Economic Analysis of the Impact of the CFMEU Queensland EBA on Queensland apartment construction prices 2024

Prepared for: Master Builders Queensland

June 2024

REPORT PREPARATION

This report has been prepared by QEAS for Master Builders Queensland.

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Executive Summary

QEAS was commissioned by Master Builders Queensland to quantify the cost difference between the CFMEU Queensland EBA 2023-2027 and non-EBA construction projects, primarily focusing on matters other than wage costs.

These issues included:

Hours

- Lack of flexibility on start and finish times, for example early concrete pours, unless agreed to by the union
- No overtime or weekend work, unless agreed to by the union
- 26 set RDOs each year – the dates are not able to be changed unless agreed to by the union.

Predictability and usage of those hours

- A clause which permits one union meeting/activity of up to two hours each day
- Union invitation to toolbox talks and inductions shorten the hours worked on site, taking time away from the working day
- Sites shut for union rallies/protests, and when this occurs within a few business days of an RDO the impact may be felt for a week or more.

Environmental factors

- Inclement weather and dewatering restrictions
- Air quality, for example bushfire smoke
- Temperature and humidity levels
- Lightning.

The report was developed in close consultation with Master Builders Queensland and industry and illustrates how much more expensive it is to build an apartment when those works are carried out by a building company that is covered by the CFMEU Queensland EBA.

These increased costs predominantly result from the additional labour hours, the additional positions required, and the additional time it takes to build, which is directly determined by the degree of usage of the CFMEU Queensland EBA provisions.

Accordingly, results are reported based on whether the project is being built by a company subject to non-EBA provisions or a company subject to the CFMEU Queensland EBA. For the latter, results are then divided into categories illustrating the level of CFMEU Queensland EBA provisions applied by the union – low, medium, and high.

QEAS notes that when quoting for a project, it would be prudent for a company with the CFMEU Queensland EBA to quote based on a high application of agreement provisions. This would allow the company to price in a potential maximum possible risk for high application of the CFMEU EBA provisions as it is unlikely that there will be any other contractual price adjustment for lost time.

Estimated Weeks and Additional Weeks to Build an Apartment Building

Floors	Basements	Non EBA	Low application	Medium application	High application
10	2	56 weeks	+ 9 weeks	+ 19 weeks	+ 28 weeks
15	2	79 weeks	+ 13 weeks	+ 26 weeks	+ 39 weeks
20	3	107 weeks	+ 18 weeks	+ 36 weeks	+ 53 weeks
25	3	130 weeks	+ 22 weeks	+ 43 weeks	+ 65 weeks

Source: QEAS 2024 based on industry consultation

Analysis by type of apartment based on number of bedrooms is particularly meaningful for Queensland apartment buyers at present due to poor housing affordability. The analysis indicates a significant additional cost for projects built by companies subject to the CFMEU Queensland EBA.

Average Construction Cost to Build Per Apartment ($)

Apartments	Non EBA	Low application of CFMEU EBA	Medium application of CFMEU EBA	High application of CFMEU EBA
1 Bedroom	$434,844	$449,900	$514,172	$578,443
2 Bedroom	$869,687	$899,800	$1,028,344	$1,156,886
3 Bedroom	$1,304,531	$1,349,701	$1,542,515	$1,735,329
4 Bedroom	$1,739,374	$1,799,601	$2,056,687	$2,313,772

Source: QEAS 2024

Additional Construction Cost to Build Per Apartment ($)

Apartments	Non EBA	Low application of CFMEU EBA	Medium application of CFMEU EBA	High application of CFMEU EBA
1 Bedroom	-	$15,057	$79,328	$143,600
2 Bedroom	-	$30,113	$158,657	$287,199
3 Bedroom	-	$45,170	$237,985	$430,799
4 Bedroom	-	$60,227	$317,313	$574,398

Source: QEAS 2024

Under the QEAS scenarios, the apartment build cost under the CFMEU EBA ranges between:

- 3.5% more expensive with low application of agreement provisions;
- 18.2% more expensive with medium application of agreement provisions; and
- 33.0% more expensive with high application of agreement provisions.

Accordingly, more judicious application of the CFMEU Queensland EBA provisions with regard to project productivity would result in significant savings to the apartment buyer.

Low application of the CFMEU Queensland EBA provisions compared to medium application would result in savings of:

- $64,272 for a one-bedroom apartment;
- $128,543 for a two-bedroom apartment;
- $192,815 for a three-bedroom apartment; and
- $257,086 for a four-bedroom apartment.

Low application of the CFMEU Queensland EBA provisions compared to maximum application would result in savings of:

- $128,543 for a one-bedroom apartment;
- $257,086 for a two-bedroom apartment;
- $385,628 for a three-bedroom apartment; and
- $514,171 for a four-bedroom apartment.

Cost to Build Per Apartment Savings ($) if adoption of low usage instead of medium or high usage of provisions

Apartments	Non EBA	Low application of CFMEU EBA	Medium application of CFMEU EBA	High application of CFMEU EBA
1 Bedroom	-	-	$64,272	$128,543
2 Bedroom	-	-	$128,543	$257,086
3 Bedroom	-	-	$192,815	$385,628
4 Bedroom	-	-	$257,086	$514,171

Source: QEAS 2024

1.0 Introduction and Overview

Queensland Economic Advocacy Solutions was commissioned by Master Builders Queensland to objectively analyse any sub-optimal outcomes that arise as a result of and application of provisions within the CFMEU Queensland EBA 2023-2027. QEAS through this report quantifies the productivity losses to Queensland construction companies and flow through increases to high density apartment prices arising from differences in productivity between the CFMEU Queensland EBA and non-EBA projects.

In commissioning this report, the Queensland building and construction industry directly and importantly acknowledged that the CFMEU Queensland EBA protects safety standards, and contains generous but important diversity, equity and remuneration provisions. However this report provides evidence that conveys impacts beyond these commendable goals.

The report was commissioned following concerns with the impact of the CFMEU Queensland EBA and their consequences for both the industry through overall reduced project viability and homeowners through higher apartment prices. The Queensland building and construction industry has expressed concern that many projects were not proceeding due to the high cost and longer duration to complete, together with uncertainty of cost and time, associated with CFMEU Queensland EBA projects. If the projects did proceed then the end price of the apartment was significantly higher than needed in the context of poor home affordability.

The industry has indicated that a major factor in how many new apartments can be provided includes projects requiring builders and subcontractors signing up to the CFMEU Queensland EBA that is then used in a suboptimal manner for overall productivity and affordability. This is making large unit developments too expensive to build, mostly owing to lost time and productivity. Put simply, the more often the CFMEU Queensland EBA provisions are used, the longer it takes to build and the more it costs.

Through this report, evidenced based data suggests negative impacts of the CFMEU Queensland EBA is stopping projects going ahead and resulting in significantly higher new apartment prices than should otherwise be the case. Large unit developments subject to the CFMEU Queensland EBA are becoming too expensive to build due to lost time and productivity, which is explained in depth in this report.

In the context of housing affordability, if the application of CFMEU Queensland EBA provisions was focussed towards improving productivity this would lead to significant cost savings for new home buyers.

2.0 Methodology

The QEAS report was commissioned to provide quantitative evidence of the economic and financial impact of the CFMEU Queensland EBA. This is measured by working time lost, subsequent impact on project timelines, impact on construction costs and flow on impacts on overall dwelling unit prices.

QEAS in section 3.0 discusses each point of differentiation between a CFMEU Queensland EBA project and non-EBA project and highlights how these theoretically impact on project timelines and in turn costs. Data and illustrative examples presented in this report are based on widespread consultation and feedback from the Queensland building and construction industry.

QEAS has estimated additional construction costs based on assumptions and methodology including:

- Several case studies based on 10, 15, 20 and 25 floor apartments with 1 to 4-bedroom apartments;
- Estimated weeks of completion (with upper and lower bands);
- Needed occupations and associated labour costs; and
- Total construction cost estimate divided by number of dwellings to provide per apartment building cost.

All assumptions are discussed in detail in section 4.0. Key aspects of the methodology included:

(1) Analysis of the CFMEU Queensland EBA to qualitatively detail key differences between EBA and non-EBA projects and their quantitative impact on available working hours. This included review of the recent usage of agreement provisions across 2023.

(2) Utilising (1) above QEAS calculated per CFMEU Queensland EBA provision and through use of banding (both usage of agreement provisions and different project sizes and their notional construction timeframes) overall productivity losses and additional timeframes.

(3) Utilising (2) above QEAS calculated foregone productivity and resulting theoretical increases to the cost of constructing high density dwelling units.

The report does not direct criticism toward the CFMEU Queensland and instead seeks to raise awareness to the Union, Queensland Government and the broader community that if individual non-safety related CFMEU Queensland EBA provisions are applied these have financial and economic repercussions that ultimately lead to reduced apartment stock and higher project prices for home ownership. Conversely more judicious application of provisions will result in significant cost savings for end apartment buyers.

3.0 Key Differences CFMEU Queensland EBA and non-EBA

Based on consultation with the Queensland building and construction industry, key conditions specific to the CFMEU Queensland EBA and examples of how these measures and their particular usage erode project productivity are provided below.

3.1 Wages and Trade Availability

While not the primary focus of this analysis, it must be noted that recent CFMEU Queensland EBA increases have seen an increase in labour wages. Based on industry consultation, the minimum rise in the CFMEU Queensland EBA has been a guaranteed 5% every year for the next 4 years. Some services trades have seen increases of 7% and have had to incorporate this to get the agreement agreed with their work force. The impact of these increases has created a significant wage differential between employees on non-EBA projects and EBA projects.

By way of context, a site foreperson would be paid 22.6% higher wages on a CFMEU Queensland EBA site compared to a non-EBA site. Similarly, a crane driver would be paid 33% more, a dogger 40.2% and a traffic controller 58.4% more, as a few examples. These figures are based on industry consultation, as not all these roles are paid as per the CFMEU Queensland EBA.

In addition, CFMEU Queensland EBA sites required additional contract administrators, project engineers, foremen, cadets, hoist drivers, lift drivers, traffic controllers and engagement of a union delegate.

3.2 Working hours

Builders subject to the CFMEU Queensland EBA are unable with any degree of certainty to predict and schedule work due to the application of the EBA provisions by the union.

Under the CFMEU Queensland EBA, the “general” hours of work are 10 hours per day, however employees can refuse to work more than 8 hours. For non-EBA projects, similarly, workers can refuse to work more than 8 hours per day, or on Saturdays, however the CFMEU Queensland EBA has greater restrictions on working overtime and Saturdays.

The CFMEU Queensland EBA provides that hours may be worked outside the specified working hours Monday to Friday, provided it is with union agreement. Overtime may also be worked, provided it is with union agreement. If union agreement is not granted, there is little a principal contractor can do.

Industry feedback indicates that in reality all CFMEU Queensland EBA projects are all five day work weeks, with no opportunity to work Saturdays, unlike on non-EBA projects, and in NSW and Victoria, where sites can open on Saturdays. There are some projects that market as 5 day work weeks in NSW, but they all have the opportunity to open on the Saturday as required if their programme falls behind, this is not practiced in Queensland. Those NSW projects also typically involve overtime hours Monday – Friday, which is often not the case in Queensland.

3.3 Rostered Days Off

The CFMEU Queensland EBA provides for additional rostered days off (RDOs) compared to non-EBA. In practice, EBA RDOs must be taken on the same day by all workers, meaning sites are shut down for 26 days each year for RDOs. RDOs were introduced to compensate for slightly longer hours worked per week and to assist in management of fatigue.

Under non-EBA conditions, a worker is typically entitled to 13 RDOs, however it is common practice for workers to only work 38 hours or preference overtime payment for the additional 2 hours per week rather than RDO accrual (that is, work and be paid for 38 ordinary hours per week with no RDO accrual).

Industry feedback indicates that at present there is no flexibility around when the RDO occurs under the CFMEU Queensland EBA, but there is worker flexibility for RDOs under non-EBA provisions, including when these are taken (i.e. the site is not shut for RDOs on non-EBA sites). If RDOs could be negotiated when they are taken pursuant to the CFMEU Queensland EBA, it would enable contractors to schedule them for each employee so that the entire site is not necessarily shut down. This would provide additional flexibility and productivity.

3.4 Union Stoppages

The CFMEU Queensland EBA provides for a work stoppage of two hours to attend union meetings or participate in union activities per day. There shall be no more than one meeting per shift and the Union has to notify the Company that a meeting is to occur prior to the commencement of the meeting.

The clause, whether used or not, impacts the scheduling of work and predicting the time to complete, for tendering purposes and in turn adds to overall project costs. The use of this provision results in a contractor being substantially disrupted and they will not qualify for any contractual relief from the Principal.

For example, if a stoppage occurs mid-concrete pour. This would result in dumping concrete and removing partially poured concrete, with time, cost and environmental consequences. The ability for union meetings (which are in addition to prestart meetings, toolbox talks, safety talks and the like) are not subject to reasonable limitations.

It is important to note that industry does not object to the ability to stop work for genuine concerns of worker safety. All workers in Queensland currently have the legislative right to stop work due to an imminent risk to their health and safety, without the requirement to give notice.

3.5 Combining RDOs with union stoppages to create industrial disruption and/or multiple day site shutdowns

It is typical practice for workers to attend union activities such as rallies and protests and for sites to be shut down such that minimal productive work can occur on that day. Where they are scheduled within a few days of an RDO, multiple days of lost productivity on site can occur, due to the nature of construction and scheduling.

Disruptions include work stoppages for rallies and protests, plus non-productive days occurring around those (for example, where a rally occurs on a Thursday before an RDO long weekend, it impacts productive work on the Friday).

Construction disruptions are more than just theoretical. In the 2023 calendar year there were 6 union activity days, and 5 of these occurred 2 business days before or after an RDO. This resulted in a disrupted week (or 2 weeks) where major works often could not be performed and needed to be postponed. These included:

- Wednesday 5 April: CFMEU protest and rally against the Fair Work Ombudsman
  - No work Wednesday and then the Friday was a public holiday, meaning Thursday impacted too (and also the Monday and Tuesday before it)
  - In addition, due to the following Monday public holiday, and RDOs the rest of that week, effectively no work for 2 weeks
- Friday 28 April: Workers Memorial Day
  - No work on the Friday, plus the Tuesday was ANZAC Day, meaning the Wednesday and Thursday in between is impacted (and also the Monday before it)
- Wednesday 14 June: CFMEU protest re social housing and developer licensing
  - Monday 12 June was an RDO, meaning the Tuesday in between is impacted, and also the Thursday and Friday
- Wednesday 26 July: CFMEU rally following workplace death at Cross River Rail project
  - Projects also affected on the Thursday and Friday for a 'safety reset'
- Thursday 17 August: CFMEU protest and march against ALP re RCS and "super profits" tax
  - Lost week – Monday and Tuesday were RDOs, Wednesday was a public holiday, and Thursday the rally, meaning no work Friday
- Thursday 14 September: CFMEU rally – protest against OIR
  - As the following Monday 18 was an RDO, no work on Friday 15 September too

An illustration of the disruptive nature or lost working days as a result of the CFMEU Queensland EBA for several projects are provided in Appendix One.

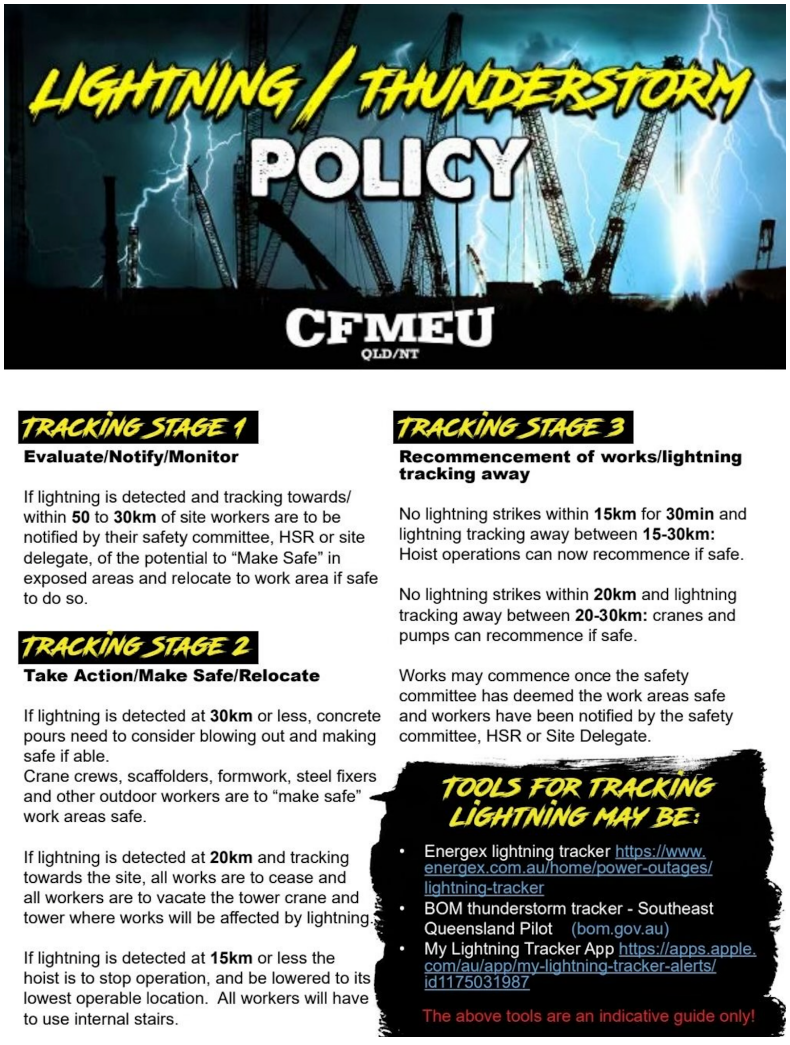
3.6 Inclement Weather

Inclement weather provisions vary from project to project and also geographically across Queensland. Contractually, it is common across the industry for extensions of time being permitted as a result of sites being affected by inclement weather.

While both CFMEU Queensland EBA and non-EBA sites contain procedures for when sites are affected by inclement weather, it is how they are applied which affects productivity. Industry feedback suggests that CFMEU Queensland EBA sites are more greatly affected though due to how the provisions are applied in practice, including the cessation of all site works including in areas unaffected, and delays in recommencement after work stops.

In addition a new CFMEU lightning Policy was implemented mid 2023 which includes the following provisions (note this is not contained in the CFMEU Queensland EBA:

Figure 1: CFMEU Lightning/Thunderstorm Policy



Industry feedback suggests lightning seen, regardless of distance, has led to cessation of work on CFMEU Queensland EBA sites. It must be noted that industry does not object to ceasing work in and around a tower crane where lightning is detected at 20km and tracking towards the site, or ceasing the hoist if lightning is detected at 15km or less, however work ceasing where there is no safety hazard including for lightning seen but not in close proximity, or outdoor work being delayed due to forecasts of lightning, or recommencement of work not occurring after lightning, is affecting productivity.

3.7 Summary

In summary, the analysis indicates that there is a significant loss of days of project delivery if provisions of the CFMEU Queensland EBA are applied. For example, in 2023 there were 96 working days lost due to the provisions of the CFMEU Queensland EBA.

Table 1: Summary of working days lost from Agreement provisions if exercised

	CFMEU Queensland EBA	Non-EBA)
Work days	Monday to Friday 5 days per week x 52 weeks = 260 days	Monday to Saturday 6 days per week x 52 weeks = 312 days
Less Public Holidays	Monday to Friday 9 public holidays	Monday to Saturday 10 public holidays
Less RDOs	26 days per year	0 days per year*
Less other disruptions	6 direct days + 13 additional non-productive days* (to end September 2023) = 19 days	0 days
Estimated actual working days per year	260 days minus 9 public holidays minus 26 RDOs minus 19 additional days lost = 206 days	312 days minus 10 public holidays = 302 days

* When working on non-EBA sites it is not common practice to use the 13 RDOs but rather to be paid overtime for hours worked over 38 hours
Source: QEAS 2024 based on industry consultation

4.0 Assumptions

The data used for QEAS assumptions is based on consultations with the Queensland building and construction industry.

The scenarios developed were premised on a 'build to sell' development on a hypothetical 1,000m2 site situated on the Brisbane CBD periphery. The development comprises a single multi storey tower consisting of 60, 100, 120 and 150 apartments, with a mix of one, two, three and four-bedrooms together with one vehicle space. An average apartment area (net saleable area) of 78m2 is used.

Table 2: General Assumptions

Timeframes Non-EBA	Timeframes - the CFMEU Queensland EBA
Timeframes based on 6-day work week with exception of Public Holidays and minimal Christmas shutdown. Provision included for actual impact of inclement weather (see table 1).	Timeframe based on 5-day work week, with the exception of Public Holidays, 26 RDOs pa, inclusive of Christmas and Easter shutdown. Additional provisions added to include further working days lost due to hot and inclement weather, stoppages and disruptive scheduling of stoppages (see section 3.5 and table 1).
Additional Comments	**Additional comments**
Sub-contractor selection not limited by restrictive obligations.	Additional labour rates Additional crew members required - Union Delegates (non-working) and relief roles Sub-contractor selection limited to CFMEU Queensland EBA approved contractors

Other assumptions in the analysis in section 5.0 used are provided below.

Table 3: Mix of Apartments

1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom
30.0%	30.0%	30.0%	10.0%

Source: QEAS 2024 based on industry consultation

Table 4: Construction Cost Breakdown (% of overall building cost)

	Non-EBA	CFMEU Queensland EBA
Wages	7.3%	11.9%
Structure	24.4%	27.3%
Façade and Fit-out	41.6%	36.8%
Services Trade	14.3%	11.6%
Contractor and General Costs	12.4%	12.5%
Total	100.0%	100.0%

Source: QEAS 2024 based on industry consultation

Table 5: Estimated Weeks and Additional Weeks to Build an Apartment Building

Floors	Basements	Non-EBA	CFMEU Queensland EBA low usage of provisions	CFMEU Queensland EBA medium usage of provisions	CFMEU Queensland EBA high usage of provisions
10	2	56 weeks	+ 9 weeks	+ 19 weeks	+ 28 weeks
15	2	79 weeks	+ 13 weeks	+ 26 weeks	+ 39 weeks
20	3	107 weeks	+ 18 weeks	+ 36 weeks	+ 53 weeks
25	3	130 weeks	+ 22 weeks	+ 43 weeks	+ 65 weeks

Source: QEAS 2024 based on industry consultation

Table 6: Cost to Build Per Floor – Average Basement and Floor Above Ground

Non-EBA	CFMEU Queensland EBA low usage of provisions	CFMEU Queensland EBA medium usage of provisions	CFMEU Queensland EBA high usage of provisions
$5,113,527	$5,290,586	$6,046,385	$6,802,181

Source: QEAS 2024 based on industry consultation

Results are predominantly determined by how long the project build will take which is directly determined by degree of usage of the CFMEU Queensland EBA provisions.

Accordingly, results are reported based on whether the project is being built by a company subject to non-EBA provisions or a company subject to the CFMEU Queensland EBA. For the latter, results are then divided into categories illustrating the level of CFMEU Queensland EBA provisions applied by the union – low, medium, and high. QEAS notes that when quoting for a project, it would be prudent for a company with the CFMEU Queensland EBA to quote based on a high application of agreement provisions. This would allow the company to price in the maximum possible risk for high application of the CFMEU EBA provisions as it is unlikely that there will be any other contractual price adjustment for lost time.

5.0 Results

For a 10-floor apartment building above ground with 2 basement floors the overall construction cost ranges from $61.4 million for a project under non-EBA conditions through to $81.6 million for a project under the CFMEU Queensland EBA where the provisions are used to high extent as was the case in 2023 (see section 3.5). The cost to build increases by the number of floors built (and number of apartments). Under the largest example, 25 floors above ground with 3 basement floors the cost ranges from $143.2 million for a non-EBA project through to $190.5 million for a project under the CFMEU Queensland EBA where its provisions are used to highest extent.

Under the QEAS scenarios the apartment building ranges between 3.5% more expensive under the CFMEU Queensland EBA with low usage of agreement provisions, through to 18.2% more expensive under the CFMEU Queensland EBA with medium usage of agreement provisions ,through to 33.0% more expensive under the CFMEU Queensland EBA with high usage of EBA provisions. These percentage increases flow through to apartment prices.

Table 7: Construction Cost to Build ($)

Floors	Basements	Non-EBA	CFMEU Queensland EBA low usage of provisions	CFMEU Queensland EBA medium usage of provisions	CFMEU Queensland EBA high usage of provisions
10	2	$61,362,326	$63,487,035	$72,556,624	$81,626,170
15	2	$86,929,961	$89,939,967	$102,788,550	$115,637,075
20	3	$117,611,124	$121,683,484	$139,066,862	$156,450,160
25	3	$143,178,760	$148,136,416	$169,298,789	$190,461,064

Source: QEAS 2024

Analysis by type of apartment based on number of bedrooms is more meaningful for apartment buyers. Under this analysis, results indicate a significant additional cost for projects built by companies with the CFMEU Queensland EBA. Results reveal:

- For a one-bedroom apartment, an apartment built by a company under non-EBA conditions, the apartment is estimated to cost $434,844. This same apartment is estimated to cost $449,900 ($15,057 more expensive) if built by a company with the CFMEU Queensland EBA that has low usage of its provisions, $514,172 ($79,328 more expensive) if built by a company with the CFMEU Queensland EBA that has medium usage of its provisions and $578,443 ($143,600 more expensive) if built by a company with the CFMEU Queensland EBA that has high usage of its provisions by the union.

- For a two-bedroom apartment, an apartment built by a company under non-EBA conditions, the apartment is estimated to cost $869,687. This same apartment is estimated to cost $899,800 ($30,113 more expensive) if built by a company with the CFMEU Queensland EBA that has low usage of its provisions, $1,028,344 ($158,657 more expensive) if built by a company with the CFMEU Queensland EBA that has medium usage of its provisions and $1,156,886 ($287,199 more expensive) if built by a company with the CFMEU Queensland EBA that has high usage of its provisions by the union.

- For a three-bedroom apartment, an apartment built by a company under non-EBA conditions, the apartment is estimated to cost $1,304,531. This same apartment is estimated to cost $1,349,701 ($45,170 more expensive) if built by a company with the CFMEU Queensland EBA that has low usage of its provisions, $1,542,515 ($237,985 more expensive) if built by a company with the CFMEU Queensland EBA that has medium usage of its provisions and $1,735,329 ($430,799 more expensive) if built by a company with the CFMEU Queensland EBA that has high usage of its provisions by the union.

- For a four-bedroom apartment, an apartment built by a company under non-EBA conditions, the apartment is estimated to cost $1,739,374. This same apartment is estimated to cost $1,799,601 ($60,227 more expensive) if built by a company with the CFMEU Queensland EBA that has low usage of its provisions, $2,056,687 ($317,313 more expensive) if built by a company with the CFMEU Queensland EBA that has medium usage of its provisions and $2,313,772 ($574,398 more expensive) if built by a company with the CFMEU Queensland EBA that has high usage of its provisions by the union.

Table 8: Average Construction Cost to Build Per Apartment ($)

Apartments	Non-EBA	CFMEU Queensland EBA low usage of provisions	CFMEU Queensland EBA medium usage of provisions	CFMEU Queensland EBA high usage of provisions
1 Bedroom	$434,844	$449,900	$514,172	$578,443
2 Bedroom	$869,687	$899,800	$1,028,344	$1,156,886
3 Bedroom	$1,304,531	$1,349,701	$1,542,515	$1,735,329
4 Bedroom	$1,739,374	$1,799,601	$2,056,687	$2,313,772

Source: QEAS 2024

Table 9: Additional Construction Cost to Build Per Apartment ($)

Apartments	Non-EBA	CFMEU Queensland EBA low usage of provisions	CFMEU Queensland EBA medium usage of provisions	CFMEU Queensland EBA high usage of provisions
1 Bedroom	-	$15,057	$79,328	$143,600
2 Bedroom	-	$30,113	$158,657	$287,199
3 Bedroom	-	$45,170	$237,985	$430,799
4 Bedroom	-	$60,227	$317,313	$574,398

Source: QEAS 2024

Finally, more judicious usage of the CFMEU Queensland EBA provisions with regard to project productivity and housing affordability would result in significant savings to the apartment buyer:

- Low application of the CFMEU Queensland EBA provisions compared to medium application would result in savings of $64,272 for a one-bedroom apartment, savings of $128,543 for a two-bedroom apartment, savings of $192,815 for a three-bedroom apartment and savings of $257,086 for a four-bedroom apartment.

- Low application of the CFMEU Queensland EBA provisions compared to maximum application would result in savings of $128,543 for a one-bedroom apartment, savings of $257,086 for a two-bedroom apartment, savings of $385,628 for a three-bedroom apartment and savings of $514,171 for a four-bedroom apartment.

Table 10: Cost to Build Per Apartment Savings ($) if adoption of low usage instead of medium or high usage of provisions

Apartments	Non-EBA	CFMEU Queensland EBA low usage of provisions	CFMEU Queensland EBA medium usage of provisions	CFMEU Queensland EBA high usage of provisions
1 Bedroom	-	-	$64,272	$128,543
2 Bedroom	-	-	$128,543	$257,086
3 Bedroom	-	-	$192,815	$385,628
4 Bedroom	-	-	$257,086	$514,171

Source: QEAS 2024

6.0 Practical Impacts on Apartment Numbers and Pipeline

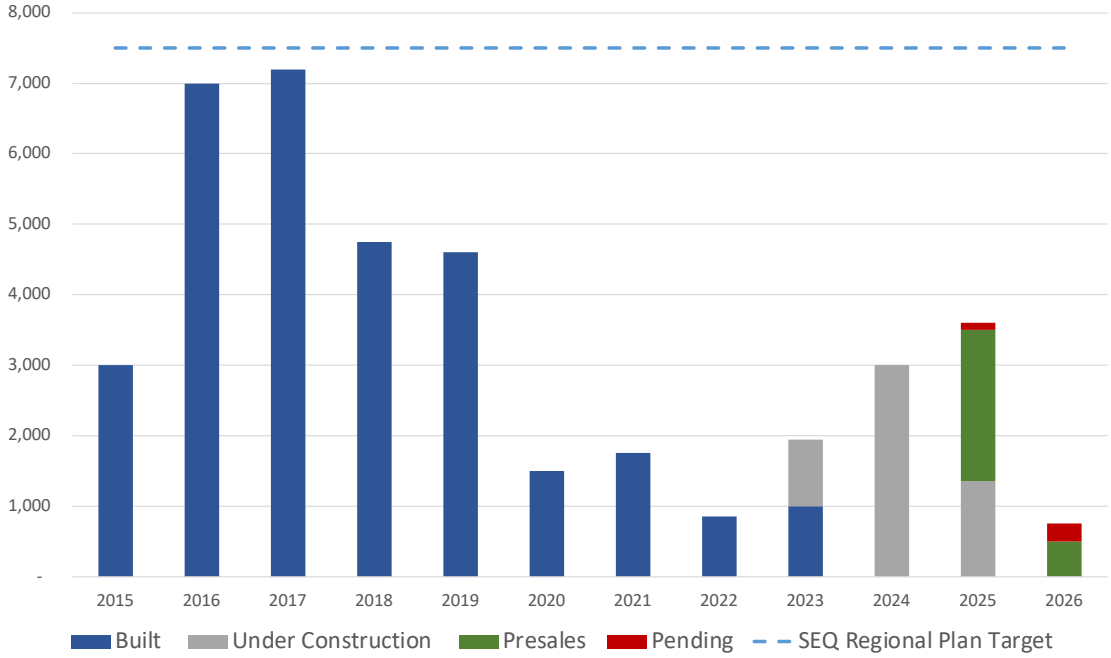
According to Urbis Apartment Essentials – Brisbane, project launches have slowed on the back of increased construction costs and labour shortages impacting feasibilities. According to the report, over the last three years, construction costs have increased significantly. From June 2021, construction costs increased 2-6% annually before reducing slightly to 3.8% in the last year. This has drastically impacted the viability for several projects within Inner Brisbane and is as a result of the content analysed across sections 3.0 and 5.0.

Those projects that have launched are generally achieving solid sales rates. With limited projects proceeding, the number of new apartment projects completed has become increasingly constrained in the last several years with less than 2,000 apartments delivered per year between 2020 and 2023.

An increase is forecast in the next several years however this supply is not yet under construction and accordingly remains highly uncertain. The impact of State and federal funding for social and affordable housing developments is also unknown.

The recently released ShapingSEQ 2023 Regional Plan indicates that the Brisbane LGA requires ~7,500 new attached dwellings per annum to reach the 2046 dwelling target. Whilst the Urbis Apartment Essentials focuses on inner Brisbane suburbs – this precinct is expected to do the heavy lifting of supply for the wider Brisbane LGA and therefore a significant increase in the current annual delivery of apartments is needed to satisfy targets.

Figure 2: Brisbane Historic & Future Apartment by Estimated Completion Date (Number)



Source: Urbis Apartment Essentials - Brisbane

Appenidix One: 2023 Calendar of Industrial Disruption

January						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
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February						
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November						
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December						
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24	25	26	27	28	29	30
31						

School Holidays
Public Holidays
Industry RDO's
EBA RDO's
Work disruption
Additional impacted days

5 April: CFMEU protest and rally against the Fair Work Ombudsman
28 April: Workers Memorial Day
14 June: CFMEU protest re social housing and developer licensing
26 July: CFMEU rally following workplace death at Cross River Rail project
17 August: CFMEU protest and march against ALP re RCS and "super profits" tax
14 September: CFMEU rally – protest against OIR

Appendix Two: QEAS Business Information

Queensland Economic Advocacy Solutions delivers services in economic analysis, research and advocacy in Australia and was set up by Nick Behrens following two decades of experience applying these skills in the real world for Australia's business community. More specifically QEAS provides:

- Economic Contribution and Valuation Analysis;
- Data Analysis, Market research and Economic Modelling;
- Stakeholder Consultation; and
- Government Relations and Submissions.

QEAS delivers services nationally to exemplary organisations including Australian Industry Group, Australian Gas Industry Trust, BASF, Brisbane Airport Corporation, CCIQ, Canegrowers, IOR Pty Ltd, LifeFlight, Maleny Dairies, Master Builders Australia, Natroads, Port of Brisbane, Property Council of Australia, Queensland Resources Council, RACQ, Remondis, Suncorp, VTA, Victorian Waste Management Association, unions, local government authorities, the Commonwealth and State Governments and many others.

We can be engaged for either a special project (for the entire project or just the parts our clients need help with) or on an ongoing basis. We will take the time to understand your unique challenge and create a partnership with you to tailor a solution specific to your budget. We engage with confidentiality and integrity. Choose QEAS for our expertise, professionalism and ability to work with our valued clients to achieve exceptional results.

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Report Author: Nick Behrens

Across his professional career Nick has realised many outstanding outcomes to complex challenges for the business community. He possesses significant experience in gathering and presenting information, and leveraging that information to achieve results across a range of areas including economic, taxation, regulatory environment, workers compensation, employment legislation, population, infrastructure and planning issues. As Director of Queensland Economic Advocacy Solutions (QEAS), Nick provides:

- Exceptional understanding of social, political and economic issues impacting on business and the economy;
- Considerable real-world application of project, business and economic research and analysis;
- Significant expertise in advocacy, including government and stakeholder relations;
- In-depth and firsthand knowledge of the workings of Government;
- Extensive networks in political, government, business and community sectors;
- Previous appointments on a number of high level Government committees; and
- Media commentator and public speaker.

Nick's representations are based on extensive research and his preferred approach to economic analysis, research and advocacy is to achieve results by working with stakeholders behind the scenes to secure positive and lasting outcomes. He places much emphasis on having a thorough and convincing evidence that is readily understood and in turn leads to real world application and solutions.

QEAS

Queensland Economic
Advocacy Solutions