



Submission to the Queensland Productivity Commission

Opportunities to Improve Productivity of the Construction Industry



Key contributors



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Acknowledgement of Country

Roads Australia acknowledges Aboriginal and Torres Strait Islanders as the Traditional Owners and Custodians of this land and waterways.

We acknowledge and pay respect to their ancestors and Elders both past and present.

Roads Australia is committed to reconciliation amongst all Australians.

Introduction

Roads Australia welcomes the opportunity to provide a submission to the Queensland Productivity Commission's interim report 'Opportunities to Improve Productivity of the Construction Industry'.

Roads Australia is the peak body for roads within an integrated transport system, representing more than 120 organisations including Australia's transport agencies, major contractors and consultants, asset owners and operators, material suppliers and technology providers.

This submission has been written in response to the Queensland Productivity Commission's preliminary recommendations, reform directions and requests for further information. We have structured our response in line with the subsections of the Productivity Commission's interim report that are relevant to our sector.

Additionally, we have included further recommendations from our latest report, Rethinking transport infrastructure delivery: practical reforms to boost Australia's productivity, which have been identified by our members as critical issues in Queensland.

The feedback and recommendations provided in this submission have been developed in deep consultation with Roads Australia members and key stakeholders in the transportation industry.

Improving project selection and sequencing

Preliminary recommendation 1 – Project sequencing

- Roads Australia supports this recommendation and suggests early contractor involvement should also be required.

Preliminary recommendation 2 – Project rationalisation

- At this point in time, Roads Australia does not support a review of Queensland's capital program. Such reviews frequently delay construction projects coming to market and, with a finite window to deliver a significant amount capital works before the Olympic Games, there is little time to pause projects. The State Government must ensure there is no impact on the momentum of project decision-making during any proposed additional review in order to meet the tight delivery deadline of 2032.

Reform direction 1 – Governance and oversight of infrastructure decisions

- Roads Australia supports this reform direction.

General procurement policies

Preliminary recommendation 3 – Queensland Government procurement policies

- Roads Australia supports this recommendation in principle. However, we suggest that it is amended to include community and environmental outcomes in its definition of value for money. We further suggest procurement policies can be simplified by removing certain requirements from procurement policy into a yearly pre-qualification scheme. We recognise there are problems with existing pre-qualification schemes, such as duplication of required information, which should be addressed in tandem with this recommended action.

Reform direction 2 – Pre-qualification

- As noted above, Roads Australia agrees there are issues with existing pre-qualification systems. Roads Australia would like to highlight the National Pre-Qualification System for Roads and Bridges – administered by each jurisdiction – has many of the same issues as the PQC. We suggest a review is undertaken to ensure there are no duplicated information requirements between pre-qualification schemes and procurement policies.

Best Practice Industry Conditions

Preliminary recommendation 4 – Best Practice Industry Conditions

- Roads Australia supports the recommendation to permanently remove Best Practice Industry Conditions (BPICs) from the Queensland Government's procurement policy.

Reform direction 3 – Options for a broader industry reset

- Roads Australia recommends amending the federal Fair Work Act so contractors only have to negotiate greenfield agreements with the union representing the majority of workers on a given construction site. Although this recommendation sits within the remit of the Federal Government, support from state governments like Queensland would assist in progressing this legislative change.
- For large projects where there are shared costs, such as alliances or collaborative contracts, Roads Australia recommends draft industrial instruments, such as an Enterprise Bargaining Agreement, are a returnable in the tender stage of project procurement. This would give Government the opportunity to identify, assess and mitigate clauses which may decrease productivity. By doing this in the competitive phase, tenderers would be incentivised to maximise productivity.

Request for information – Best Practice Industry Conditions

- Roads Australia suggests the Queensland Productivity Commission consider reinserting a provision relating to Industrial Relations – different to BPICs – into the Best Practice Principles (BPPs) that focuses on a productive Industrial Relations environment. This would provide the State Government with the policy settings to assess productivity measures in the procurement phase of projects (such as EBAs that favour productivity as cited in the above point).
- Roads Australia recommends that Queensland Government Consulting Services (QGCS) establish a specialist Industrial Relations division for a period of 24 months to provide consultancy services to support government departments funding construction projects over \$50-\$100 million, with a focus on projects with shared costs. A whole-of-government approach to procurement would ensure consistent market adjustment in relation to clauses which may decrease productivity. This would be particularly useful in the lead-up to the next round of EBA negotiations and the Olympic Games.

Below are further responses to the specific questions asked in this section of the interim report.

The Commission would like to understand whether there is any evidence that workplace and safety outcomes on BPICs sites are better than non-BPICs sites or that BPICs have led to industry-wide improvements in workplace health and safety.

- There is nothing in the safety performance of projects that suggests outcomes are any better or worse on BPICs versus non-BPICs sites.

The Commission would like to encourage stakeholders to provide quantitative evidence on impacts, costs and benefits of BPICs to further inform the Commission's analysis.

- The following information is to support the view that BPICs should be removed from the Queensland Government Procurement Policy:

The Centenary Bridge project was submitted via a 'multiple envelope' process whereby the contractor priced the works utilising their existing IR arrangements and provided a second envelope that included the additional costs to satisfy the BPICs requirements. The actual costs associated with the various components were as follows:

Original Contract Value	\$149.2 million
BPICs Additional Cost	\$21.9 million ¹
% Increase	14.7%

The % Increase was attributed to the following factors:

- Increased use of direct labour and reduced reliance on labour hire
- Increase in white collar staff rates to maintain relativity to the now higher blue collar pay rates
- Reduced competition in subcontractor market due to BPICs requirements
- Higher subcontractor prices due to increased BPICs wage rates required to be passed down
- Higher administration costs associated with the comprehensive implementation, monitoring and reporting on BPICs elements
- Higher apprentice/training outcomes
- Higher wage rates for our direct blue collar workforce
- Other employment conditions required by BPICs in the new EBA (higher income protection, domestic violence leave, etc.)
- Introducing 26 RDO's per year and associated project program impacts

The Commission would like to gather stakeholder feedback on options for improving workplace practices on large construction sites

- One of the biggest challenges to maintaining productivity on Queensland worksites involves the Work Health and Safety Act. Disruptions on worksites can occur from suspected contraventions of the WH&S Act with little requirement to provide specific details on the contraventions. Reforms are needed to prevent safety from being inappropriately used as a tool for industrial leverage.

The Commission would like to gather stakeholder feedback on options for re-setting industry practices more broadly

- Consideration should be given to void EBAs that were agreed with employers during the requirements to meet BPICs. Those EBAs were agreed under a degree of duress and the threat of sanction for not meeting expectations.
- Minimum behavioural expectations should also be implemented for all construction projects in Queensland and failure to meet those standards should result in sanction in some form. The Unacceptable Behaviours Guide should be adopted on all worksites.

The Commission would like to gather stakeholder feedback on what government could do to create conditions to encourage greater competition for large construction projects, including to encourage growth of existing Tier 2 construction firms

- Disaggregating major public infrastructure projects is critical to activating greater participation from mid-tier contractors and fostering broader participation and competition in the Queensland civil construction market. A strategic approach is required to ensure that there is a blend of package sizes that activates local lower tier and mid-tier contractors. Project package sizes smaller than \$500 million would inject greater activation and competition and deliver a greater multiplier effect to the Queensland economy from these funding commitments.
- Where projects are unable to be disaggregated to packages <\$500 million, the Queensland Government should consider including industry sustainability requirements within the Weighted Tender Assessment Criteria to encourage the partnering of Tier 1 firms with smaller Tier 2 and Tier 3 local contractors. Partnering with Tier 1 contractors at the head contractor level enables the transfer of skills, knowledge, and practices to upskill mid-tier contractors so that they receive the vital practical, on-site experience managing complex projects.

Contractual arrangements

Reform direction 4 – Improving tendering and contracting

- Roads Australia supports this reform direction. We suggest adding more options, to include:
 - Implementing a bid cost contribution on all major projects to reduce the burden of tendering and to retain project intellectual property for innovation sharing.
 - Utilising early contractor involvement to ensure best design, best value local content requirements, optimal contract models and constructability.
 - Greater use of programs and packaging to increase the number of contractors involved and to boost productivity through innovation sharing.

Request for information – Improving tendering and contracting

- For more information see our latest report, [Rethinking transport infrastructure delivery: practical reforms to boost Australia's productivity](#), particularly:
 - Principles of a collaborative approach, page 19
 - Pick the right model for the right project, page 20
 - Recommendations for boosting productivity in procurement (including case studies), pages 22-29.

Design of planning regulation¹

Preliminary recommendation 5 – Design of planning regulation

- Roads Australia supports this recommendation and suggests the Queensland Government should also undertake planning reform through transit-oriented development.

Preliminary recommendation 6 – Infrastructure charging

- Roads Australia supports this recommendation.

Zoning regulations and land supply

Preliminary recommendation 9 – Zoning regulation and land supply

- Roads Australia supports this recommendation and suggests the Queensland Government undertakes planning reform through transit-oriented development.

Preliminary recommendation 10 – Zoning regulation and land supply

- Roads Australia supports this recommendation.

Request for information – Zoning regulation and land supply

- Zoning reforms should be targeted within an 800m radius around existing mass transit stops and stations. This will leverage the investment in mass transit, reduce congestion and ensure housing is well-located with access to infrastructure and services. Developer contributions should be placed on upzoned areas to increase funding for new or upgraded infrastructure.

Zoning regulations and land supply

Preliminary recommendation 13 – Minimum financial requirements

- Roads Australia supports this recommendation.

Modern methods of construction

Preliminary recommendation 15 – Modern methods of construction¹

- Roads Australia supports this recommendation and suggests adding that the Queensland Government should review construction material standards (including recycled materials) with the purpose to align with other jurisdictions. This should be led by departmental heads in each jurisdiction. Nationally harmonised construction material standards will enable economies of scale for modern methods of construction.

Workplace health and safety regulations

Preliminary recommendation 16 – Workplace health and safety

- Roads Australia supports this recommendation and suggests all contractors and workers should be required to undergo integrity checks to ensure they are not tied to criminality.

Preliminary recommendation 17 – Workplace health and safety

- Roads Australia supports this recommendation and notes this has already been completed by the Queensland Department of Transport and Main Roads, in partnership with Transport for New South Wales and the Victorian Infrastructure Delivery Authority – with the development of their Unacceptable Behaviours Guide. Roads Australia recommends this Guide could be used across the infrastructure spectrum.

Labour market

Preliminary recommendation 20 – Removing barriers to labour mobility

- Roads Australia supports this recommendation and further suggests that local content requirements should be carefully considered to ensure market capacity and best value.

Reform Direction 11 – Opportunities to better utilise skilled overseas migration

- Roads Australia supports this recommendation.

Utility connections

Preliminary recommendation 21 – Utility connections

- Roads Australia supports this recommendation and suggests that the Queensland Government should employ early works contracts to, where required, move or upgrade utilities prior to contracting for a project that affects utilities. Further, appropriate risk management contracts relating to utilities risks should always be implemented to reduce the likelihood of delays and disputes.

Other recommendations for the QLD Productivity Commission

- **Harmonise standards nationally where appropriate**
 - Inconsistent standards across jurisdictions are a major barrier to design efficiency. Harmonising standards would reduce duplication, enable resource sharing, and support modern construction methods. For example, the Queensland supplement to the Austroads Design Guide is 88 pages long – this means to understand which standards apply for a project, contractors need to read three documents at the same time: 1) Scope of Works and Technical Requirements, 2) Austroads Design Guide, 3) the Queensland supplement.
- **Investigate options to improve the process of updating standards**
 - An improved process for reviewing and updating standards would unlock productivity and support sustainability and safety outcomes. Governments have the greatest control over their own standards, but collaboration with bodies like Austroads and Standards Australia is needed.
- **Use outcome-based standards more often**
 - Outcome-based standards encourage innovation by focusing on desired results rather than prescriptive methods. This approach allows designers to challenge existing standards when better alternatives are available. Embedding these standards alongside a process for updating prescriptive ones will boost productivity and environmental performance.
- **Optimise the design review process**
 - This would expedite the design process. Design review has become overly burdensome, with excessive comments and unclear scopes adding time and cost. Jurisdictions should adopt best-practice principles to streamline the process, including early stakeholder engagement, defined review scopes, and use of digital tools. Limiting reviewers and setting clear comment categories can reduce inefficiencies.
- **Empower and incentivise Construction Administrators**
 - This would enable quick decision-making onsite. Construction Administrators should be empowered to make timely decisions on-site, especially when issues arise. Structural and cultural changes within procurement teams will be needed to support this shift and improve project outcomes.

Roads Australia's top recommendations for boosting transport construction productivity in Queensland

As noted above, Road's Australia recently released a report Rethinking transport infrastructure delivery: practical reforms to boost Australia's productivity, with 17 recommendations. From this report, our members have identified their top four recommendations for Queensland:

- Harmonise standards nationally where appropriate to increase efficiency in the design process and leverage modern methods of construction (pages 30-31). Inconsistent standards across jurisdictions are a major barrier to design efficiency. Harmonising technical and process standards would reduce duplication, enable resource sharing, and support modern construction methods.
- Minimise severe disruptions to labour productivity to avoid critical path delays (page 40). Recent revelations of violence, intimidation and coercion on public infrastructure work sites requires a more proactive approach. Stronger regulation and integrity checks, similar to those used on nationally significant projects, should be extended to major transport infrastructure. A zero-tolerance culture for unsafe behaviour is needed to protect workers and ensure delivery certainty. Safety and inclusivity must be central to resetting site expectations.
- Implement appropriate risk management contracts relating to utilities and contamination to reduce the likelihood of delays and disputes (page 24). Utilities and contamination are among the most common causes of project delays and disputes. Clients should engage with utility providers early and adopt model clauses that clearly allocate risk. Contamination risks, whether known, unknown, or migrating, should be scoped and priced using collaborative mechanisms like pain-share/gain-share.¹
- Optimise the design review process (page 34). Design review has become overly burdensome, with excessive comments and unclear scopes adding time and cost. Jurisdictions should adopt best-practice principles to streamline the process, including early stakeholder engagement, defined review scopes, and use of digital tools. Limiting reviewers and setting clear comment categories can reduce inefficiencies.

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