



## INFRASTRUCTURE ASSOCIATION OF QUEENSLAND INC.

### Submission

**Title:** The Infrastructure Association of Queensland's Submission to Queensland Productivity Commission's 2025 Opportunities to Improve Productivity of the Construction Industry Interim Report

**Date:** 28 August 2025

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*IAQ recognises and respects both Aboriginal peoples and Torres Strait Islander peoples, as the First Nations people in Queensland.*

*We recognise First Australians' their unbroken connection to land and water, which has continued for millennia. Their strength through culture and kinship will help guide our journey towards reconciliation.*

*We want to pay our respects to the traditional owners on whose lands we live, connect, work, and learn, along with their Elders past and present, and thank them for continuing to share their knowledge, ways of learning, and culture with us.*

*IAQ believes partnering with First Nations peoples will enable us to deliver infrastructure that recognises, embraces, and celebrates the traditions, practices, cultures, and stories that enrich Queensland and its people.*

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## 1. EXECUTIVE SUMMARY

The Infrastructure Association of Queensland (IAQ) welcomes the opportunity to provide a written submission to the Queensland Productivity Commission's (QPC) **2025 Opportunities to Improve Productivity of the Construction Industry Interim Report** (Interim Report).

Formed in 1994 as an independent, evidence-based and non-partisan association, IAQ is the leading representative body for Queensland's infrastructure industry. We foster private sector investment in infrastructure and help develop a deeper understanding between the public and private sectors.

IAQ's valued member-base is actively engaged in planning, design, delivery and maintenance of infrastructure and provides extensive and varied experiences across the spectrum of construction in Queensland. We appreciate the opportunity to provide feedback on the QPC's interim report's preliminary analysis and recommendations.

Our submission directly addresses the QPC's preliminary analysis and reform directions, offering workable, evidence-based recommendations to inform its Final Report. We provide specific feedback on the four key "reset productivity" areas outlined in the Interim Report.

IAQ's submission's core findings and proposals are as follows:

- **Procurement:** While IAQ supports the QPC's focus on procurement, we advocate for a sole objective of "value for money" over complex, multi-objective policies. We recommend simplifying tender processes, adopting standardised contracts, and allocating project risk to the party best able to manage it. Furthermore, we call for greater visibility of the forward project pipeline and endorse early contractor involvement to improve project scope and outcomes.
- **Land Use Regulation:** We identify fragmented regulation and a lack of collaboration with utility providers as significant impediments. Our key recommendation is for the government to create a streamlined framework with clear guidance and shared goals for all stakeholders, including asset owners.
- **Regulation of Building Activity:** Our members' experience shows that cost, not regulation, is the primary barrier to the adoption of Modern Methods of Construction (MMC). We recommend providing economic incentives to drive MMC uptake and creating tailored regulations that reflect the unique risks of housing, building and civil construction.
- **Labour Market Operation:** We endorse the QPC's recommendation to permanently remove Best Practice Industry Conditions (BPICs) and their associated provisions. We propose key reforms to increase labour mobility, including mutual recognition of professionals across Australian jurisdictions and the streamlining of processes for skilled migrants.
- **Tendering and Other Matters:** We explore more effective leverage of procurement panels as a tool for efficiency, citing successful models in other states. We also propose that a focus on "front-end enablers" will ensure that critical inclusions like sustainability and community benefits are properly defined and valued from the outset of a project.

This submission also incorporates key findings from IAQ's latest *Queensland Infrastructure Performance Report (QIP) 2025*, which is under embargo until its public release on 12 September 2025. The QIP Report confirms the unprecedented scale of the state's investment pipeline and the critical need for strategic coordination to manage its complexity.

In the timeframe available we have consolidated recommendations from our members and welcome further collaboration to contribute to the development of effective policy recommendations, particularly related to provision of case studies and evidence to inform the Inquiry's Final Report.

## 2. INTRODUCTION

IAQ welcomes the QPC's Interim Report into opportunities to improve productivity of the construction industry. We commend the QPC for undertaking a comprehensive Inquiry that addresses many of the key systemic issues IAQ identified in our initial submission.

Our original submission recommended a holistic approach to investigating reforms, acknowledging that infrastructure funding cannot be reviewed in isolation. We are pleased to see that the Interim Report has followed a similar path, focusing on key institutional reforms across procurement, regulation of land use, regulation of building activity, and labour market operation. The report's emphasis on the need for improving project selection and sequencing aligns directly with our recommendations for long-term planning and prioritisation.

This submission aims to provide a robust response to the Interim Report with the inclusion of practical, on-the-ground experience of our members and offers a number of workable reform suggestions to be considered by the QPC in its final recommendations.

The purpose of our submission continues to seek a collaborative and meaningful contribution which we see as a crucial opportunity for industry and government to work together to address long-standing challenges and unlock the sector's full potential.

As well as general access to industry representation via a large and diverse member base, IAQ fosters industry collaboration with several taskforces and expert advisory groups (EAG) comprising industry and government members:

- 2032 Legacy Taskforce
- Housing & Health Taskforce
- Energy & Water Taskforce
- Transport Taskforce
- Member Benefit Taskforce
- Emerging Profession EAG (known as EPIQ)
- Diversity, Equity and Inclusion EAG
- Regional EAG
- Government & Innovation EAG

IAQ welcomes further collaboration with QPC with access to its taskforces and EAGs that QPC would find beneficial for further information or examples in compiling its Final Report.

### 3. IAQ FEEDBACK ON RESETTING PRODUCTIVITY AREAS

IAQ has considered the Interim Report proposes a reform program to improve productivity across the industry, focusing on four key “reset productivity” areas. We have used that framework in this section to directly address QPC’s core reform directions.

#### 3.1 Improving Procurement

IAQ generally agrees with the Interim Report's focus on procurement as a key lever for productivity. We support the recommendation to simplify procurement policies and welcome a focus on a "sole objective of value for money," defined by whole-of-life costs, fit for purpose planning and prioritisation, and outcomes delivered.

##### 3.1.1 Context of Procurement and IAQ's Focus Areas

Current procurement practices, such as complex tendering processes, multiple objectives and a lack of focus on whole-of-life value, increase costs and reduce productivity. Our members’ experience with procurement in Queensland during recent years has required significant investment of time and resources in tendering that adds overhead costs to any project.

We note key factors which affect procurements such as project selection and sequencing, multiple objectives in procurement policies, best practice industry conditions, and tendering and contracting arrangements have been identified and recommendation for improvements are made in the Interim Report. Various requirements and/or weights on unrelated aspects in procurement policy has also been acknowledged to increase overhead costs. Finding the balance between streamlining procurement while also having basic standards maintained for best project and community outcomes is crucial. IAQ suggests areas like social, health and employee welfare aspects do not need to be including in a tender submission from a tendering company and instead these areas should be maintained and regulated through other regulations and policies. Allowing tendering companies to show value for money as the focus in a tender submission will go a long way to simplifying procurement policies and increasing overall productivity outcomes.

A focus on **“early value for money”** is also critical because decisions made in the pre-construction phase have a significant impact on the project’s overall cost and timeline. Delivering large-scale infrastructure projects is relatively reactive in Queensland where projects are often initiated without a clear understanding of long-term benefits, fit for purpose and value for money as highlighted in the Interim Report. IAQ member experience finds these issues can result in poor project selection, inefficient sequencing and cost overruns. IAQ would like to see a clear prioritisation of long-term strategic planning to create a stable project pipeline that government and industry can have confidence in planning and delivery of key infrastructure projects that are definitely required as new builds and offer value for money outcomes. Improving visibility of the forward pipeline has emerged as the top priority for the industry to plan effectively as well as the need for long-term planning across the state in IAQ’s QIP Report 2025 (*under embargo until 12 September 2025*). Our QIP Report confirmed Queensland has an unprecedented investment pipeline requiring strategic coordination across sectors to manage its scale and complexity. As Queensland is competing with other states and jurisdictions for limited industry resources, an eight to 10-year pipeline from Government would be useful for forward-planning by industry, rather than just four years.

Front-end solutions raised by IAQ members for better strategic planning include **early contractor involvement** to incorporate the expertise of the private sector early in the project lifecycle, before design is finalised. A true commitment to early collaboration by government at all levels would ensure industry knowledge about design optimisation, risk identification and mitigation and streamlined project delivery opportunities are available end-to-end of the project lifecycle. Moving past a simple cost-benefit analysis

to a more holistic understanding of a project's value will set up long term increased productivity outcomes and stakeholder buy-in across a prioritised pipeline.

IAQ member experience with government procurement often involves a government project tender team starting with two to three people to stand up a program, with a full complement hired government-side once the project is stood up. IAQ member experience post-tendering also often finds the scope of the awarded project differs from the scope they tendered for. Feedback is often that a particular company put forward an idea that the procurement team favoured. These variations in scope during or after tendering risks a lost opportunity to award the new scope to a better-placed supplier. There is a further opportunity for collaboration with early contractor involvement at an early market engagement stage to define the scope of a project. This would give government and industry confidence to stand up a project with a fit-for-purpose and value-for-money scope to go to tender.

Another key area of procurement policy reform lies in **long-term employment opportunities**. Specifically, long-term employment contracts allow job security that may create an environment where relatively less salaries are required for workforce satisfaction. Short-term employment can require expensive remuneration packaging to attract and retain workforce provisions, ultimately driving up construction costs and potentially decreasing productivity due to staff turnover and limited labour availability. Procurement policy could consider job retention of tendering companies as part of assessment bids while positively influencing an environment for longer term employment.

Finally, there is consensus among IAQ members experienced with government procurement that **multiple objectives of policies** and the onerous reporting and compliance terms require significant resources from tendering companies that do not go towards delivering the intended outcomes. Requirements such as valuing local talent and supply where possible, skilled local workforce and being good corporate citizens are generally upheld by industry. IAQ recommends the current one-size-fits-all approach – including the inflexibility example of applying the same rules to different products and services such as buying photocopy paper vs constructing a road – fails to distinguish different needs of different projects. Treating these projects differently allows for a more targeted procurement process better suited to the specific nature, risks, and delivery models of each project, increasing opportunities for targeted productivity measures for both companies resourcing tendering efforts and delivering projects, and government procurement processes.

### 3.1.2 Workable Procurement Reforms

Improving project selection and sequencing, using panels more effectively, and ensuring the government is an "informed buyer" with the necessary skills are key areas of reform IAQ has identified in reviewing the Interim Report.

**Project Selection and Sequencing:** We strongly support the report's recommendation for improving project selection and sequencing. However, we also question how the current record level of public sector spending will be balanced to ensure private sector investment is not "crowded out".

**Tendering and Contracting:** We recommend improving tendering processes to address issues such as:

- **Standardised Contracts:** The adoption of standardised contracts like NEC models can support consistent performance management and shared accountability, driving improved performance outcomes.
- **Risk Allocation:** Risk appetites should be reviewed in line with market conditions. IAQ believes that risk needs to be appropriately identified, understood, and allocated to the party best able to manage and mitigate it. IAQ members have experience in co-developing risk allocation frameworks with clients and the supply chain, as the single biggest risk is often an unrealistic risk transfer. A higher tolerance for risk, especially with inter-government agreements, could save time by agreeing on principles and proceeding with project timelines.

- **Performance-Based Specifications:** We recommend replacing prescriptive specifications with performance-based specifications. IAQ notes that this approach, when supported by robust commercial models, offers flexibility and innovation while maintaining accountability through performance-driven payment mechanisms.
- **Bundling of Projects:** IAQ members have found in their experiences that the benefits of bundling projects include optimisation by work type and resource requirements, but this must be balanced against the need for segmentation to activate more of the supply chain and prevent competition issues for smaller firms. Opportunities to package contracts to consider separation based on industrial issues could also optimise productivity, for example:
  - o Victoria Park – separate earthworks and civil works prep from stadium building works would allow the earth and civil works to not be subject to the industrial relations constraints and issues associated with building works.
  - o For transmission lines projects, separate civil works from electrical works would reap the same benefits.
- **Digital Engineering and MMC:** IAQ advocates for enabling and requiring Digital Engineering and MMC. While the Interim Report notes that uptake of MMC has been limited, IAQ members have on-the-ground insight that cost, not regulatory barriers, is the primary constraint. For example, instances from Schools Infrastructure NSW where cost increases of 30-40% for MMC projects proved uneconomical. Despite these challenges, we suggest incentivising the selection of MMC at the master planning and concept design stages if the government wishes to drive greater adoption and allowing industry to produce more economical ways of implementation across the project lifecycle.
- **Collaboration:** With many interfaces and timeframes of works meaning not all details can be worked out and finalised before a project starts, we cannot effectively “contract out” risk. With more collaboration on contracting arrangements, we hope to see industry and government able to avoid unnecessary litigation and dispute that impedes all-round productivity of a project.

## 3.2 Land Use Regulation

### 3.2.1 Context of Land Use Regulation and IAQ’s Focus Areas

IAQ notes and agrees with the Interim Report's finding that **inconsistent and fragmented land use regulation** is a significant impediment to productivity. IAQ members have found the complex regulatory environment, including slow approval processes and regulatory bodies lacking expertise across regulations, creates considerable challenges for the timely and efficient delivery of infrastructure and housing projects. IAQ’s QIP Report 2025 found “government and planning challenges” was a theme in a number of respondent comments, including one response that said planning schemes vary with “77 local governments with 77 different ways of approving land and housing developments” (*under embargo until 12 September 2025*).

IAQ notes that most, if not all, major infrastructure developments will alter natural systems and will cause adverse impacts of some level. A clear guidance must be formulated and agreed by all stakeholders when and where some impacts can be accepted. Some land use regulation objectives such as locality character could be compromised up to a certain level to accommodate more residential houses and better public infrastructures in selected areas, while balancing community needs. The goals of any community should be shared, discussed and agreed by all stakeholders such as residents, governments and development partners and work together to achieve these goals. Although a significant undertaking, the longer-term outcomes of streamlined land use regulations would positively impact productivity due to clearer and widely accepted guidelines.

A critical, and often overlooked, factor is the role of **utilities and asset owners**. IAQ member experience finds entities are not always motivated to work collaboratively on their assets, which can lead to significant delays and cost overruns for awarded projects. The current system lacks sufficient coordination and shared goals between different layers of government and these vital utility providers.



### 3.2.2 Workable Land Use Regulation Reforms

The government, as the primary regulator, can influence this area by creating a more streamlined and collaborative framework. IAQ has identified several key areas of reform based on the on-the-ground experience of our members:

- **Create Clear Guidance and Shared Goals:** IAQ suggests that common arrangements and clear guidance are needed to inform land use decisions that are agreed upon by all stakeholders. This would include formulating a "clear guidance" to accept certain impacts, providing consistency and reducing uncertainty. This would allow for more efficient and effective outcomes that are aligned with the shared goals for a city or region.
- **Enhance Professional Expertise:** To improve conditions, increasing the skilled professionals in regulatory authorities would mean better informed decisions, reduce delays and increase productivity. Educating and collaborating with tendering companies about what makes a high-quality submission is encouraged to improve the overall quality of submissions and reduce approval times for regulatory authorities.
- **Improve Collaboration with Utilities and Asset Owners:** A formal mechanism to improve the relationship and incentivise collaboration between layers of government and asset owners has the potential to significantly improve not only productivity but overall project outcomes. By doing this, projects can be planned and delivered with a full understanding of utility constraints and requirements from the outset, rather than addressing them as a costly variation during the project.

### 3.3 Regulation of Building Activities

IAQ notes that while the Interim Report correctly differentiates between housing, building, and civil construction, this distinction does not consistently flow through the rest of the report. This is a crucial point for IAQ as we advocate for a nuanced **approach to regulation that recognises the unique risks and challenges of each sector**. Our members have highlighted that the current one-size-fits-all approach to regulation can be inefficient and counterproductive.

The report acknowledges MMC, but IAQ members, with their on-the-ground experience, have identified that cost, not regulation, is the primary barrier to adoption. This essential insight could shift the focus of reform from regulatory change to economic incentives. We note that while energy efficiency and accessibility may add upfront costs, they are critical for long-term building performance and societal outcomes. The challenge is to achieve these goals efficiently. On cost vs sustainability, it was quoted in IAQ's QIP Report 2025 that "the only way we are going to be successful with innovation is if it's smarter and cheaper, not often cleaner and greener" (*under embargo until 12 September 2025*). There is a sentiment in the industry that "we're still building like it's 50 years ago" (QIP Report 2025, *under embargo until 12 September 2025*) and the government must improve its appetite for modern and innovative approaches, relying on industry expertise in other jurisdictions as test cases as opportunities rather than the often relied upon barrier that it has not been tested in Queensland.

#### 3.3.2 Workable Reforms

The government can influence productivity by creating tailored regulations for these different sectors and providing a clear path for the efficient implementation of features like energy efficiency and accessibility.

- **Tailored Sector Regulations:** IAQ members can provide case studies to demonstrate how different regulatory arrangements would suit the housing, building, and civil construction sectors. For example, the risk profile of a high-rise commercial building is vastly different from a civil road project, and the regulations should reflect this. This will allow for more effective use of specific solutions and technologies, leading to improved project outcomes.

- **Achieving Efficiency in Critical Areas:** While IAQ acknowledges the importance of energy efficiency and accessibility, we emphasise that these outcomes must be achieved efficiently. A performance-based approach will be most effective. This allows designers and builders to choose the most cost-effective and innovative solutions. For example, passive design, which considers a building's orientation and natural ventilation, can significantly reduce energy consumption without a high upfront cost.
- **Incentivising MMC:** While cost remains a barrier for MMC, the government can play a role in driving adoption. IAQ suggests incentivising the selection of MMC at the master planning and concept design stages. This would encourage the industry to develop more economical implementation methods throughout the project lifecycle, ultimately making MMC a more viable option.

## 3.4 Improving Labour Market Operation

### 3.4.1 Context of Labour Market Operation and IAQ's Focus Areas

IAQ notes that **high labour costs** are a key factor driving up overall construction costs and that a stable workforce is crucial for productivity. Key problems identified by IAQ members include a lack of job security and the absence of mutual recognition for professionals, which restricts labour mobility. The Queensland focus on local skills can be difficult given that innovative approaches haven't always been trialled here and that expertise and skilled labour is available in other states and overseas.

Furthermore, members report finding it difficult to attract professionals like engineers from other jurisdictions as they are required to re-register in Queensland. This creates a significant barrier to attracting and retaining a skilled workforce. The government has the opportunity to become a more informed and competitive buyer and employer, both in finding expert suppliers and being capable of attracting top in-house talent by paying market rates, as seen with Transport for NSW. A finding in IAQ's QIP Report 2025 highlighted, "Qld's entry requirements for trades are stricter than the OECD average and it remains the only state not participating in (AMR), unlike NSW which accepts a wide range of interstate licences" (*under embargo until 12 September 2025*). Queensland procurement processes often also have a "buy local" focus for supplies and skillsets, which on one hand supports the local economy and workforce but also restricts the government from accessing available expertise that would support increased productivity outcomes.

In relation to **BPIC**, IAQ notes the Interim Report recommendations to permanently remove BPIC from Queensland Government procurement policy with little evidence to support their continued use in their current form. We also note that although BPIC has already been suspended, BPIC-like provisions are now embedded in Enterprise Bargaining Agreements of many major contractors and subcontractors until at least mid-2027. In relation to **Workplace Health and Safety (WHS)** framework review recommendations in the Interim Report, IAQ agrees responses to incidents be proportionate to the risk. This would go some way to preventing the "weaponisation" of WHS provisions that can lead to costly and unnecessary site shutdowns. A specific example from IAQ members pertains to an isolated incident should not lead to the closure of an entire site if other areas are safe, and the issues aren't systemic to the project.

### 3.4.2 Workable Reforms

The government can influence the labour market by encouraging mobility and stability, which will ultimately reduce costs and improve productivity.

- **Mutual Recognition of Professionals:** A critical reform is to address the issue of mutual recognition for professionals registered in other Australian states/territories. Removing the requirement for re-registration would encourage mobility and allow Queensland to access a wider pool of skilled talent.

- **Encourage Overseas Talent:** An opportunity exists for government to actively encourage the intake of professionals trained overseas. This is a challenging but important opportunity to address skill shortages and inject new ideas into the industry. Streamlining the process for foreign-trained professionals to work in Queensland would be a significant step.
- **Enhance Workforce Stability:** Creating greater stability across the workforce is key to improving productivity. Long-term employment contracts, for example, can lead to a more satisfied workforce and ultimately result in better construction costs due to reduced staff turnover.

## 3.5 Other Matters

### 3.5.1 Context of Other Matters and IAQ's Focus Areas

One matter IAQ would like to note for consideration is **often-mandated inclusions**, such as specific sustainability targets or community benefits, are overlooked during the tender period. This is often because these inclusions are not clearly defined or valued, leading to them being considered an afterthought rather than a core part of the project.

A second matter is the use of **procurement panels and opportunities** for using them more effectively in Queensland to increase productivity and better project outcomes. IAQ member experience has found even when successfully being included on a panel, they can be expected to provide full tendering information for projects in Queensland. This contrasts with examples in NSW and Victoria that use procurement panels for Information and Communications Technology and professional services where pre-qualified suppliers are exempt from running full tender processes for every project because the panel process relies on pre-existing supplier information. This approach can significantly reduce time and cost for government buyer and tendering companies while providing a baseline of available quality and compliant suppliers. Transport for NSW uses a pre-qualification scheme for contractors that vets companies based on financial capacity, experience and safety record for different tiers of work.

### 3.5.2 Workable Reforms

The government can influence these outcomes by ensuring that these inclusions and approaches are properly considered and accounted for from the very beginning of a project.

- **Front-End Enablers:** IAQ members highlight the importance of "front-end enablers" to clearly articulate the benefit of a project to the community and the sector. This will help ensure that all aspects of a project are properly valued from the outset, rather than being overlooked. By clearly defining the value of these inclusions, the government can ensure that tendering companies account for them in their bids, leading to better project outcomes and increased community buy-in. The longer-term effects of including front-end enablers in project planning, prioritisation and procurement can lead to increased productivity due to streamlined processes and less variation from pre-tender to post-project outcomes.
- **Clearer Tender Specifications:** The government has an opportunity to decide upon and provide clearer tender specifications that explicitly outline the importance of all project inclusions, including those related to sustainability and community benefits. This will help ensure that these inclusions are properly considered and accounted for by tendering companies.
- **Robust Monitoring and Accountability:** A robust monitoring and accountability framework should be put in place to ensure that all project inclusions are delivered as promised. This will help to build trust between the government, the industry, and the community.
- **Procurement Panels:** An opportunity exists to find a solution for Queensland that has similar positive outcomes to other jurisdictions that allow government to pre-qualify a large number of suppliers and only invite smaller, pre-qualified groups of tenderers for specific projects, speeding up the process and increasing productivity of using procurement panels.

## 4. CLOSING COMMENTS

IAQ thanks the QPC for receiving our submission. We acknowledge the complex nature of multiple factors discussed in this submission.

We welcome the opportunity to contribute further to the Inquiry's next phase. As a leading representative body for Queensland's infrastructure industry, our members have deep experience in infrastructure and construction and welcome the opportunity to further engage to provide case studies, reviews and private-public collaboration.

As evidenced by IAQ's [QIP Report 2024](#) and yet-to-be released QIP Report 2025 with continued significant engagement in its second year, we have strong collaboration and engagement with our members who are keen to work together for construction productivity and wider infrastructure sector improvements.

We look forward to continuing constructive collaboration to improve productivity outcomes.