortages that prevent effective sequencing of project works.

Further, the report says (p.20): “There are likely to be benefits from ensuring Queensland Government procurement policies have a clearer focus on achieving the greatest value for money (i.e whole of life costs and performance outcomes) for the Queensland community. While the Commission is seeking stakeholder views on current policy objectives, based on current stakeholder feedback, there appears limited justification for keeping other objectives in procurement policies.” The latter conclusion seems to be particularly directed towards the Best Practice Industry Conditions (BPIC) regime, evidenced by broad stakeholder disfavor.

The Culture Standard is materially different to the rigid conditions imposed by the BPIC. The three requirements domains of Diversity, Health and Well-being and Time for Life work interdependently. Sites can operate 24 hours a day, seven days a week and still comply with its requirements for an average 50 hours a week maximum for any individual worker, on a five in seven day basis (two consecutive days off - wherever possible, Monday to Friday) and within that, flexibility to allow people to fulfill family and personal needs. The approach is people-centric to allow project centricity and productivity and is based on smart programming. Our research indicates working under the Standard does not cost any more in time or money but comes with significant economic and social benefits.

The CICT agrees with the QPC on value for money for the Queensland community being a core aim of the state’s procurement policy.

Howsoever it is achieved, simplifying procurement requirements to deliver value is a high order priority. Given many large contractors have a national footprint, we would also argue that wherever possible, working with other jurisdictions and the Commonwealth to take a harmonized approach to procurement requirements that create value will create efficiencies.

We note Preliminary Recommendation 3, (p.110) suggesting the removal of five requirements from Queensland government procurement processes.

Focusing on value for money, we submit that based on our evidence, there is significant value for money for Queensland in adopting the Culture Standard in procurement. Importantly, our research demonstrates that applying the Standard does not impose extra costs or time to a project but rather finds savings - at the very least in attrition. The proven lower attrition rates strongly suggest an industry workplace more attractive to more people.

Defining value for money in narrow time and cost terms per project is one of the reasons the industry is under pressure and is operating with severe labour shortages and their attendant costs. Competitive tendering on time and costs alone can and has helped to create a dynamic where undue stress routinely passed down through the site, especially as deadlines loom, and workers are required to work long hours.

Poor attraction and retention in the infrastructure industry adds significant costs. As BIS Oxford Economics found the costs of an unattractive industry with low diversity and wellbeing are conservatively \$8bn per year. Improved retention on the Culture Standard pilot projects was up to \$700m per year in NSW and Victoria alone, equating to \$1.1 bn nationally.

A further CICT study found young people - men and women – who themselves had experienced 18 months in the industry, did not see it as a career path for them, based on the lack of work and life balance. We know that GenZedials have vastly different expectations of their workplaces than did their parents. <https://www.constructors.com.au/doing-the-time-not-an-option-for-next-gen-construction-workers-cict/>

The Building Commission of NSW found 63% of workers in construction were considering leaving the industry due to excessive hours and stress. <https://www.nsw.gov.au/sites/default/files/noindex/2024-01/women-in-construction-report-2024.pdf>

Jobs and Skills Commissioner, Professor Barney Glover, has spoken of industry culture as a factor in skills shortages. <https://www.jobsandskills.gov.au/sites/default/files/2024-08/Jobs%20and%20Skills%20Australia%20National%20Press%20Club%20Address%2014%20August%202024.pdf>

As the QPC is no doubt aware, a requirement for state jurisdictions to act to promote the improvement of industry culture is included in the Notes on Administration that underpin the Federation Funding Agreements on land transport, to which Queensland is a signatory.

The Culture Standard is now being adopted by agencies beyond NSW and Victoria. It is a common framework known nationally. While individual jurisdictional requirements can sit comfortably within it, its framework has the strong potential to be harmonized Australia-wide.

This will reduce complexity and costs for head contractors, many of which have a national footprint.

Accordingly, the CICT respectfully submits:

- A focus on value for money in procurement requirements is vital
- Applying the CICT's Culture Standard in procurement of infrastructure projects has been proven not to add costs or time to projects, but to add significant economic and social value
- Failing to address the cultural issues in the industry has been estimated to continue to cost the industry at least \$8bn per year
- Policymakers should regard the application of the Culture Standard in procurement as a tool to support current and future workforce planning by improving the industry's attractiveness
- A too narrow focus on time and cost of individual projects as the determinant in procurement processes is likely to perpetuate escalating costs through labour shortages and other deleterious consequences (poor mental health including suicide rates, limiting the economic opportunity of women, including the women partners of construction workers) to the community
- We would urge the QPC to consider recommending the application of the Culture Standard in infrastructure procurement as a means of helping to capture a productivity benefit to an industry that needs it.

We would be pleased to elaborate on this submission. Further information is available on the CICT website. <https://www.constructionindustryculturetaskforce.com.au>

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