

10 January 2025

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Chair
Games Independent Infrastructure
and Coordination Authority

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Dear Chair

Submission to the 100-day Review of Olympic and Paralympics Planning and Infrastructure

As the peak body representing Queensland's building and construction industry, Master Builders and the experience and knowledge of our members, is invaluable in helping to deliver a world class Olympic and Paralympics Games.

There are critical factors in the industry context that will impact the delivery of Games infrastructure. In this submission we detail where these factors pose a critical risk and seek to provide solutions essential for the delivery of infrastructure that is on time, within budget, and leaves a lasting legacy for Queenslanders.

In summary, Master Builders submits that the most important issues to be addressed to enable Games infrastructure to be delivered on time and on budget are:

1. Industrial relations policy settings are re-set so that productivity can be restored on Queensland building and construction sites.
 2. Coordinate the long-term program of infrastructure projects with both private and government non-Olympic projects, so that construction companies can best manage resources across the program.
 3. Use the expertise of a construction industry advisory group to advise on delivering issues such as fair and reasonable contracting models.
 4. Government takes a holistic approach and addresses the related policy and regulatory settings challenging construction.
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The program to deliver the Olympic and Paralympic infrastructure should aim to:

- be delivered to a high building quality and safety standard
- maximise value for money for the Queensland taxpayer
- maximise the economic and social benefit for Queenslanders

- be built by Queensland companies, both large and small
- provide a pipeline of work that supports sustainable businesses
- demonstrate long term solutions to current industry productivity issues
- share new skills and learnings with our own local apprentices, construction companies and workers, to benefit future Queensland construction projects.

During 2023-24, \$49 billion worth of building and construction work was performed in Queensland and Master Builders Australia forecasts that this will increase to \$60 billion by 2028-29. This includes vital housing and community infrastructure projects such as hospitals and schools.

This enormous pipeline of work will continue to pressure construction supply chains.

Over the last five years, building costs in Queensland have soared by 37 per cent. Initially the primary driver was the cost of materials (up 35 per cent), but it is now a result of multiple and complex challenges from:

- declining productivity
- chronic labour shortages
- complex industrial relations environment
- extended build times
- stifling red tape, and
- rising business costs.

Each of these challenges require urgent policy reform for Olympic and Paralympics infrastructure to be delivered on time and on budget. This can only be achieved by carefully programming the long-term infrastructure pipeline, adopting fair and reasonable contracting models and urgently adjusting the policy and regulatory settings, starting with industrial relations.

Industrial relations policy settings

According to ABS statistics in November 2024, labour productivity in the building and construction industry has declined 18 per cent over the last decade.

One of the major reasons for this decline is the combined impact of the former government's industrial relations policies and the conditions and application of construction site clauses within the CFMEU enterprise agreements.

Re-setting these industrial relations policy settings is at the core of restoring productivity on building and construction sites and should be urgently addressed as a first order issue by the Queensland government.

The government's initial step of pausing the Best Practice Industry Conditions (BPIC), is welcomed, however it must be permanently repealed to reap any long-term benefits. A report prepared by Tulipwood Economics¹ found that BPIC was costing taxpayers at least \$1 billion a year on large state-funded construction projects. Members are telling us that they will not tender for government work

¹ [Easy Labour: Identifying construction industry cost drivers in Queensland](#), Tulipwood Economics, 14 October 2024

or subcontract on government projects if it means subjecting their businesses to BPIC, significantly reducing the pool of available contractors.

Also relevant are the existing CFMEU enterprise agreements which are due to expire during July 2027. These agreements contain productivity sapping conditions (which are replicated in BPIC) meaning the removal of BPIC alone will not restore productivity on building and construction sites. Because of the importance delivering Olympic projects on time and on budget, **legislated protections, possibly including the re-introduction of a Queensland government procurement code, should be implemented** to ensure the conditions of the current CFMEU enterprise agreements that negatively affect productivity do not continue beyond 2027.

Programming work

The Olympic program of work is coming at a time when there is already a large amount of work both underway and planned. This puts at risk the delivery of Olympic infrastructure on time and on budget.

A stable, long-term pipeline of work enables construction businesses to better prepare for upcoming building projects, and importantly secure the necessary resources to complete projects on time.

Careful programming of the Games infrastructure delivery with the wider program of work – both government and private projects, different segments of the market and the different workforce in each location will bring the benefit of:

- Allowing contractors to better plan resource allocation to more effectively deliver projects on time and on budget.
- Suppliers being able to provide a reliable supply of materials projects avoiding project delays and unexpected cost hikes.
- Reducing the industry's exposure to market fluctuations, improving business sustainability.
- Providing industry confidence to invest in skills development and training to increase the available workforce, addressing skills shortages and improving productivity.
- Providing employment security, reducing the skills and experience lost to our industry and attracting new talent.
- Allowing companies to invest in their companies to expand their operations and infrastructure to meet the required infrastructure pipeline demands.
- Better providing for Queensland businesses and Queensland employees to meet the needs of the delivery program, reducing greater reliance on importing contractors and workers from outside of Queensland to deliver our Games.

Also important for the Olympic program will be opening up opportunities for a wide range of Queensland construction business. This means, where possible, **offering work packages at a range of construction values**, so that small, medium and large Queensland business have access to work opportunities. This may necessitate the review of existing Queensland government pre-qualification requirements and procurement policy to allow smaller companies to access these work opportunities.

Contracting models

Over time, building contracts have moved an increasing amount of risk down the contractual chain from the client to the head contractor and then onto the sub-contractor. This practice often leads to a 'race to the bottom' resulting in insufficient contingency, cashflow and profit. Alternatively, unfair risk allocation leads to inflated construction costs to provide for this risk, which is ultimately passed on to the taxpayer.

For the Games infrastructure the **contracting model needs to carefully balance risk allocation** so that the best value for money is being provided for the Queensland government and ultimately the taxpayer.

Government should engage early with industry to consult on appropriate contracting models for each new and substantially upgraded venue. To achieve this, we recommend the existing **Q2032 Industry Advisory Group establish a Construction Sub-group** to advise the Games Independent Infrastructure and Coordination Authority on construction issues.

Past Olympic reviews have proposed the establishment of a Delivery Partner to advise and assist government to deliver Olympic infrastructure. This model is not supported by industry as it will position an additional layer in the contractual chain between government and head contractor, adding an unnecessary layer and therefore cost.

Clear unnecessary red tape

Government's regulatory framework significantly impacts the delivery of new construction, including the Games infrastructure program. Restoring productivity on Queensland government building projects requires regulatory measures to be cleared where they are not well considered, practical and reasonable.

This needs to start with **ending the requirement for project trust accounts** in favour of a security of payment framework that is fair to all parties. Project trusts are a complex, costly and unnecessary regulatory overlay to the numerous other security of payment protections for subcontractors. They simply do not work – they don't protect payments in insolvency. The Queensland security of payment system already includes several elements designed to ensure contractors are paid on-time and in-full when owed. Understanding and access to these tools should be improved.

The current National Construction Code (NCC) is insufficient in many areas, lacking certainty in requirements. The Games venues and villages need to be built to a **strong and practical NCC that has safety, quality and the process of building at its centre**. The first step towards this is to action the [10 essential changes](#) to NCC 2022 to end the worst of the cost hikes and technical problems. Further changes to the NCC that impede affordability must be held over to beyond 2032.

Address workforce supply challenges

A statewide, structural skills shortage will continue to challenge project timelines and drive-up costs. While solutions to address workforce shortages will take several years to provide material benefit, it is not too late to commence workforce programs which address skilled migration, training additional apprentices, and bring diversity to the construction workforce, if these programs start with urgency.

To address this issue, more must be done to attract and retain people to the building and construction industry and to ensure that they have the appropriate skills to get the job done. This needs to start now by supporting Federal migration initiatives to supplement local workforce with permanent skilled workers, including a **skilled migration pathway to contractor licensing**.

We must also start now to **increase apprentices in our industry** by looking to wage subsidies to incentivise commencements and offset high supervisory costs in the first year and financial incentives for apprentices target completion of the first year (when apprentices are most likely to drop out) and completion of the full apprenticeship. Financial incentives should be provided at six months, at 12 months and on final completion.

Continuing to **fund women in construction programs** will also draw more people to our industry and help to address the gender imbalance in building and construction.

Environmental sustainability goals

The government has set ambitious goals for environmental performance and sustainability of the Games, including targeting a 6-Star Green Star rating for new or significantly upgraded venues.

Elements of the Queensland building and construction industry are well advanced on incorporating these targets into their work, however, there remains many learnings from the design and delivery of 6-Star Green Star buildings that could be shared throughout the industry. One example being the inclusion of electric vehicles in buildings where there is not enough evidence on the structural and design requirements to address the risk. There is an opportunity therefore in the Games legacy to **provide leadership in sharing the lessons learned and knowledge on how to overcome challenges with the wider industry**.

Conclusion

Thank you for the opportunity to contribute to the 100-day review of Olympics and Paralympic Planning and Infrastructure.

If you would like to discuss any of the issues raised above, please contact me on 0488 088 528 or paul.bidwell@mbqld.com.au.

Regards,

Paul Bidwell
CEO